

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF ONAWA, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2015

PREPARED BY THE
OFFICE OF THE CITY CLERK

CITY OF ONAWA, IOWA
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INTRODUCTORY SECTION

December 7, 2015

Honorable Mayor and City Council
City of Onawa
Onawa, Iowa

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the City of Onawa. This report is for the fiscal year ended June 30, 2015. The report is submitted each year as required by State Law, Chapter 11.6. The report is prepared according to generally accepted accounting principles (GAAP) for government as established by the Governmental Accounting Standards Board (GASB). It is audited by Henjes, Conner & Williams, P.C.

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

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

PROFILE OF THE CITY OF ONAWA

The City of Onawa was incorporated in 1859 under the provisions of the Iowa State Legislature. It is located in Monona County on Interstate 29 about 35 miles south of Sioux City, Iowa and 60 miles north of Omaha, Nebraska on the western edge of Iowa. The population is approximately 3000.

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

FINANCIAL INFORMATION

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

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

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

State laws require audits for cities such as Onawa to be conducted by the auditor of state or by certified public accountants. An audit is conducted annually in accordance with generally accepted auditing standards and the standards set forth in the General Accounting Office's Government Auditing Standards. It must examine, among other things, the financial condition and resources of the City, and accuracy of the City's accounts and reports. The audit report is contained in the Financial Section which follows.

FACTORS AFFECTING FINANCIAL CONDITION

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

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

The City experienced an increase in local option sales and use tax of 13.14% from fiscal 2013-2014 to 2014-2015. The local option sales tax is used for economic development (10%), infrastructure (15%) and property tax relief (75%). This increase demonstrates an economy consistent with the country as a whole.

LONG-TERM FINANCIAL PLANNING

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

The City Council continues to increase user rates in all three utilities. The goal is to increase them over a period of a couple of years to generate a profit and increase reserves. The council will need to increase electric and water rates, but without a major project they can leave the wastewater rates the same next year.

The City along with the community foundation continue to buy homes that have been red tagged, then clear the lot and sell it for a very reasonable price to encourage individuals to build a new dwelling and, in turn, increase tax base. It is better to sell these infill lots than to construct a new housing development because the utilities are already in place and there will not be any additional installation costs.

In the current fiscal year, the City let a bid for patch panel work. This will continue into the next fiscal year to repair streets where panels have sunken or are broken. They are looking and reviewing a 5 year plan with the hopes to apply for a TIGER Grant. This is a major grant that requires the City and County to work together to repair necessary roads and streets in the area.

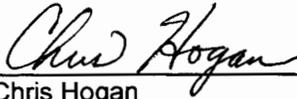
The City hopes to make some improvements to the downtown area, including updates to the streets and lighting. Grants and other potential funding sources are currently being looked into in order to facilitate these improvements.

AWARDS AND ACKNOWLEDGMENTS

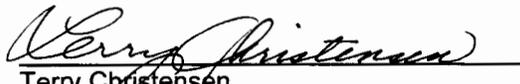
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Onawa for its comprehensive annual financial report (CAFR) for the year ended June 30, 2014. In order to receive this award, the City must publish an easily readable and efficiently organized CAFR. The report must also satisfy both generally accepted accounting principles and applicable legal requirements. The award is valid for one year only. The City is submitting the 2015 annual financial report to GFOA for review to determine its eligibility for an award.

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

Respectfully submitted,



Chris Hogan
City Clerk



Terry Christensen
Deputy Clerk



Government Finance Officers Association

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

Presented to

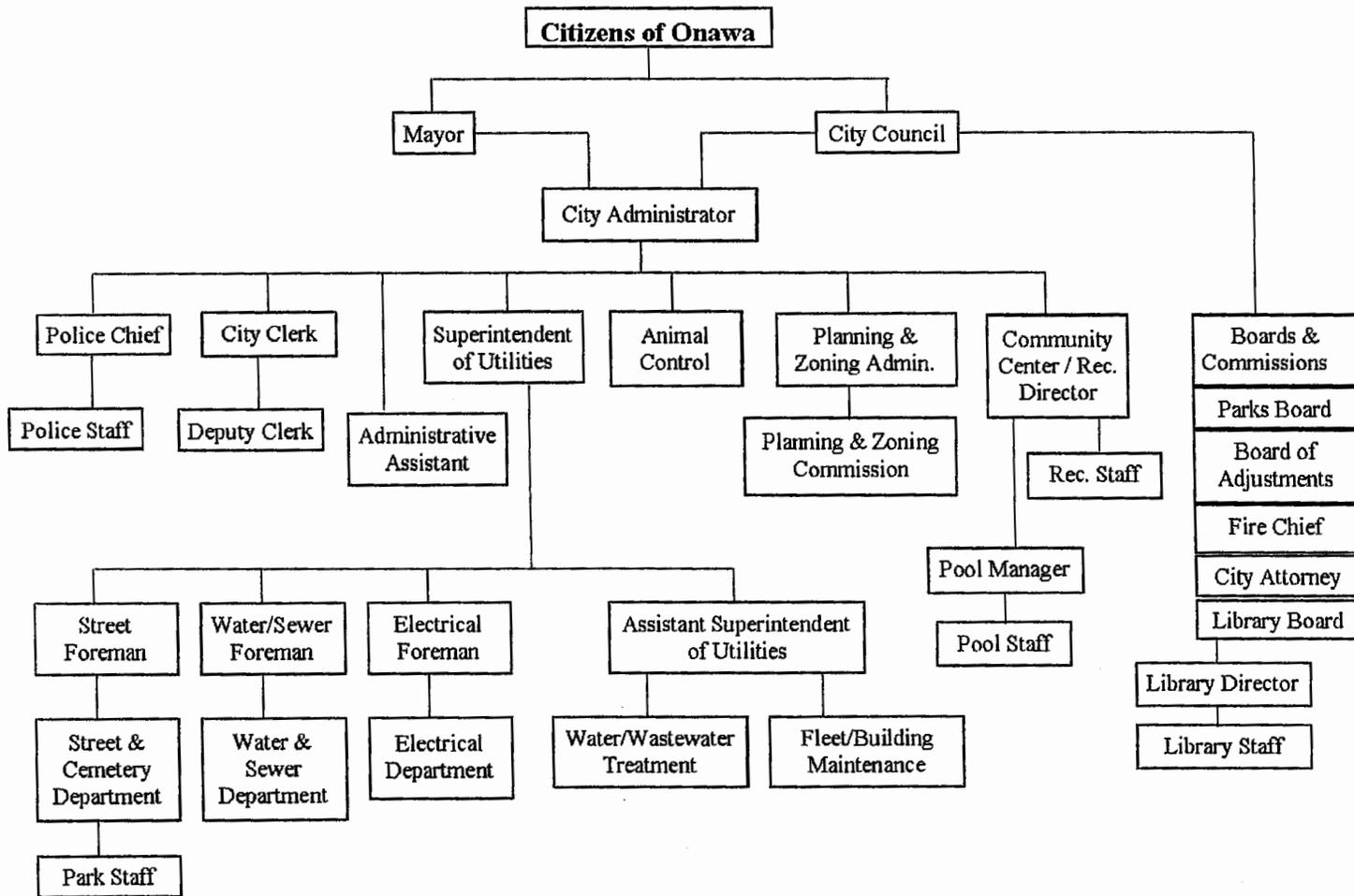
**City of Onawa
Iowa**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

City of Onawa Organizational Chart



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CITY OF ONAWA, IOWA

CITY OFFICIALS

JUNE 30, 2015

ELECTED OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Bob Skelton	Mayor	Deceased August 2015
Rick Moser (Appointed August 2015)	Mayor Protem	January 2016
Chad Carrier	Council Member	January 2018
Brett Ewing	Council Member	January 2016
Leroy Habinck	Council Member	January 2016
Ralph Skarin	Council Member	January 2018
Shane Weber	Council Member	January 2018

APPOINTED OFFICIALS

Brad Hanson	City Administrator	Annual
Chris Hogan	City Clerk	Annual
Mike Schmiedt	Attorney	Annual
Sundquist Engineering	City Engineer	Annual

CITY OF ONAWA, IOWA

APPOINTED BOARDS AND COMMISSIONS

JUNE 30, 2015

PLANNING AND ZONING BOARD

Roger Hansen
Jim Kelley
Ken Wingert
Bob Lesenyie
John Stroeh
Charlie Meadows

LIBRARY TRUSTEES

Travis Root
Lou Hewitt
William Wonder
Matt Minnihan
Geri Johnson

HEALTH OFFICER

Family Medicine Clinic

WIMECA BOARD DIRECTOR

Vince Phillips

BOARD OF ADJUSTMENTS

Joe Scurlock
Phil Schroder
Sandy Simpson
Hank Mason

LOW RENT HOUSING

Linda Gunderson
Roger Saxen
Peg Ingram
Duane Simmons
Jeannie Bottorff

FIRE CHIEF

Jeff Sander

HOUSING AUTHORITY COMMITTEE

Mike Carpenter

LAW ENFORCEMENT AGENCY

Bob Skelton, Mayor
Shane Weber, Alternate

LEISURE SERVICES COMMITTEE

Chad Carrier
Brad Hanson
Curtis Blatchford
Ralph Skarin
Vincent Willey
William Wonder

SIMPCO

Bob Skelton
Shane Weber, Alternate

PERSONNEL COMMITTEE

Gary Addy
Vince Phillips
Bob Skelton
Brad Hanson
Brett Ewing
Shane Weber

CITY OF ONAWA, IOWA

COUNCIL STANDING COMMITTEES

JUNE 30, 2015

FINANCE

Rick Moser
Ralph Skarin
Chad Carrier
Bob Skelton, Alternate

CITIZEN RELATIONS

Brett Ewing
Leroy Habinck
William Wonder
Lou Hewitt
Loren Sawyer

COMMUNITY PROTECTION/SERVICES

Bob Skelton
Shane Weber
Gary Addy
Jeff Sander

UTILITIES/INFRASTRUCTURE

Bob Skelton
Brad Hanson
Shane Weber
Vincent Phillips
Leroy Habinck

CITY OF ONAWA, IOWA

CITY PERSONNEL

JUNE 30, 2015

ADMINISTRATION

Brad Hanson
Chris Hogan
Terry Christensen
Elaine Miller

City Administrator
City Clerk
Deputy Clerk
Administrative Assistant

POLICE DEPARTMENT

Gary Addy
James Fouts
Jon Pinkelman
Lee Kirkpatrick, Jr.
Kyle Tank
Kalvin Hinrickson

Police Chief
Assistant Chief
Patrolman
Patrolman
Patrolman
Patrolman

STREETS AND CEMETERY

Randy Larson
Dave Fender
Zak Zima

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

MUNICIPAL BUILDINGS

Bob Walker

Maintenance Shop Supervisor

UTILITIES

Roger Gries
Vincent Phillips
Ethan Husted
Bill Nielsen
David Richardson
Clint Weaver

Assistant Superintendent
Director of Public Works/Utilities
Electric Crewman
Waste Water Treatment
Water/Sewer Crewman
Water/Sewer Crewman

LIBRARY

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

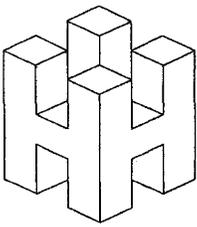
Librarian
Part-time Clerk
Part-time Clerk
Part-time Clerk
Part-time Clerk
Part-time Clerk

COMMUNITY CENTER

Rachel Cass

Part-time Staff

FINANCIAL SECTION



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

CERTIFIED PUBLIC ACCOUNTANTS

800 FRANCES BUILDING
505 FIFTH STREET
P.O. BOX 1528
SIOUX CITY, IOWA 51102

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(800) 274-3931
FAX (712) 233-3431

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the CITY OF ONAWA, IOWA, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Onawa, Iowa, as of June 30, 2015, 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, Schedule of Funding Progress for the Retiree Health Plan and Schedule of the City of Onawa's proportionate share of net pension liability on pages 13 through 21, 64 through 67, 68, and 69 through 73 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

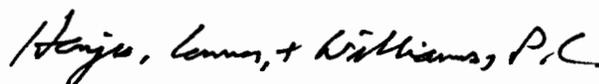
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Onawa, Iowa's basic financial statements. The introductory section, combining and individual non-major fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the City of Onawa, Iowa's basic financial statements for the ten years ended June 30, 2014, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. Those audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Onawa, Iowa's basic financial statements as a whole.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2015, on our consideration of the City of Onawa, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Onawa, Iowa's internal control over financial reporting and compliance.


Certified Public Accountants

Management Discussion and Analysis

June 30, 2015

This discussion and analysis of the City of Onawa's financial performance provides an overview of the City's financial activities for the fiscal year ending June 30, 2015. We encourage the readers to consider the information presented here in conjunction with the additional information furnished in our letter of transmittal on page 1 and the City's financial statements that follow this report.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Onawa exceeded its liabilities and deferred inflows of resources at June 30, 2015, by \$16,688,447. Of this amount, \$5,081,895 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net position increased by 2.85% or \$462,786 during the year. Of this amount, the net position of our Governmental Activities increased \$228,024 and the net position of our Business-Type Activities increased \$234,762.
- The largest factors in the increase in net position were the increase in cash and investments of \$510,909, decrease in General Obligation Bonds of \$165,000, decrease in Revenue Bonds of \$62,000, increase in subsequent year taxes of \$136,179, and an increase in investments for equipment of \$109,296.
- The City's long-term debt decreased due to the scheduled retirement of long-term debt of \$165,000 of General Obligation Bonds and \$62,000 of Revenue Bonds. Outstanding General Obligation debt totals \$950,000. Outstanding water revenue bond debt totals \$1,323,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to the Management Discussion and Analysis, this annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. An additional part of the basic financial statements are the notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

REPORTING THE CITY AS A WHOLE

The Statement of Net Position and the Statement of Activities

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

One of the most important questions asked about the City's finances is *"Is the City of Onawa in a better financial position at the end of this fiscal year, compared to last year?"* The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is the method used by most private-sector companies. These two statements report the City's net position, which is calculated as assets plus deferred outflows minus liabilities and deferred inflows, as one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. Additional factors, such as changes in the City's property tax base and sales tax collections and condition of the City's infrastructure, are also important in making this determination.

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

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

THE CITY AS A WHOLE

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

The following comparative chart shows the changes in net position for the years ended June 30, 2015 and 2014.

	General Governmental Activities		Business-Type Activities		Total	
	2015	2014 (not restated)	2015	2014 (not restated)	2015	2014 (not restated)
Current and Other Assets	\$ 3,745,019	\$ 3,306,704	\$ 4,659,063	\$ 4,306,513	\$ 8,404,082	\$ 7,613,217
Capital Assets	7,824,527	8,103,450	4,875,200	5,077,303	12,699,727	13,180,753
Total Assets	11,569,546	11,410,154	9,534,263	9,383,816	21,103,809	20,793,970
Pension Related Deferred Outflows	84,125	-	58,919	-	143,044	-
Total Deferred Outflows of Resources	84,125	-	58,919	-	143,044	-
Other Liabilities	83,602	81,805	339,984	341,106	423,586	422,911
Long-Term Liabilities Outstanding	1,155,639	1,162,774	1,609,669	1,438,018	2,765,308	2,600,792
Total Liabilities	1,239,241	1,244,579	1,949,653	1,779,124	3,188,894	3,023,703
Unavailable Revenue - Property Taxes	1,118,087	981,908	-	-	1,118,087	981,908
Unavailable Revenue - Pension Related	160,258	-	91,167	-	251,425	-
Total Deferred Inflows of Resources	1,278,345	981,908	91,167	-	1,369,512	981,908
Net Position:						
Net Investment in Capital Assets	6,879,713	6,994,159	3,552,200	3,692,303	10,431,913	10,686,462
Restricted	1,174,639	1,022,683	-	-	1,174,639	1,022,683
Unrestricted	1,081,733	1,166,825	4,000,162	3,912,389	5,081,895	5,079,214
Total Net Position	\$ 9,136,085	\$ 9,183,667	\$ 7,552,362	\$ 7,604,692	\$ 16,688,447	\$ 16,788,359

Subsequent to the prior period adjustment for the implementation of GASB No. 68, as discussed below, this summary reflects a decrease of 0.52% for the Governmental Activities and a decrease of 0.68% in the Business-Type Activities. The Total Net Position decreased by 0.60%.

The restricted portion of net position (7.04%) is subject to external restrictions on how these resources may be used.

The Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27* was implemented during fiscal year 2015. The beginning net position for governmental activities and business-type activities were restated \$275,606 and \$287,092, respectively to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. The financial statement amounts for fiscal year 2014 net pension liabilities, pension expense, deferred outflows of resources, and deferred inflows of resources were not restated because the information was not available. In the past, pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

Total revenue reported in Fiscal 2015 was \$6,258,913. The following table breaks down revenues collected for General Governmental Activities and Business-Type Activities for Fiscal Year 2015 and 2014.

Revenue Source	General Governmental Activities		Business-Type Activities		Total	
	2015	2014 (not restated)	2015	2014 (not restated)	2015	2014 (not restated)
Program Revenues:						
Charges for Services	\$ 175,326	\$ 100,259	\$4,031,610	\$3,985,922	\$4,206,936	\$4,086,181
Operating Grants and Contributions	371,026	309,407	-	-	371,026	309,407
Total Program Revenues	546,352	409,666	4,031,610	3,985,922	4,577,962	4,395,588
General Revenues & Interfund Transfers:						
Property Taxes	1,008,905	1,161,184	-	-	1,008,905	1,161,184
Local Option Sales Tax	252,420	223,108	-	-	252,420	223,108
Interest	10,232	13,457	-	8	10,232	13,465
General Intergovernmental Revenues	5,478	48,360	-	-	5,478	48,360
Sale of Merchandise	-	-	18,566	17,818	18,566	17,818
Payment in Lieu of Taxes	147,980	138,626	-	-	147,980	138,626
Miscellaneous	62,238	167,382	132,692	145,844	194,930	313,226
Contributions	40,156	-	-	-	40,156	-
Total General Revenues before Interfund Transfers and Activity in Endowment Fund	1,527,409	1,752,117	151,258	163,670	1,678,667	1,915,787
Activity in Nonexpendable Endowment Funds:						
Interest	334	369	-	-	334	369
Contributions	1,950	2,250	-	-	1,950	2,250
Less Transfers to General Fund	(354)	(485)	-	-	(354)	(485)
Net Activity in Nonexpendable Endowment Funds	1,930	2,134	-	-	1,930	2,134
Total General Revenues before Interfund Transfers	1,529,339	1,754,251	151,258	163,670	1,680,597	1,917,921
Interfund Transfers:						
From Nonexpendable Endowment Funds	354	485	-	-	354	485
From Business-Type Activities	14,000	12,000	(14,000)	(12,000)	-	-
Total Interfund Transfers	14,354	12,485	(14,000)	(12,000)	354	485
Total General Revenues & Interfund Transfers	1,543,693	1,766,736	137,258	151,670	1,680,951	1,918,406
Total Revenues & Interfund Transfers	\$2,090,045	\$2,176,402	\$4,168,868	\$4,137,592	\$6,258,913	\$6,313,994

Program revenues totaled \$4,577,962 for fiscal year 2015. Governmental Activities provided \$546,352 and Business-Type Activities provided \$4,031,610. Revenue collected for Charges for Services during fiscal year 2015 was \$4,206,936, accounting for 91% of the total program revenues.

General Revenues for fiscal year 2015 totaled \$1,680,951. Governmental Activities provided \$1,543,693 and Business-Type Activities provided \$137,258. Property Tax Revenues for fiscal year 2015 totaled \$1,008,905, accounting for 60% of Total General Revenues.

Expenses for fiscal year 2015 totaled \$5,793,843. Expenses for General Governmental Activities totaled \$1,859,737, accounting for 32% of total expenses. Business-Type Activity expenses totaled \$3,934,106, for 68% of the total.

The following table shows total expenses by Function/Program for fiscal years 2015 and 2014.

Program Level	General Governmental Activities		Business-Type Activities		Total	
	2015	2014 (not restated)	2015	2014 (not restated)	2015	2014 (not restated)
Public Safety	\$ 585,447	\$ 602,166	\$ -	\$ -	\$ 585,447	\$ 602,166
Public Works	250,938	254,456	-	-	250,938	254,456
Culture and Recreation	546,680	575,259	-	-	546,680	575,259
Community and Economic Development	104,257	96,420	-	-	104,257	96,420
General Government	348,113	304,301	-	-	348,113	304,301
Debt Service	24,302	25,936	-	-	24,302	25,936
Electric System	-	-	2,846,607	2,963,192	2,846,607	2,963,192
Water System	-	-	490,788	478,802	490,788	478,802
Sewer System	-	-	596,711	582,598	596,711	582,598
Total Expenses	\$1,859,737	\$1,858,538	\$3,934,106	\$4,024,592	\$5,793,843	\$5,883,130

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

<u>Program Level</u>	<u>Activity</u>
Public Safety.....	Individual and Community Protection, Physical Health
Public Works.....	Public Service, Utilities, Transportation
Culture and Recreation.....	Education and Culture
Community and Economic Development.....	Housing and Community Development
General Government.....	Policy and Administration
Debt Service.....	Debt
Electric System.....	Operation of Electrical System
Sewer System.....	Operation of the Waste Water Treatment Plant/Collection System
Water System.....	Operation of Water Treatment Plant/Supply Distribution System

Governmental Activities

To aid in the understanding of the Statement of Activities, some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses and Changes in Fund Balance. Please note that the expenses are listed in the first column, with revenues from that particular program reported to the right. The result is a Net (Expense) Revenue calculation. This format highlights the respective financial burden that each of the functions place on the taxpayers. For example, for Public Safety, the City spent \$585,447 and received \$28,933 in revenue, thus leaving a cost to the taxpayer of \$556,514 to be funded by various methods. The format also identifies how much each function draws from general revenues or is self-financing through fees or grants. Some of the individual line item revenues reported for each function are:

Public Safety	Fines, COPS Grants, Block Grants
Community and Economic Development	HUD Grants, Building Permits, Licenses
General Government	Internal Service – Charges for Services

The total cost of governmental activity this year was \$1,859,737. Of these costs, \$175,326 was paid by those who directly benefited from the programs. Costs paid by other governments and organizations that subsidized certain programs with grants and contributions were \$371,026, leaving a Net Expense of \$1,313,385 for Governmental Activities. These expenses of \$1,313,385 were covered with tax revenues, interest and other general revenues. The Statement of Activities in the financial statements provides further detail.

The Net (Expense) Revenue by Governmental Activity is shown in the following table:

Functions/Programs	Net (Expense) Revenue	
	6/30/2015	6/30/2014
Governmental Activities:		
Public Safety	\$ (556,514)	\$ (574,654)
Public Works	82,043	29,625
Culture and Recreation	(457,028)	(497,681)
Community and Economic Development	(95,257)	(96,420)
General Government	(262,327)	(283,806)
Debt Service	(24,302)	(25,936)
Total Net (Expense) Revenue		
Governmental Activities	(1,313,385)	(1,448,872)
General Revenues	1,527,409	1,754,736
Excess of Revenues over Expenses Before Transfers in	214,024	305,864
Transfers In	14,000	12,000
Change in Net Position	\$ 228,024	\$ 317,864

Total resources available during the year to finance governmental operations were \$10,995,822, consisting of adjusted Net Position at July 1, 2014 of \$8,908,061, Program Revenues of \$546,352 and General Revenues of \$1,541,409. Total Governmental Activities during the year expended \$1,859,737; thus, Net Position increased by \$228,024 to \$9,136,085 following the implementation of GASB No. 68.

Business-Type Activities

Business-Type Activities increased the City's net position by \$234,762 following the implementation of GASB No. 68.

The cost of all Proprietary Activities this year was \$3,934,106. As shown in the Statement of Activities, the amounts paid by users of the systems were \$4,031,610, resulting in total Net Revenue for Business Type Activities of \$97,504. The Net (Expense) Revenue by Business Type Activity is shown in the following table:

Functions/Programs	Net (Expense) Revenue	
	6/30/2015	6/30/2014
Business-Type Activities:		
Electric System	\$ 18,785	\$ (72,861)
Water System	(3,295)	(31,561)
Sewer System	82,014	65,752
Total Net (Expense) Revenue Business-Type Activities	97,504	(38,670)
Non-Operating Revenues	151,258	163,670
Change in Net Position Before Transfers	248,762	125,000
Transfers Out	(14,000)	(12,000)
Change in Net Position	\$ 234,762	\$ 113,000

Total resources available during the year to finance Proprietary Fund activities were \$11,486,468 consisting of adjusted Net Position at July 1, 2014 of \$7,317,600, Program Revenues of \$4,031,610 and General Revenues of \$137,258. Total Proprietary Fund Activities during the year expended \$3,934,106; thus Net Position increased by \$234,762 to \$7,552,362, following the implementation of GASB No. 68.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Fund balances that are not categorized as non-spendable, restricted, or committed may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's governmental funds reported combined ending fund balances of \$2,330,807, a total increase of \$312,586 from the prior year.

The General Fund is the primary operating fund of the City. During the year, revenues exceeded expenditures in the General Fund by \$155,583. The Road Use Tax fund balances increased \$119,302 due to revenues exceeding expenditures. The Local Option Sales Tax fund balances increased by \$22,724 due to accumulation of funds for future infrastructure expenditures. Debt Service Funds saw very minimal changes during the year maintaining a fund balance consistent with recent years.

GENERAL FUND BUDGETARY HIGHLIGHTS

The fiscal year 2015 adopted General Fund Budget amount was \$2,927,417.

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

<u>Expenditures</u>	<u>Budget Adopted</u>	<u>Actual (Cash Basis)</u>	<u>Variance</u>
Public Safety	\$1,262,186	\$ 553,341	\$ 708,845
Public Works	549,964	256,710	293,254
Culture and Recreation	576,382	454,131	122,251
Community and Economic Development	274,500	100,062	174,438
General Government	<u>264,385</u>	<u>162,750</u>	<u>101,635</u>
Total Expenditures	<u>\$2,927,417</u>	<u>\$1,526,994</u>	<u>\$ 1,400,423</u>

CAPITAL ASSETS

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, sewer systems, lighting systems, traffic signals and other infrastructure represents the value of the resources utilized to provide services to our citizens. The investment in capital assets as of June 30, 2015, was \$10,431,913 (net of accumulated depreciation and outstanding financings). This is a decrease of \$254,549 (2.38%) from fiscal year 2014. The gross additions to capital assets for fiscal years 2015 and 2014 are as follows:

	General Governmental Activities		Business-Type Activities		Totals	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Construction in Progress	\$ 13,108	\$ 57,586	\$ -	\$ -	\$ 13,108	\$ 57,586
Buildings	14,307	-	-	-	14,307	-
Land	-	-	1,490	-	1,490	-
Improvements - Other than Buildings	20,685	5,877	-	17,874	20,685	23,751
Equipment	60,374	203,051	58,903	131,032	119,277	334,083
Infrastructure	28,196	219,957	-	-	28,196	219,957
	<u>\$ 136,670</u>	<u>\$ 486,471</u>	<u>\$ 60,393</u>	<u>\$ 148,906</u>	<u>\$ 197,063</u>	<u>\$ 635,377</u>

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

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

DEBT ADMINISTRATION

At year-end the City had \$2,273,000 of debt outstanding. This is a decrease of \$227,000 from the prior year due to the retirement of \$62,000 in State Revolving Funds, Revenue Notes, and the retirement of \$165,000 in General Obligation Bonds.

Debt administration is conservative since all City general obligation debt is to be repaid within the next 10 years. This rapid repayment when combined with the use of Tax Increment Financing, has allowed the City to maintain our good rating. This reflects well on our community.

The City continues to operate well under State debt capacity limitations. The State of Iowa limits the amount of General Obligation Debt outstanding to 5% of the assessed value of all taxable property in the community. Thus, our debt capacity is \$5,456,030. With outstanding General Obligation Debt applicable to this limit of \$950,000, we are utilizing less than 20% of this limit. More detailed information on the City's debt administration is provided in Note 7 of the financial statements.

ECONOMIC FACTORS

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

The General Fund is projected to end fiscal 2016 with a fund balance of approximately \$1,974,084, a 10.8% increase from fiscal 2015.

The tax levy rates per \$1,000 of taxable valuation for fiscal 2016 are provided below:

General Levy	\$ 8.10000
Civic Center Levy	.13500
Library Levy	.27000
Debt Service levy	2.78832
Emergency	.27000
FICA, IPERS & Employee Benefits	1.50310
Tort Liability levy	<u>.90186</u>
Total	\$ <u>13.96828</u>

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

CITY OF ONAWA, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Onawa Library Advocates Foundation
ASSETS				
Cash and Cash Equivalents	\$ 1,126,354	\$ 1,001,452	\$ 2,127,806	\$ 13,278
Investments	1,038,701	632,932	1,671,633	22,581
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	390,549	390,549	-
Taxes	13,134	-	13,134	-
Subsequent Year Taxes	1,118,087	-	1,118,087	-
Accrued Interest	3,894	-	3,894	-
Other	10,989	3,087	14,076	-
Special Assessments	17,668	-	17,668	-
Subsequent Year Special Assessments	38,349	-	38,349	-
Internal Balances	(174,033)	174,033	-	-
Due from Other Governmental Agencies	60,546	-	60,546	-
Inventories	-	322,020	322,020	-
Prepaid Assets	59,924	26,951	86,875	-
Temporary Cash Investments for Equipment	431,406	124,879	556,285	-
Investment in WIMECA	-	1,921,466	1,921,466	-
Restricted Assets - Cash	-	61,694	61,694	-
Land	417,239	10,540	427,779	-
Construction in Progress	71,133	-	71,133	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	7,336,155	4,864,660	12,200,815	-
Total Assets	11,569,546	9,534,263	21,103,809	35,859
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Deferred Outflows	84,125	58,919	143,044	-
LIABILITIES				
Accounts Payable	81,344	270,223	351,567	-
Accrued Expenses	419	4,759	5,178	-
Accrued Interest Payable	1,839	3,308	5,147	-
Customer Deposits	-	61,694	61,694	-
Noncurrent Liabilities:				
Due within one year:				
Revenue Bonds Payable	-	64,000	64,000	-
General Obligation Bonds Payable	165,000	-	165,000	-
Compensated Absences and Benefits	8,612	11,904	20,516	-
Due in more than one year:				
Revenue Bonds Payable	-	1,259,000	1,259,000	-
General Obligation Bonds Payable	779,814	-	779,814	-
Compensated Absences and Benefits	25,836	35,714	61,550	-
Net Pension Liability	162,087	239,051	401,138	-
Other Postemployment Benefits	14,290	-	14,290	-
Total Liabilities	1,239,241	1,949,653	3,188,894	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	1,118,087	-	1,118,087	-
Unavailable Revenue - Pension Related	160,258	91,167	251,425	-
Total Deferred Inflows of Resources	1,278,345	91,167	1,369,512	-
NET POSITION				
Net Investment in Capital Assets	6,879,713	3,552,200	10,431,913	-
Restricted for:				
Specific Revenues:				
Local Option Sales Tax Purposes	792,614	-	792,614	-
Road Use Tax Purposes	214,723	-	214,723	-
I Jobs	19,267	-	19,267	-
Debt Service	17,935	-	17,935	-
Endowments:				
Nonexpendable	130,100	-	130,100	-
Unrestricted	1,081,733	4,000,162	5,081,895	35,859
Total Net Position	\$ 9,136,085	\$ 7,552,362	\$ 16,688,447	\$ 35,859

See Accompanying Notes to Financial Statements

CITY OF ONAWA, IOWA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
Public Safety	\$ 585,447	\$ 3,925	\$ 25,008
Public Works	250,938	19,367	313,614
Culture and Recreation	546,680	66,248	23,404
Community and Economic Development	104,257	-	9,000
General Government	348,113	85,786	-
Debt Service	24,302	-	-
Total Governmental Activities	<u>1,859,737</u>	<u>175,326</u>	<u>371,026</u>
Business-Type Activities:			
Electric System	2,846,607	2,865,392	-
Water System	490,788	487,493	-
Sewer System	596,711	678,725	-
Total Business-Type Activities	<u>3,934,106</u>	<u>4,031,610</u>	<u>-</u>
Total Primary Government	<u>5,793,843</u>	<u>4,206,936</u>	<u>371,026</u>
Component Unit:			
Onawa Library Advocates Foundation	\$ 11,000	\$ -	\$ -

General Revenues:
Property Taxes
Local Option Sales Tax
Interest
General Intergovernmental Revenues
Sale of Merchandise
Payment in Lieu of Taxes
Miscellaneous
Contributions
Interfund Transfers
Total General Revenues and Interfund Transfers
Change in Net Position
Net Position - Beginning of Year Before Prior Period Adjustment
Prior Period Adjustment
Net Position - Beginning of Year, as Restated
Net Position - End of Year

Net (Expense) Revenue and Changes in Net Position			
Governmental Activities	Primary Government		Component Unit
	Business-Type Activities	Total	Onawa Library Advocates Foundation
\$ (556,514)	\$ -	\$ (556,514)	\$ -
82,043	-	82,043	-
(457,028)	-	(457,028)	-
(95,257)	-	(95,257)	-
(262,327)	-	(262,327)	-
(24,302)	-	(24,302)	-
<u>(1,313,385)</u>	<u>-</u>	<u>(1,313,385)</u>	<u>-</u>
-	18,785	18,785	-
-	(3,295)	(3,295)	-
<u>-</u>	<u>82,014</u>	<u>82,014</u>	<u>-</u>
<u>-</u>	<u>97,504</u>	<u>97,504</u>	<u>-</u>
(1,313,385)	97,504	(1,215,881)	-
			<u>11,000</u>
1,008,905	-	1,008,905	-
252,420	-	252,420	-
10,232	-	10,232	542
5,478	-	5,478	-
-	18,566	18,566	-
147,980	-	147,980	-
62,238	132,692	194,930	-
40,156	-	40,156	1,160
14,000	(14,000)	-	-
<u>1,541,409</u>	<u>137,258</u>	<u>1,678,667</u>	<u>1,702</u>
<u>228,024</u>	<u>234,762</u>	<u>462,786</u>	<u>(9,298)</u>
<u>9,183,667</u>	<u>7,604,692</u>	<u>16,788,359</u>	<u>45,157</u>
<u>(275,606)</u>	<u>(287,092)</u>	<u>(562,698)</u>	<u>-</u>
<u>8,908,061</u>	<u>7,317,600</u>	<u>16,225,661</u>	<u>45,157</u>
<u>\$9,136,085</u>	<u>\$7,552,362</u>	<u>\$16,688,447</u>	<u>\$ 35,859</u>

CITY OF ONAWA, IOWA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	TIF	Road Use Tax	Local Option Sales Tax
Assets				
Cash and Pooled Investments	\$ 942,540	\$ -	\$ 1,188	\$ 12,895
Investments	912,601	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)				
Taxes	10,522	-	-	-
Subsequent Year Taxes	699,925	230,589	-	-
Accrued Interest	3,022	-	-	-
Other	8,628	-	-	-
Special Assessments	15,576	-	-	-
Subsequent Year Special Assessments	23,814	-	-	-
Internal Balances	-	-	170,000	750,000
Due from Other Governmental Agencies	-	-	30,827	29,719
Temporary Cash Investments Designated for Equipment	411,310	-	20,096	-
Total Assets	3,027,938	230,589	222,111	792,614
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts Payable	64,487	4,196	7,388	-
Accrued Expenditures	419	-	-	-
Internal Balances	66,019	430,156	-	-
Total Liabilities	130,925	434,352	7,388	-
Deferred Inflows of Resources:				
Unavailable Revenue - Property Taxes	699,925	230,589	-	-
Unavailable Revenue - Special Assessments	23,814	-	-	-
Total Deferred Inflows of Resources	723,739	230,589	-	-
Fund Balances:				
Nonspendable:				
Perpetual Care	-	-	-	-
Endowment	-	-	-	-
Restricted For:				
Debt Service	-	-	-	-
Special Revenue Funds	-	-	214,723	792,614
Assigned For:				
Capital Projects	-	-	-	-
Unassigned	2,173,274	(434,352)	-	-
Total Fund Balances (Deficits)	2,173,274	(434,352)	214,723	792,614
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,027,938	\$ 230,589	\$ 222,111	\$ 792,614

See Accompanying Notes to Financial Statements

Debt Service	Fire Station Project	2011 Street Project	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 15,323	\$ -	\$ -	\$ 35,899	\$ 1,007,845
-	-	-	126,100	1,038,701
2,612	-	-	-	13,134
187,573	-	-	-	1,118,087
-	-	748	124	3,894
-	-	-	-	8,628
-	-	2,092	-	17,668
-	-	14,535	-	38,349
-	-	-	-	920,000
-	-	-	-	60,546
-	-	-	-	431,406
205,508	-	17,375	162,123	4,658,258
-	-	-	492	76,563
-	-	-	-	419
-	200,782	312,708	84,368	1,094,033
-	200,782	312,708	84,860	1,171,015
187,573	-	-	-	1,118,087
-	-	14,535	-	38,349
187,573	-	14,535	-	1,156,436
-	-	-	96,500	96,500
-	-	-	33,600	33,600
17,935	-	-	-	17,935
-	-	-	19,267	1,026,604
-	-	-	12,756	12,756
-	(200,782)	(309,868)	(84,860)	1,143,412
17,935	(200,782)	(309,868)	77,263	2,330,807
\$ 205,508	\$ -	\$ 17,375	\$ 162,123	\$ 4,658,258

CITY OF ONAWA, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2015

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balances - Governmental Funds (page 26)	\$ 2,330,807
Infrastructure, property, and equipment used in governmental activities are not financial resources and therefore, are not reported in the funds. The cost of assets is \$11,733,321 and the accumulated depreciation is \$3,908,794.	7,824,527
Subsequent year assessments are not available to pay for current period expenditures and are deferred in the funds.	38,349
Internal service fund used by management to fund and maintain the City's health insurance deductible account and is included in the Statement of Net Position.	(1,364)
Internal service fund used by management to fund and maintain the City's deductible account and is included in the Statement of Net Position.	117,453
Accrued interest expense does not require the use of current financial resources and is not reported in the governmental funds.	(1,839)
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.	59,924
Pension related deferred outflow of resources and deferred inflows of resources, are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:	
Deferred outflow of resources	84,125
Deferred inflow of resources	(160,258)
The following long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
General Obligation Bonds Payable	(944,814)
Other Postemployment Benefits	(14,290)
Net Pension Liability	(162,087)
Compensated Absences and Benefits	(34,448)
Total Net Position - Governmental Activities (page 22)	<u>\$ 9,136,085</u>

CITY OF ONAWA, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	General	TIF	Road Use Tax	Local Option Sales Tax
Revenues:				
Taxes	\$ 770,960	\$ 43,147	\$ -	\$ -
Special Assessments	14,767	-	-	-
Licenses and Permits	19,900	-	-	-
Intergovernmental Revenue	43,412	5,478	319,435	252,420
Charges for Services	67,351	-	-	-
Fines and Forfeits	7,846	-	-	-
Contributions	38,206	-	-	-
Refunds/Reimbursements	-	-	1,026	-
Grants	16,500	-	-	7,500
Interest	8,788	-	-	-
Payment in Lieu of Taxes	147,980	-	-	-
Miscellaneous	62,037	-	-	-
Total Revenues	1,197,747	48,625	320,461	259,920
Expenditures:				
Public Safety	539,068	-	-	-
Public Works	53,511	-	201,159	-
Culture and Recreation	452,327	-	-	-
Community and Economic Development	11,414	31,897	-	60,946
General Government	176,448	400	-	-
Capital Projects	-	-	-	-
Debt Service	-	-	-	-
Total Expenditures	1,232,768	32,297	201,159	60,946
Excess (deficiency) of revenues over expenditures	(35,021)	16,328	119,302	198,974
Other financing sources (uses):				
Transfers In	190,604	-	-	-
Transfers Out	-	-	-	(176,250)
Total other financing sources (uses)	190,604	-	-	(176,250)
Net Change in Fund Balances	155,583	16,328	119,302	22,724
Fund Balances (Deficit) - Beginning of Year	2,017,691	(450,680)	95,421	769,890
Fund Balances (Deficit) - End of Year	\$ 2,173,274	\$ (434,352)	\$ 214,723	\$ 792,614

See Accompanying Notes to Financial Statements

Debt Service	Fire Station Project	2011 Street Project	Other Nonmajor Governmental Funds	Total Governmental Funds
\$ 194,798	\$ -	\$ -	\$ -	\$ 1,008,905
-	-	2,854	-	17,621
-	-	-	-	19,900
-	-	-	-	620,745
-	-	-	-	67,351
-	-	-	-	7,846
-	-	-	1,950	40,156
-	-	-	-	1,026
-	-	-	-	24,000
-	-	1,110	334	10,232
-	-	-	-	147,980
-	-	-	-	62,037
194,798	-	3,964	2,284	2,027,799
-	-	-	-	539,068
-	-	-	-	254,670
-	-	-	-	452,327
-	-	-	-	104,257
-	-	-	-	176,848
-	-	-	13,108	13,108
188,935	-	-	-	188,935
188,935	-	-	13,108	1,729,213
5,863	-	3,964	(10,824)	298,586
-	-	-	(354)	190,250
-	-	-	-	(176,250)
-	-	-	(354)	14,000
5,863	-	3,964	(11,178)	312,586
12,072	(200,782)	(313,832)	88,441	2,018,221
\$ 17,935	\$ (200,782)	\$ (309,868)	\$ 77,263	\$ 2,330,807

CITY OF ONAWA, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

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

Net change in fund balances - total governmental funds (page 29)	\$	312,586
<p>Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. Capital outlays were exceeded by depreciation expense in the current year as follows:</p>		
Expenditures for Capital Assets	\$	136,671
Disposition of Fixed Assets		(6,930)
Depreciation Expense		(408,663)
		(278,922)
Special assessment revenues are deferred in the governmental funds because they are not available to provide current financial resources.		(15,821)
Prepaid expenses are not reported in the governmental funds as they are not available to provide current financial resources.		231
Accrued interest expense that does not require current financial resources.		156
Internal service fund used by management to fund and maintain the City's health insurance deductible account and is included in the Statement of Net Position. The net revenue of this internal service fund is reported with governmental activities.		3,186
Bond discounts are recorded in the funds when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities.		(523)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:		
Other Postemployment Benefits		(3,526)
Pension Expense		37,386
Compensated Absences and Benefits		8,271
The repayment of the principal of bonded long-term debt consumes the current financial resources of governmental funds without affecting the net position. The Statement of Activities does not reflect the payment of principal on bonded long-term debt. The principal paid on bonded long-term debt during the current year was:		165,000
		165,000
Change in net position of governmental activities (page 24)	\$	228,024

**CITY OF ONAWA, IOWA
 COMBINING STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2015**

	<u>Business-Type Activities</u>	
	<u>Electric System</u>	<u>Water System</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 447,207	\$ 2,107
Investments	450,131	4,185
Receivables (Net, where applicable, of allowance for uncollectibles)		
Accounts	265,795	51,881
Other	1,650	1,437
Internal Balances	174,033	-
Inventories	277,707	42,975
Prepaid Assets	16,293	7,150
Investment in WIMECA	1,921,466	-
Temporary Cash Investments for Equipment	112,354	7,525
Total Current Assets	<u>3,666,636</u>	<u>117,260</u>
Noncurrent Assets:		
Restricted Assets:		
Cash and Cash Equivalents	61,694	-
Land		-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	<u>2,130,966</u>	<u>2,001,074</u>
Total Noncurrent Assets	<u>2,192,660</u>	<u>2,001,074</u>
Total Assets	<u>5,859,296</u>	<u>2,118,334</u>
Deferred Inflows of Resources:		
Pension Related	<u>25,416</u>	<u>19,639</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	203,386	26,801
Accrued Expenses	4,716	43
Accrued Interest Payable	-	3,308
Revenue Bonds Payable	-	64,000
Customer Deposits	61,694	-
Compensated Absences	5,968	4,661
Total Current Liabilities	<u>275,764</u>	<u>98,813</u>
Noncurrent Liabilities:		
Due in more than one year:		
Revenue Bonds Payable	-	1,259,000
Compensated Absences	17,905	13,984
Net Pension Liability	103,120	79,683
Total Noncurrent Liabilities	<u>121,025</u>	<u>1,352,667</u>
Total Liabilities	<u>396,789</u>	<u>1,451,480</u>
Deferred Inflows of Resources:		
Unavailable Revenues:		
Pension Related	<u>39,327</u>	<u>30,389</u>
NET POSITION		
Net Investment in Capital Assets	2,130,966	678,074
Unrestricted	3,317,630	(21,970)
Total Net Position	<u>\$ 5,448,596</u>	<u>\$ 656,104</u>

See Accompanying Notes to Financial Statements

<u>Business-Type Activities</u>		<u>Governmental Activities</u>	
<u>Sewer System</u>	<u>Total</u>	<u>Internal Service</u>	
\$ 552,138	\$ 1,001,452	\$ 118,509	
178,616	632,932	-	
72,873	390,549	-	
-	3,087	2,361	
-	174,033	-	
1,338	322,020	-	
3,508	26,951	-	
-	1,921,466	-	
5,000	124,879	-	
<u>813,473</u>	<u>4,597,369</u>	<u>120,870</u>	
-	61,694	-	
10,540	10,540	-	
732,620	4,864,660	-	
<u>743,160</u>	<u>4,936,894</u>	<u>-</u>	
<u>1,556,633</u>	<u>9,534,263</u>	<u>120,870</u>	
13,864	58,919	-	
40,036	270,223	4,781	
-	4,759	-	
-	3,308	-	
-	64,000	-	
-	61,694	-	
1,275	11,904	-	
<u>41,311</u>	<u>415,888</u>	<u>4,781</u>	
-	1,259,000	-	
3,825	35,714	-	
56,248	239,051	-	
60,073	1,533,765	-	
<u>101,384</u>	<u>1,949,653</u>	<u>4,781</u>	
21,451	91,167	-	
743,160	3,552,200	-	
704,502	4,000,162	116,089	
<u>\$ 1,447,662</u>	<u>\$ 7,552,362</u>	<u>\$ 116,089</u>	

CITY OF ONAWA, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities	
	Electric System	Water System
Operating Revenues:		
Charges for Services	\$ 2,865,392	\$ 487,493
Total Operating Revenues	<u>2,865,392</u>	<u>487,493</u>
Operating Expenses:		
Production	2,254,510	90,296
Distribution	351,477	221,086
Customer Accounts/Administration	125,133	79,637
Solid Waste	-	-
Depreciation and Amortization	115,487	99,769
Deductibles	-	-
Total Operating Expenses	<u>2,846,607</u>	<u>490,788</u>
Operating Income (Loss)	18,785	(3,295)
Non-Operating Revenues (Expenses):		
Sale of Merchandise	287	18,279
Equity in Net Income of WIMECA	156,149	-
Annual Loan Fee	-	(3,463)
Interest Expense	-	(41,395)
Other Non-Operating Revenues	18,740	1,342
Total Non-Operating Revenues (Expenses)	<u>175,176</u>	<u>(25,237)</u>
Income (Loss) before Transfers	193,961	(28,532)
Transfers Out	<u>(14,000)</u>	<u>-</u>
Change in Net Position	179,961	(28,532)
Net Position - Beginning of the Year before Prior Period Adjustment	5,392,479	780,333
Prior Period Adjustment	<u>(123,844)</u>	<u>(95,697)</u>
Net Position - Beginning of the Year as Restated	<u>5,268,635</u>	<u>684,636</u>
Net Position - End of Year	<u>\$ 5,448,596</u>	<u>\$ 656,104</u>

See Accompanying Notes to Financial Statements

<u>Business-Type Activities</u>		<u>Governmental Activities</u>	
<u>Sewer System</u>	<u>Total</u>	<u>Internal Service</u>	
\$ 678,725	\$ 4,031,610	\$ 61,582	
678,725	4,031,610	61,582	
73,631	2,418,437	-	
119,040	691,603	-	
78,991	283,761	-	
281,013	281,013	-	
44,036	259,292	-	
-	-	58,395	
596,711	3,934,106	58,395	
82,014	97,504	3,187	
-	18,566	-	
-	156,149	-	
-	(3,463)	-	
-	(41,395)	-	
1,319	21,401	-	
1,319	151,258	-	
83,333	248,762	3,187	
-	(14,000)	-	
83,333	234,762	3,187	
1,431,880	7,604,692	112,902	
(67,551)	(287,092)	-	
1,364,329	7,317,600	112,902	
\$ 1,447,662	\$ 7,552,362	\$ 116,089	

**CITY OF ONAWA, IOWA
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015**

	Business-Type Activities	
	Electric System	Water System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 2,877,269	\$ 482,658
Cash Paid to Suppliers for Goods and Services	(2,478,958)	(120,377)
Cash Paid to Employees for Services	(325,089)	(263,553)
Other Nonoperating Income	18,809	19,569
Cash Paid for Customer Deposits	(1,657)	-
Net Cash Provided by Operating Activities	<u>90,374</u>	<u>118,297</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers (to) Other Funds	(14,000)	-
Advances from Other funds	7,021	-
Net Cash Provided (Used) for Noncapital Financing Activities	<u>(6,979)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(17,285)	(14,834)
Loan Fees Paid	-	(3,463)
Principal Paid on Notes and Bonds	-	(62,000)
Interest Paid on Notes and Bonds	-	(41,550)
Net Cash (Used) for Capital and Related Financing Activities	<u>(17,285)</u>	<u>(121,847)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Temporary Cash Investments - Equipment	(18,000)	(3,700)
Proceeds from Sale of Temporary Cash Investments - Equipment	-	-
Dividends Received	157,648	-
Net Cash Provided (Used) for Investing Activities	<u>139,648</u>	<u>(3,700)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	205,758	(7,250)
Cash and Cash Equivalents at Beginning of Year	<u>303,143</u>	<u>9,357</u>
Cash and Cash Equivalents at End of Year	<u>\$ 508,901</u>	<u>\$ 2,107</u>
Supplemental Disclosures:		
Noncash Investing and Financing Activities		
Reinvestment of the Earnings from WIMECA	\$ 156,149	\$ -
Reinvestment of Interest on Investments	-	-
	<u>\$ 156,149</u>	<u>\$ -</u>

See Accompanying Notes to Financial Statements

<u>Business-Type Activities</u>		<u>Governmental</u>
<u>Sewer</u>		<u>Activities</u>
<u>System</u>	<u>Total</u>	<u>Internal</u>
		<u>Service</u>
\$ 670,446	\$ 4,030,373	\$ 61,582
(369,907)	(2,969,242)	(56,087)
(190,245)	(778,887)	-
1,319	39,697	-
-	(1,657)	-
<u>111,613</u>	<u>320,284</u>	<u>5,495</u>
-	(14,000)	-
<u>200,000</u>	<u>207,021</u>	<u>(4,439)</u>
200,000	193,021	(4,439)
(25,070)	(57,189)	-
-	(3,463)	-
-	(62,000)	-
-	(41,550)	-
<u>(25,070)</u>	<u>(164,202)</u>	<u>-</u>
(10,000)	(31,700)	-
11,004	11,004	-
-	157,648	-
<u>1,004</u>	<u>136,952</u>	<u>-</u>
287,547	486,055	1,056
<u>264,591</u>	<u>577,091</u>	<u>117,453</u>
<u>\$ 552,138</u>	<u>\$ 1,063,146</u>	<u>\$ 118,509</u>
\$ -	\$ 156,149	
-	-	
<u>\$ -</u>	<u>\$ 156,149</u>	

(Continued)

CITY OF ONAWA, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015

	Business-Type Activities	
	Electric System	Water System
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 18,785	\$ (3,295)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	115,487	99,769
Other Non-Operating Income	19,027	19,621
(Increase) Decrease in Assets:		
Accounts Receivable	11,877	(4,835)
Other Receivable	(218)	(52)
Prepaid Expenses	(44)	(559)
Inventories	(57,629)	5,423
Deferred Outflows of Resources	(10,222)	(7,898)
Increase (Decrease) in Liabilities:		
Accounts Payable	4,313	18,639
Accrued Wages and Compensated Absences	(13,579)	(11,177)
Accrued Expenses	825	27
Deferred Inflows of Resources	39,327	30,389
Net Pension Liability	(35,918)	(27,755)
Customer Deposits	(1,657)	-
Total Adjustments	<u>71,589</u>	<u>121,592</u>
Net Cash Provided by Operating Activities	<u>\$ 90,374</u>	<u>\$ 118,297</u>

See Accompanying Notes to Financial Statements

<u>Business-Type Activities</u>		<u>Governmental</u>	
<u>Sewer</u>		<u>Activities</u>	
<u>System</u>	<u>Total</u>	<u>Internal</u>	<u>Service</u>
\$ 82,014	\$ 97,504	\$ 3,187	
44,036	259,292	-	
1,319	39,967	-	
(8,279)	(1,237)	(1,776)	
-	(270)	-	
20	(583)	-	
(23)	(52,229)	-	
(5,576)	(23,696)	-	
2,617	25,569	4,084	
(6,375)	(31,131)	-	
-	852	-	
21,451	91,167	-	
(19,591)	(83,264)	-	
-	(1,657)	-	
<u>29,599</u>	<u>222,780</u>	<u>2,308</u>	
<u>\$ 111,613</u>	<u>\$ 320,284</u>	<u>\$ 5,495</u>	

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Onawa, Iowa is a political subdivision of the State of Iowa located in Monona County. It was first incorporated in 1859 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with an appointed administrator and finance director. The City of Onawa, Iowa provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development and general government services. The City also operated the airport until it closed July 2, 2015, and provides electric, water and sewer utilities.

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

A. Reporting Entity

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

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

Discretely Presented Component Unit – Onawa Library Advocates Foundation (Foundation) is a legally separate not-for-profit foundation. The Foundation was established for the purpose of promoting the Onawa Public Library. Although the City does not control the timing or amount of receipts from the Foundation, the resources held are used for the benefit of the Onawa Public Library. In accordance with criteria set forth by Governmental Accounting Standards Board, the Foundation meets the definition of a component unit which should be discretely presented.

Jointly Governed Organizations – The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following Boards and Commissions: Monona County Assessors' Conference Board, Monona County Emergency Management Commission, Monona County Joint E911 Service Board, and Monona County Landfill Commission.

B. Basic Financial Statements – Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general, special revenue, debt service, capital projects and permanent funds are classified as governmental activities. The City's internal service funds are classified as governmental-type activities. The government-wide financial statements do not include fiduciary funds.

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

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

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

The Government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (Public Safety, Public Works, Culture and Recreation, Community and Economic Development, General Government, and Debt Service), and business-type activities. These expenses are supported by program revenues, and operating grants. Program revenues must be directly associated with the function or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants.

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

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

C. Fund Accounting

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

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. GASB No. 34 sets forth minimum criteria for the determination of major funds, which should have a specific community focus. The non-major funds are combined into a single column in the fund financial statements. The various funds reported in the financial statements are grouped into fund types as follows:

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

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

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

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

- 2) Special Revenue Funds – Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes other than debt service or capital projects. The Special Revenue Funds for Onawa include:

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

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

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

- 3) Debt Service Fund – The Debt Service Fund is used to account for and report the accumulation of financial resources that are restricted, committed, or assigned for, and the payment of, general long-term debt principal, interest, and related costs. The Debt Service Fund is a major fund.
- 4) Capital Project Funds – Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition of major capital facilities and other capital assets (other than those financed by Proprietary Funds). The Capital Project Funds for Onawa include:

The City of Onawa has voluntarily chosen to present the Fire Station Project as a major fund. The Fire Station Project Fund is used to account for the cost of construction of the new fire station. The 2011, 2013, and 2013-2014 Street Project Funds, South Frontage Road and Country Club Road Funds are used to account for the cost of street reconstruction. The Airport Project Fund is used to account for the remaining funds from the construction project at the airport. The Library Project Fund is used to account for the remaining funds from the construction project at the library.

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

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

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

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

The City maintains several business-type activities. The major enterprise funds are listed as follows:

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

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

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

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

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

Risk Insurance – The City operates an insurance deductible fund that accounts for all deductibles on insurance claims owed by the other organizational units of the City. The financial statements of the risk insurance internal service fund are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity and is not eliminated in the process of consolidation.

Health Insurance Deductibles – The City operates a health insurance deductible fund that accounts for all deductibles on employee health insurance claims owed by the other organizational units of the City. The financial statements of the health insurance deductible internal service fund are consolidated into the governmental column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity and is not eliminated in the process of consolidation.

D. Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

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

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

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

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

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

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

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

E. Budgets

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

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

F. Cash and Cash Equivalents and Investments

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

- 1) Cash and Cash Equivalents
Includes investments with original maturities of three months or less.

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

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

2) Investments

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

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

G. Property Tax Receivable, Including Tax Increment Financing

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

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

Property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments. It is based on the January 1, 2013 assessed property valuations for the tax accrual period July 1, 2014 through June 30, 2015 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2014. Any county collections on the 2014-2015 tax levy remitted to the City within 60 days subsequent to June 30, 2015, are recorded as property tax revenue.

H. Customer Accounts and Unbilled Usage

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

I. Short-Term Interfund Receivables/Payables

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent that certain transactions between funds have not been paid or received as of June 30, 2015, balances of the interfund amounts payable or receivable have been recorded as "due to other funds" and "due from other funds", respectively. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

J. Due from Other Governments

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

K. Inventories

Inventories of the proprietary fund types are valued at cost, which approximates market, using the first-

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

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

in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. The inventory amounts of the governmental-fund type are not material and therefore not recorded on the balance sheet.

L. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2015 are recorded as prepaid items.

M. Restricted Cash

Cash restricted for utility deposits.

N. Property and Equipment

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

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

O. Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and pension contributions from the City after the measurement date but before the end of the City's reporting period.

P. Compensated Absences

City employees accumulate a limited amount of earned, but unused vacation and sick leave hours for subsequent use or for payment upon termination, death, or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2015. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

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

Q. Long-Term Obligations

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

R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (System) and additions to/deductions from the System's fiduciary net position have been determined on the same basis as they are reported on the System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

S. Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. 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, special assessments, and loan receivables. These amounts are considered unavailable and recognized as an inflow of resources in the period that the amounts become available.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earning on pension plan investments.

T. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent debt proceeds. The portion of the debt related to unspent proceeds is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use, either through enabling legislation adopted by the City, or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

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

U. Interfund Transactions

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

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

V. Landfill Closure Costs

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

W. Fund Balance

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

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

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

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

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2015 were entirely covered by Federal Depository Insurance collateralized with securities or letters of credit held by the City or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in 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.

Deposits at June 30, 2015, are shown below:

	Primary Government	Bank Balance
Demand Deposits	\$ 2,504,500	\$ 2,597,734
Savings Deposits	1,112,437	1,145,597
Certificate of Deposits	800,426	800,426
	\$ 4,417,363	\$ 4,543,757

The primary government's investments are categorized to give an indication of the level of risk assumed by the City at year-end. At June 30, 2015, the City's investments are in a category characterized as investments that are insured or registered, or for which the securities are held by the City or its agent in the City's name.

There were no significant changes in investments held during the fiscal year ended June 30, 2015.

Note 3 - RECEIVABLES

Receivables at June 30, 2015 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$20,555 at June 30, 2015.

Note 4 - DUE FROM OTHER GOVERNMENTS

At June 30, 2015, amounts due from other governments were as follows:

Due from the Iowa Department of Transportation for road use tax allocations	\$ 30,827
Due from the State of Iowa for local option sales taxes	29,719
Total Due From Other Governments	\$ 60,546

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

Note 5 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2015, short-term interfund borrowings were as follows:

<u>Fund Due To:</u>	<u>TIF</u>	<u>Fire Station Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>2011 Street Project</u>	<u>General Fund</u>	<u>Totals</u>
Special Revenue:						
Local Option Sales Tax	\$ 86,124	\$200,782	\$ 84,368	\$312,708	\$66,018	\$ 750,000
Road Use Tax	170,000	-	-	-	-	170,000
Proprietary - Electric Fund	174,033	-	-	-	-	174,033
Totals	<u>\$430,157</u>	<u>\$200,782</u>	<u>\$ 84,368</u>	<u>\$312,708</u>	<u>\$66,018</u>	<u>\$1,094,033</u>

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

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

Note 6 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 417,239	\$ -	\$ -	\$ 417,239
Construction in Progress	58,025	13,108	-	71,133
Total capital assets not being depreciated	<u>475,264</u>	<u>13,108</u>	<u>-</u>	<u>488,372</u>
Capital assets being depreciated:				
Buildings	5,641,168	14,307	-	5,655,475
Improvements	679,353	20,685	-	700,038
Equipment	2,487,058	60,374	22,933	2,524,499
Infrastructure	2,336,741	28,196	-	2,364,937
Total capital assets being depreciated	<u>11,144,320</u>	<u>123,562</u>	<u>22,933</u>	<u>11,244,949</u>
Less: Accumulated Depreciation for:				
Buildings	1,159,063	114,911	-	1,273,974
Improvements	292,128	27,743	-	319,871
Equipment	1,522,738	157,205	16,003	1,663,940
Infrastructure	542,205	108,804	-	651,009
Total Accumulated Depreciation	<u>3,516,134</u>	<u>408,663</u>	<u>16,003</u>	<u>3,908,794</u>
Total capital assets being depreciated, net	<u>7,628,186</u>	<u>(285,101)</u>	<u>6,930</u>	<u>7,336,155</u>
Governmental activities capital assets, net	<u>\$ 8,103,450</u>	<u>\$ (271,993)</u>	<u>\$ 6,930</u>	<u>\$ 7,824,527</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 9,050	\$ 1,490	\$ -	\$ 10,540
Construction – In progress	-	-	-	-
Total capital assets not being depreciated	<u>9,050</u>	<u>1,490</u>	<u>-</u>	<u>10,540</u>
Capital assets being depreciated:				
Equipment	1,285,158	58,903	13,739	1,330,322
Buildings, Utility Plant, Lines, Etc.	9,024,074	-	-	9,024,074
Total capital assets being depreciated	<u>10,309,232</u>	<u>58,903</u>	<u>13,739</u>	<u>10,354,396</u>
Less: Accumulated Depreciation for:				
Equipment	989,284	66,018	10,533	1,044,769
Buildings, Utility Plant, Lines, Etc.	4,251,692	193,275	-	4,444,967
Total Accumulated Depreciation	<u>5,240,976</u>	<u>259,293</u>	<u>10,533</u>	<u>5,489,736</u>
Total capital assets being depreciated, net	<u>5,068,256</u>	<u>(200,390)</u>	<u>3,206</u>	<u>4,864,660</u>
Business-Type activities capital assets, net	<u>\$ 5,077,306</u>	<u>\$ (198,900)</u>	<u>\$ 3,206</u>	<u>\$ 4,875,200</u>

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

Note 6 - CAPITAL ASSETS – (Continued)

Construction in progress during the year ended June 30, 2015 for governmental activities consisted of costs for engineering and professional fees associated with the stop light project of \$9,935, 2013-2014 street project of \$1,302, south frontage road of \$2,071 and country club road of \$(201). There have not been any bids received or contracts signed at June 30, 2015.

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

Governmental Activities:	
Public Safety	\$ 91,304
Public Works	39,307
Culture and Recreation	159,931
Community and Economic Development	9,317
General Government	108,804
Total depreciation expense – governmental activities	<u>408,663</u>
Business-Type Activities:	
Electric	115,487
Water	99,769
Sewer	44,036
Total depreciation expense – business-type activities	<u>\$ 259,292</u>

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business-Type Activities
Land	\$ 417,239	\$ 10,540
Construction in Progress	71,133	
Capital Assets (net of accumulated depreciation)	7,336,155	4,864,660
Less: General Obligation Bonds Payable	(944,814)	
Less: State Revolving Fund Revenue		(1,323,000)
Net Investment in Capital Assets	<u>\$ 6,879,713</u>	<u>\$ 3,552,200</u>

Note 7 - LONG-TERM LIABILITIES

General Obligation Bonds/Notes

General obligation bonds have been issued for the governmental activities. These bonds are direct obligations and pledge the full faith and credit of the City.

The City has issued general obligation bonds as follows:

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

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

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

Note 7 - LONG-TERM LIABILITIES – (Continued)

General obligation bonds outstanding as of June 30, 2015 are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amounts</u>
Governmental Activities – Library	.85 – 1.60%	\$ 460,000
Governmental Activities – Fire	2.00 - 4.05%	490,000
		<u>950,000</u>
Net unamortized bond discount		(5,186)
Total General Obligation Bonds on Statement of Net Position		<u>\$ 944,814</u>

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

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 165,000	\$ 22,073
2017	165,000	19,860
2018	165,000	17,295
2019	145,000	14,378
2020	50,000	11,428
2021 - 2025	260,000	30,936
Total	<u>\$ 950,000</u>	<u>\$ 115,970</u>

Revenue Bond

The City entered into a Loan (Revenue Bond) Agreement with the Iowa Finance Authority in the amount of \$1,560,000 for the construction of a water system. The loan has an interest rate of 3% and a servicing fee of .25%. The city has agreed to establish rates and other charges to be sufficient to meet the expenses of the water system and to produce and maintain net revenues at a level not less than 110% of the principal and interest of the revenue bond. The rates for year ending June 30, 2015 were sufficient enough to meet 110% requirement. The outstanding loan amount at June 30, 2015 was \$1,323,000.

Revenue bond debt service requirements to maturity are as follows:

<u>Year Ended June 30</u>	<u>Service</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Fee</u>	<u>Total</u>
2016	\$ 64,000	\$ 39,690	\$ 3,307	\$ 106,997
2017	66,000	37,770	3,148	106,918
2018	69,000	35,790	2,983	107,773
2019	71,000	33,720	2,810	107,530
2020	73,000	31,590	2,633	107,223
2021 - 2025	403,000	123,570	10,298	536,868
2026 - 2030	473,000	59,100	4,925	537,025
2031	104,000	3,120	260	107,380
TOTAL	<u>\$ 1,323,000</u>	<u>\$ 364,350</u>	<u>\$ 30,364</u>	<u>\$ 1,717,714</u>

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

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

Note 7 - LONG-TERM LIABILITIES – (Continued)

Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2015 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Primary Government:					
Governmental Activities:					
Bonds Payable:					
General Obligation	\$ 1,115,000	\$ -	\$ 165,000	\$ 950,000	\$ 165,000
Other Postemployment Benefits	10,764	3,526	-	14,290	-
Compensated Absences	42,719	36,566	44,837	34,448	8,612
Total	<u>1,168,483</u>	<u>40,092</u>	<u>209,837</u>	<u>998,738</u>	<u>173,612</u>
Business-Type Activities:					
Revenue Bonds	1,385,000	-	62,000	1,323,000	64,000
Compensated Absences	53,018	36,187	41,587	47,618	11,904
Total	<u>\$ 1,438,018</u>	<u>\$ 36,187</u>	<u>\$ 103,587</u>	<u>\$ 1,370,618</u>	<u>\$ 75,904</u>

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

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

Note 8 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2015 is as follows:

Transfers From:	Transfers To:
	General
Business-Type Activities - Electric	\$ 14,000
Local Option Sales Tax	176,250
Library Endowment	197
Perpetual Care & Trust	157
Totals	\$ 190,604

Transfers are used to:

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

Note 9 - PENSION PLAN

Plan Description: IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9771 or at www.ipers.org.

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

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

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

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

Note 9 - PENSION PLAN - (Continued)

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

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

Disability and Death Benefits – A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions – Effective July 1, 2012, as a result of a 2010 law change, the contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent. Protective occupation members contributed 6.76 percent of pay and the City contributed 10.14 percent for a total rate of 16.90 percent.

The City's total contributions to IPERS for the year ended June 30, 2015 were \$98,763.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2015, the City reported a liability of \$401,138 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2014, the City's collective proportion was .0101146 percent which was a decrease of .0013774 percent from its proportion measured as of June 30, 2013.

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

Note 9 - PENSION PLAN - (Continued)

For the year ended June 30, 2015, the City recognized pension expense of \$45,586. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,095	\$ 6,088
Changes of assumptions	20,687	145
Net difference between projected and actual earnings on pension plan investments	-	245,192
Changes in proportion and differences between County contributions and proportionate share of contributions	18,499	-
City contributions subsequent to the measurement date	98,763	-
Total	\$ 143,044	\$ 251,425

\$98,763 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2016	\$ (52,510)
2017	(52,510)
2018	(52,510)
2019	(52,510)
2020	2,897
	\$ (207,143)

There were no non-employer contributing entities at IPERS.

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

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

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

Note 9 - PENSION PLAN - (Continued)

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	-0.69
Total	<u>100%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be able to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.5 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	1 % Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Regular Membership Group	\$ 885,647	\$ 468,727	\$ 116,804
Protection Occupation	71,256	(67,590)	(184,586)
City's proportionate share of the net pension liability:	<u>\$ 956,903</u>	<u>\$ 401,137</u>	<u>\$ (67,782)</u>

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

Note 9 - PENSION PLAN - (Continued)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at www.ipers.org.

Payables to the Pension Plan – At June 30, 2015, the City reported payables to the defined benefit pension plan of \$8,376 for legally required employer contributions and \$5,582 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

Note 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

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

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

The following table shows the components of the City’s annual OPEB cost for the year ended June 30, 2015, the amount actually contributed to the plan and the City’s net OPEB obligation:

Annual required contribution	\$ 3,526
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>3,526</u>
Contributions made	-
Increase in net OPEB obligation	<u>3,526</u>
Net OPEB obligation beginning of year	<u>10,764</u>
Net OPEB obligation end of year	<u>\$ 14,290</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2013. 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, 2015.

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is 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, 2015	\$ 3,526	-0-	\$14,290
June 30, 2014	\$ 3,526	-0-	\$10,764
June 30, 2013	\$ 3,526	-165%-	\$ 7,238

Funded Status and Funding Progress. As of July 1, 2013, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$36,301, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$36,301. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$937,869 and the ratio of the UAAL to covered payroll was 3.9%. As of June 30, 2015, there were no trust fund assets.

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

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

As of July 1, 2013 actuarial valuation date, the Alternative Measurement Method (AMM) permitted under GASB Statement 45, a simplified version of the Projected Unit Credit Actuarial Cost Method was used to determine the annual required contribution. The actuarial assumptions include a 4.5% investment return rate based on the City's funding policy, 3% salary increases and a 3% inflation rate. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

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

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

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

Note 11 - DEFICIT FUND EQUITY

The City has nine funds with deficit equity balances at June 30, 2015. The City intends to finance these deficits from various resources including general funds, special assessments to be collected and future property tax levies and TIF revenues. The individual fund deficits were as follows:

Special Revenue – TIF	\$ 434,352
Capital Project – Fire Station Project.....	200,782
Capital Project – 2011 Street Project	309,868
Capital Project – 2013-2014 Street Project – 13 th Street.....	26,345
Capital Project – 2013-2014 Street Project – 15 th Street.....	8,391
Capital Project – South Frontage Road.....	20,665
Capital Project – Country Club Road.....	7,752
Capital Project – 2013 Street Project	439
Capital Project – Library Project.....	\$ 21,268

Note 12 - OTHER FUNDS

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

I-Jobs:	For I-Jobs expenditures	\$ 19,267
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The following nonmajor funds have Assigned Fund Balances for specific purposes:

Airport Project:	For airport project	\$ 12,756
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The following nonmajor funds have Nonspendable Fund Balances:

Cemetery Perpetual Care:	For cemetery maintenance	\$ 96,500
Library Endowment Fund:	For library books, etc.	\$ 33,600

The following nonmajor funds have Unassigned Deficit Fund Balances:

2013-2014 Street Project - 13 th Street Project	\$(26,345)
2013-2014 Street Project – 15 th Street Project	\$(8,391)
South Frontage Road	\$(20,665)
Country Club Road	\$(7,752)
2013 Street Project	\$(439)
Library Project	\$(21,268)

Note 13 - RISK MANAGEMENT

The City is a member of the Iowa Communities Assurance Pool as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 727 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

Note 13 - 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 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, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2015 were \$93,521.

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

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2015, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

Note 14 - INVESTMENT IN WIMECA

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

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

Note 14 - INVESTMENT IN WIMECA – (Continued)

It is the intent of the Association to operate on a nonprofit basis and, accordingly, earnings are distributed in accordance with the provisions of Chapter 499 of the Code of Iowa. In order to comply with such provisions, earnings must first be allocated to meet certain reserve and surplus requirements with remaining earnings allocated to the account of each member municipality based on the proportion of business which each municipality has done with the Association during the year. The City of Onawa's Electric Enterprise Fund's proportion of business for the year ended December 31, 2014 represents 34.42% of the total member business.

The last available information for WIMECA is from its December 31, 2014 independent audit report. These financial statements are available at the City office.

At December 31, 2014, the summary financial information of WIMECA is as follows:

Total Assets	\$ <u>6,217,802</u>
Total Liabilities	635,960
Total Equity	<u>5,581,842</u>
Total Liabilities and Equity	<u>6,217,802</u>
Total Revenue	7,410,680
Total Expense	<u>6,921,492</u>
Net Earnings	\$ <u>489,188</u>

At December 31, 2014, WIMECA had no outstanding bonds.

At June 30, 2015, the City of Onawa Electric Enterprise Fund investment in WIMECA was as follows:

Beginning Balance at July 1, 2014	\$ 1,922,965
Add: Net Earnings	156,149
Less: Dividends Paid	<u>(157,648)</u>
Ending Balance at June 30, 2015	\$ <u>1,921,466</u>

Note 15 - CONTINGENCIES AND COMMITMENTS

On April 14, 2015, the City Council authorized the City to enter into a garbage hauling contract with Ross Enterprises, Inc. for the period of July 1, 2015 through June 30, 2020 at an annual cost of approximately \$150,000 for FY 2016, with no annual increases for FY 2016 – FY 2020. This annual cost is subject to adjustment based on increases in landfill rates.

Note 16 - SUBSEQUENT EVENTS

The City has evaluated all subsequent events through December 7, 2015, the date the financial statements were available to be issued.

CITY OF ONAWA, IOWA
Notes to Financial Statements
June 30, 2015

Note 17 - ACCOUNTING CHANGE/RESTATEMENT

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 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, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

	Governmental	Business Type Activities			
	Activities	Water	Sewer	Electricity	
Net Position June 30, 2014, as previously reported	\$ 9,183,667	\$ 780,333	\$ 1,431,880	\$ 5,392,479	\$16,788,359
Net pension liability at June 30, 2014	337,519	107,438	75,839	139,038	659,834
Change in outflows of resources related to contributions made after the June 30, 2013 measurement date	(613,125)	(203,135)	(143,390)	(262,882)	(1,222,532)
Net position July 1, as restated	\$8,908,061	\$ 684,636	\$ 1,364,329	\$ 5,268,635	\$16,225,661

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ONAWA
Budgetary Comparison Schedule
Budget and Actual - All Governmental and Proprietary Funds
Required Supplementary Information
For the Year Ended June 30, 2015

	Actual Amounts		Total Actual
	Governmental Fund Types	Proprietary Fund Types	
Revenues:			
Taxes	\$ 1,007,915	\$ -	\$ 1,007,915
Special Assessments	19,658	-	19,658
Licenses and Permits	20,550	-	20,550
Intergovernmental Revenue	619,614	-	619,614
Charges for Services	128,933	4,030,373	4,159,306
Fines and Forfeits	7,846	-	7,846
Contributions	40,156	-	40,156
Refunds/Reimbursements	1,026	-	1,026
Grants	24,000	-	24,000
Interest	11,110	-	11,110
Payment in Lieu of Taxes	147,980	-	147,980
Proceeds from Issuance of Bonds	-	-	-
Miscellaneous	63,461	197,345	260,806
Total Revenues	2,092,249	4,227,718	6,319,967
Expenditures/Expenses:			
Public Safety	553,341	-	553,341
Public Works	256,710	-	256,710
Culture and Recreation	454,131	-	454,131
Community and Economic Development	100,062	-	100,062
General Government	162,750	-	162,750
Capital Projects	13,108	-	13,108
Debt Service	188,935	-	188,935
Business-Type Activities	58,395	3,913,987	3,972,382
Total Expenditures/Expenses	1,787,432	3,913,987	5,701,419
Excess (Deficiency) of Revenues over Expenditures/Expenses	304,817	313,731	618,548
Other Financing Sources (Uses):			
Transfers In	190,250	-	190,250
Transfers Out	(176,250)	(14,000)	(190,250)
Total Other Financing Sources (Uses)	14,000	(14,000)	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures/Expenses and Other Uses	318,817	299,731	618,548
Fund Balance/Retained Earnings at Beginning of Year	2,091,610	1,707,260	3,798,870
Fund Balance/Retained Earnings at End of Year	<u>\$ 2,410,427</u>	<u>\$ 2,006,991</u>	<u>\$ 4,417,418</u>

See Accompanying Independent Auditors' Report

<u>Budgeted Amounts</u>		<u>Final Budget</u>
<u>Original</u>	<u>Final</u>	<u>Favorable</u>
		<u>(Unfavorable)</u>
\$ 1,008,657	\$ 1,008,657	\$ (742)
35,000	35,000	(15,342)
14,800	14,800	5,750
674,442	674,442	(54,828)
5,462,908	5,462,908	(1,303,602)
7,000	7,000	846
133,367	133,367	(93,211)
21,000	21,000	(19,974)
123,833	123,833	(99,833)
24,179	24,179	(13,069)
119,525	119,525	28,455
1,300,000	1,300,000	(1,300,000)
361,220	361,220	(100,414)
<u>9,285,931</u>	<u>9,285,931</u>	<u>(2,965,964)</u>
1,262,186	1,262,186	708,845
549,964	549,964	293,254
576,382	576,382	122,251
274,500	274,500	174,438
264,385	264,385	101,635
1,300,000	1,300,000	1,286,892
189,435	189,435	500
5,401,298	5,401,298	1,428,916
<u>9,818,150</u>	<u>9,818,150</u>	<u>4,116,731</u>
<u>(532,219)</u>	<u>(532,219)</u>	<u>1,150,767</u>
307,307	307,307	117,057
<u>(307,307)</u>	<u>(307,307)</u>	<u>(117,057)</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (532,219)</u>	<u>\$ (532,219)</u>	<u>\$ 1,150,767</u>

See Accompanying Independent Auditors' Report

CITY OF ONAWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
YEAR ENDED JUNE 30, 2015

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

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

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

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

<u>Function</u>	<u>Budgeted Original</u>
Public Safety	\$ 1,262,186
Public Works	549,964
Culture and Recreation	576,382
Community and Economic Development	274,500
General Government	264,385
Capital Projects	1,300,000
Debt Service	189,435
Business-Type Activities	5,401,298
Total	<u>\$ 9,818,150</u>

CITY OF ONAWA
Budget to GAAP Reconciliation
Required Supplementary Information - Budgetary Reporting
For the Year Ended June 30, 2015

	Governmental and Proprietary Fund Types		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues:			
Taxes	\$ 1,007,915	\$ 990	\$ 1,008,905
Special Assessments	19,658	(2,037)	17,621
Licenses and Permits	20,550	(650)	19,900
Intergovernmental Revenue	619,614	1,131	620,745
Charges for Services	4,159,306	1,237	4,160,543
Fines and Forfeits	7,846	-	7,846
Contributions	40,156	-	40,156
Refunds/Reimbursements	1,026	-	1,026
Grants	24,000	-	24,000
Interest	11,110	(878)	10,232
Payment in Lieu of Taxes	147,980	-	147,980
Miscellaneous	260,806	(2,653)	258,153
Total Revenues	6,319,967	(2,860)	6,317,107
Expenditures/Expenses:			
Public Safety	553,341	(14,273)	539,068
Public Works	256,710	(2,040)	254,670
Culture and Recreation	454,131	(1,804)	452,327
Community and Economic Development	100,062	4,195	104,257
General Government	162,750	14,098	176,848
Capital Projects	13,108	-	13,108
Debt Service	188,935	-	188,935
Business-Type Activities	3,972,382	64,977	4,037,359
Total Expenditures/Expenses	5,701,419	65,153	5,766,572
Excess (Deficiency) of Revenues Over Expenditures/Expenses	618,548	(68,013)	550,535
Other Financing Sources (Uses):			
Transfers In	190,250	-	190,250
Transfers Out	(190,250)	-	(190,250)
Total Other Financing Sources (Uses)	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures/Expenses and Other Uses	618,548	(68,013)	550,535
Fund Balance/Retained Earnings at Beginning of Year before Prior Period Adjustment	3,798,870	5,936,945	9,735,815
Prior Period Adjustment	-	(287,092)	(287,092)
Fund Balance/Retained Earnings at Beginning of Year as Restated	3,798,870	5,649,853	9,448,723
Fund Balance/Retained Earnings at End of Year	\$ 4,417,418	\$ 5,581,840	\$ 9,999,258

See Accompanying Independent Auditors' Report

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

Required Supplementary Information

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2012	July 1, 2009	-	\$ 23,744	\$ 23,744	0.00%	\$ 940,710	2.5%
2013	July 1, 2012	-	\$ 36,301	\$ 36,301	0.00%	\$ 937,869	3.9%
2014	July 1, 2012	-	\$ 36,301	\$ 36,301	0.00%	\$ 937,869	3.9%
2015	July 1, 2012	-	\$ 36,301	\$ 36,301	0.00%	\$ 937,869	3.9%

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

**CITY OF ONAWA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015**

<u>Iowa Public Employees' Retirement System (IPERS)</u>	<u>2015</u>
City's Proportion of the Net Pension Liability	0.101146%
City's Proportionate Share of the Net Pension Liability	\$ 401,138
City's Covered-Employee Payroll	\$ 1,068,248
City's Proportionate Share of the Net Pension Liability as a Percentage of it's covered-employee payroll	37.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.61%

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**CITY OF ONAWA
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS**

Iowa Public Employees' Retirement System (IPERS)	<u>Fiscal Year</u>			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Statutorily Required Contribution	\$ 60,721	\$ 66,386	\$ 68,602	\$ 74,334
Contributions in Relation to the Statutorily Required Contribution	<u>(60,721)</u>	<u>(66,386)</u>	<u>(68,602)</u>	<u>(74,334)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's Covered-Employee Payroll	\$ 1,056,017	\$ 1,154,539	\$ 1,133,917	\$ 1,170,614
Contributions as a Percentage of Covered-Employee Payroll	5.75%	5.75%	6.05%	6.35%

See Accompanying Independent Auditors' Report

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 82,291	\$ 83,313	\$ 97,261	\$ 91,339	\$ 97,135	\$ 95,395
<u>(82,291)</u>	<u>(83,313)</u>	<u>(97,261)</u>	<u>(91,339)</u>	<u>(97,135)</u>	<u>(95,395)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,237,459</u>	<u>\$ 1,198,748</u>	<u>\$ 1,205,217</u>	<u>\$ 1,053,506</u>	<u>\$ 1,087,738</u>	<u>\$ 1,068,248</u>
6.65%	6.95%	8.07%	8.67%	8.93%	8.93%

CITY OF ONAWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
YEAR ENDED JUNE 30, 2015

Changes of benefit terms:

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

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

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

Changes of assumptions:

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

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

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

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

CITY OF ONAWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
YEAR ENDED JUNE 30, 2015

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

SUPPLEMENTARY INFORMATION

**CITY OF ONAWA, IOWA
 COMBINING BALANCE SHEET
 GOVERNMENTAL NONMAJOR FUNDS
 JUNE 30, 2015**

	Special Revenue Fund	Capital Projects		
		2013-2014 Street Project		South Frontage Road
		I-Jobs	13th Street	
ASSETS				
Cash and Pooled Investments	\$ 19,267	\$ -	\$ -	\$ -
Investments	-	-	-	-
Accrued Interest	-	-	-	-
Total Assets	<u>19,267</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Accounts Payable	-	142	71	142
Due to Other Funds	-	26,203	8,320	20,523
Total Deferred Inflows of Resources	<u>-</u>	<u>26,345</u>	<u>8,391</u>	<u>20,665</u>
FUND BALANCES				
Nonspendable:				
Perpetual Care	-	-	-	-
Endowment	-	-	-	-
Restricted For:				
I-Jobs	19,267	-	-	-
Assigned For:				
Capital Projects	-	-	-	-
Unassigned	-	(26,345)	(8,391)	(20,665)
Total Fund Balances (Deficits)	<u>19,267</u>	<u>(26,345)</u>	<u>(8,391)</u>	<u>(20,665)</u>
Total Liabilities and Fund Balances	<u>\$ 19,267</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Independent Auditors' Report

Capital Projects				Permanent Fund		Total
Country Club Road	2013 Street Project	Airport Project	Library Project	Cemetery Perpetual Care Fund	Library Endowment Fund	Governmental Nonmajor Funds
\$ -	\$ -	\$ 12,756	\$ -	\$ 3,876	\$ -	\$ 35,899
-	-	-	-	92,500	33,600	126,100
-	-	-	-	124	-	124
-	-	12,756	-	96,500	33,600	162,123
137	-	-	-	-	-	492
7,615	439	-	21,268	-	-	84,368
7,752	439	-	21,268	-	-	84,860
-	-	-	-	96,500	-	96,500
-	-	-	-	-	33,600	33,600
-	-	-	-	-	-	19,267
-	-	12,756	-	-	-	12,756
(7,752)	(439)	-	(21,268)	-	-	(84,860)
(7,752)	(439)	12,756	(21,268)	96,500	33,600	77,263
\$ -	\$ -	\$ 12,756	\$ -	\$ 96,500	\$ 33,600	\$ 162,123

**CITY OF ONAWA, IOWA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GOVERNMENTAL NONMAJOR FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015**

	Special Revenue Fund I-Jobs	Capital Projects		
		2013-2014 Street Project		South Frontage Road
		13th Street	15th Street	
Revenues:				
Contributions	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Total Revenues	-	-	-	-
Expenditures:				
Capital Projects	9,935	693	609	2,072
Total Expenditures	9,935	693	609	2,072
Excess (deficiency) of revenues over expenditures	(9,935)	(693)	(609)	(2,072)
Other financing sources (uses):				
Transfers Out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balance	(9,935)	(693)	(609)	(2,072)
Fund Balances (Deficits) - Beginning of Year	29,202	(25,652)	(7,782)	(18,593)
Fund Balances (Deficits) - End of Year	\$ 19,267	\$ (26,345)	\$ (8,391)	\$ (20,665)

See Accompanying Independent Auditors' Report

Capital Projects				Permanent Fund		Total
Country Club Road	2013 Street Project	Airport Project	Library Project	Cemetery Perpetual Care Fund	Library Endowment Fund	Governmental Nonmajor Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,350	\$ 600	\$ 1,950
-	-	-	-	157	177	334
-	-	-	-	1,507	777	2,284
(201)	-	-	-	-	-	13,108
(201)	-	-	-	-	-	13,108
201	-	-	-	1,507	777	(10,824)
-	-	-	-	(157)	(197)	(354)
-	-	-	-	(157)	(197)	(354)
201	-	-	-	1,350	580	(11,178)
(7,953)	(439)	12,756	(21,268)	95,150	33,020	88,441
\$ (7,752)	\$ (439)	\$ 12,756	\$ (21,268)	\$ 96,500	\$ 33,600	\$ 77,263

**CITY OF ONAWA, IOWA
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS
 JUNE 30, 2015**

	Risk Insurance	Health Insurance Deductibles	Totals
ASSETS			
Cash	\$ 117,453	\$ 1,056	\$ 118,509
Accounts Receivable	-	2,361	2,361
Total Assets	117,453	3,417	120,870
LIABILITIES			
Accounts Payable	-	4,781	4,781
Due to Other Funds	-	-	-
Total Liabilities	-	4,781	4,781
NET POSITION	\$ 117,453	\$ (1,364)	\$ 116,089

See Accompanying Independent Auditors' Report

**CITY OF ONAWA, IOWA
 COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015**

	Risk Insurance	Health Insurance Deductibles	Totals
Operating Revenues:			
Charges for Services to Operating Funds	\$ -	\$ 61,582	\$ 61,582
Total Operating Revenues	-	61,582	61,582
Operating Expenses:			
General Government	-	58,395	58,395
Total Operating Expenses	-	58,395	58,395
Operating Income	-	3,187	3,187
Net Position - Beginning of Year	117,453	(4,551)	112,902
Net Position - Ending of Year	\$ 117,453	\$ (1,364)	\$ 116,089

**CITY OF ONAWA, IOWA
 COMBINING STATEMENT OF CASH FLOWS
 INTERNAL SERVICE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015**

	Risk Insurance	Health Insurance Deductibles	Totals
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	\$ -	\$ 61,582	\$ 61,582
Cash Paid to Suppliers	-	(56,087)	(56,087)
Net Cash Provided by Operating Activities	-	5,495	5,495
CASH FLOWS FROM INVESTING ACTIVITIES:			
Advances From Other funds	-	(4,439)	(4,439)
Net Cash (Used) for Investing Activities	-	(4,439)	(4,439)
Net Increase in Cash and Cash Equivalents	-	1,056	1,056
Cash and Cash Equivalents at Beginning of Year	117,453	-	117,453
Cash and Cash Equivalents at End of Year	\$ 117,453	\$ 1,056	\$ 118,509
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	\$ -	\$ 3,187	\$ 3,187
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:			
(Increase) in Accounts Receivable	-	(1,776)	(1,776)
Increase in Accounts Payable	-	4,084	4,084
Total Adjustments	-	2,308	2,308
Net Cash Provided by Operating Activities	\$ -	\$ 5,495	\$ 5,495

See Accompanying Independent Auditors' Report

STATISTICAL SECTION

(NOT COVERED BY AUDITORS' REPORT)

CITY OF ONAWA STATISTICAL SECTION

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

Contents:	Pages
Financial Trends	82 – 92
<p style="padding-left: 40px;">These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</p>	
Revenue Capacity	93 – 97
<p style="padding-left: 40px;">These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</p>	
Debt Capacity	98 – 102
<p style="padding-left: 40px;">These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</p>	
Demographic and Economic Information	103
<p style="padding-left: 40px;">These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</p>	
Operating Information	104 – 112
<p style="padding-left: 40px;">These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</p>	

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

CITY OF ONAWA, IOWA

TABLE I

Government-Wide Net Position by Component¹
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year			
	2006	2007	2008	2009
Governmental Activities				
Net Investment in Capital Assets	\$ 4,083,125	\$ 4,156,835	\$ 4,316,440	\$ 4,710,430
Restricted	116,325	121,522	1,288,965	1,310,684
Unrestricted	1,721,779	2,396,941	1,569,514	1,492,477
Total Governmental Activities Net Position	<u>\$ 5,921,229</u>	<u>\$ 6,675,298</u>	<u>\$ 7,174,919</u>	<u>\$ 7,513,591</u>
Business-type Activities				
Net Investment in Capital Assets	\$ 3,274,484	\$ 3,161,569	\$ 3,198,303	\$ 3,075,590
Unrestricted	4,468,232	4,417,915	4,492,369	4,361,240
Total Business-type Activities	<u>\$ 7,742,716</u>	<u>\$ 7,579,484</u>	<u>\$ 7,690,672</u>	<u>\$ 7,436,830</u>
Primary Government				
Net Investment in Capital Assets	\$ 7,357,609	\$ 7,318,404	\$ 7,514,743	\$ 7,786,020
Restricted	116,325	121,522	1,288,965	1,310,684
Unrestricted	6,190,011	6,814,856	6,061,883	5,853,717
Total Primary Government Activities Net Position	<u>\$13,663,945</u>	<u>\$ 14,254,782</u>	<u>\$ 14,865,591</u>	<u>\$ 14,950,421</u>

Notes:

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 5,232,130	\$ 6,285,730	\$ 6,953,557	\$ 6,815,617	\$ 6,994,159	\$ 6,879,713
979,785	1,019,651	854,833	933,927	1,022,683	1,174,639
1,453,877	639,341	741,099	1,148,477	1,166,825	1,081,733
<u>\$ 7,665,792</u>	<u>\$ 7,944,722</u>	<u>\$ 8,549,489</u>	<u>\$ 8,898,021</u>	<u>\$ 9,183,667</u>	<u>\$ 9,136,085</u>
\$ 3,322,127	\$ 3,902,382	\$ 3,900,500	\$ 3,758,205	\$ 3,692,303	\$ 3,552,200
4,003,467	3,624,599	3,528,035	3,749,200	3,912,389	4,000,162
<u>\$ 7,325,594</u>	<u>\$ 7,526,981</u>	<u>\$ 7,428,535</u>	<u>\$ 7,507,405</u>	<u>\$ 7,604,692</u>	<u>\$ 7,552,362</u>
\$ 8,554,257	\$ 10,188,112	\$ 10,854,057	\$ 10,573,822	\$ 10,686,462	\$ 10,431,913
979,785	1,019,651	854,833	933,927	1,022,683	1,174,639
5,457,344	4,263,940	4,269,134	4,897,677	5,079,214	5,081,895
<u>\$ 14,991,386</u>	<u>\$ 15,471,703</u>	<u>\$ 15,978,024</u>	<u>\$ 16,405,426</u>	<u>\$ 16,788,359</u>	<u>\$ 16,688,447</u>

CITY OF ONAWA, IOWA

TABLE II

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

	Fiscal Year			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Expenses¹				
Governmental Activities				
Public Safety	\$ 445,971	\$ 512,418	\$ 522,880	\$ 531,966
Public Works	250,256	252,991	261,866	223,606
Culture and Recreation	491,103	504,980	560,377	550,496
Community and Economic Development	83,261	89,769	81,891	74,567
General Government	159,999	173,894	187,646	217,204
Debt Service	84,230	67,267	62,696	57,786
Total Governmental Activities Expenses	<u>\$ 1,514,820</u>	<u>\$ 1,601,319</u>	<u>\$ 1,677,356</u>	<u>\$ 1,655,625</u>
Business-type Activities				
Electric System	\$ 1,766,956	\$ 1,777,438	\$ 1,846,979	\$ 2,315,641
Water System	376,228	395,571	354,763	406,944
Sewer System	529,236	548,919	546,477	579,552
Total Business-type Activities Expenses	<u>\$ 2,672,420</u>	<u>\$ 2,721,928</u>	<u>\$ 2,748,219</u>	<u>\$ 3,302,137</u>
Total Primary Government Expenses	<u>\$ 4,187,240</u>	<u>\$ 4,323,247</u>	<u>\$ 4,425,575</u>	<u>\$ 4,957,762</u>
Program Revenues				
Governmental Activities:				
Charges for Services				
Public Safety	\$ 11,419	\$ 12,306	\$ 11,160	\$ 8,905
Public Works	-	-	-	-
Culture and Recreation	80,353	87,306	76,468	82,070
General Government	15,000	18,000	20,983	20,983
Operating Grants and Contributions	354,245	391,214	443,136	448,699
Capital Grants and Contributions	147,895	9,271	125,000	54,741
Total Governmental Activities Program Revenues	<u>\$ 608,912</u>	<u>\$ 518,097</u>	<u>\$ 676,747</u>	<u>\$ 615,398</u>
Business-type Activities:				
Charges for Services				
Electric System	\$ 1,784,123	\$ 1,674,900	\$ 1,782,798	\$ 1,879,394
Water System	308,879	295,762	295,074	358,309
Sewer System	495,505	477,789	483,054	562,825
Total Business-type Activities Program Revenues	<u>\$ 2,588,507</u>	<u>\$ 2,448,451</u>	<u>\$ 2,560,926</u>	<u>\$ 2,800,528</u>
Total Primary Government Program Revenues	<u>\$ 3,197,419</u>	<u>\$ 2,966,548</u>	<u>\$ 3,237,673</u>	<u>\$ 3,415,926</u>
Net (Expense)/Revenue²				
Governmental Activities:				
	\$ (905,908)	\$ (1,083,222)	\$ (1,000,609)	\$ (1,040,227)
Business-type Activities:				
	(83,913)	(273,477)	(187,293)	(501,609)
Total Primary Government Net Expense	<u>\$ (989,821)</u>	<u>\$ (1,356,699)</u>	<u>\$ (1,187,902)</u>	<u>\$ (1,541,836)</u>

	Fiscal Year					
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
	\$ 544,259	\$ 537,893	\$ 594,434	\$ 588,187	\$ 602,166	\$ 585,447
	295,307	299,537	294,261	305,948	254,456	250,938
	554,150	520,619	603,589	563,787	575,259	546,680
	104,579	68,046	94,352	82,861	96,420	104,257
	204,968	274,008	372,720	253,949	304,301	348,113
	52,130	60,082	70,453	31,635	25,936	24,302
	<u>\$ 1,755,393</u>	<u>\$ 1,760,185</u>	<u>\$ 2,029,809</u>	<u>\$ 1,826,367</u>	<u>\$ 1,858,538</u>	<u>\$ 1,859,737</u>
	\$ 2,522,518	\$ 2,552,807	\$ 2,704,222	\$ 2,801,978	\$ 2,963,192	\$ 2,846,607
	360,061	438,065	474,458	452,160	478,802	490,788
	586,126	583,486	584,344	530,612	582,598	596,711
	<u>\$ 3,468,705</u>	<u>\$ 3,574,358</u>	<u>\$ 3,763,024</u>	<u>\$ 3,784,750</u>	<u>\$ 4,024,592</u>	<u>\$ 3,934,106</u>
	<u>\$ 5,224,098</u>	<u>\$ 5,334,543</u>	<u>\$ 5,792,833</u>	<u>\$ 5,611,117</u>	<u>\$ 5,883,130</u>	<u>\$ 5,793,843</u>
	\$ 5,993	\$ 8,404	\$ 5,230	\$ 6,670	\$ 3,626	\$ 3,925
	1,200	1,680	1,200	1,440	960	19,367
	73,854	91,749	88,948	83,377	75,178	66,248
	40,535	11,958	28,528	46,315	20,495	85,786
	406,090	349,756	339,068	381,812	309,407	371,026
	-	-	333,580	-	-	-
	<u>\$ 527,672</u>	<u>\$ 463,547</u>	<u>\$ 796,554</u>	<u>\$ 519,614</u>	<u>\$ 409,666</u>	<u>\$ 546,352</u>
	\$ 2,156,096	\$ 2,174,275	\$ 2,184,593	\$ 2,637,228	\$ 2,890,331	\$ 2,865,392
	353,034	378,616	420,417	457,313	447,241	487,493
	572,319	607,347	635,180	625,452	648,350	678,725
	<u>\$ 3,081,449</u>	<u>\$ 3,160,238</u>	<u>\$ 3,240,190</u>	<u>\$ 3,719,993</u>	<u>\$ 3,985,922</u>	<u>\$ 4,031,610</u>
	<u>\$ 3,609,121</u>	<u>\$ 3,623,785</u>	<u>\$ 4,036,744</u>	<u>\$ 4,239,607</u>	<u>\$ 4,395,588</u>	<u>\$ 4,577,962</u>
	\$ (1,227,721)	\$ (1,296,638)	\$ (1,233,255)	\$ (1,306,753)	\$ (1,448,872)	\$ (1,313,385)
	(387,256)	(414,120)	(522,834)	(64,757)	(38,670)	97,504
	<u>\$ (1,614,977)</u>	<u>\$ (1,710,758)</u>	<u>\$ (1,756,089)</u>	<u>\$ (1,371,510)</u>	<u>\$ (1,487,542)</u>	<u>\$ (1,215,881)</u>

CITY OF ONAWA, IOWA

TABLE II (Continued)

Changes in Net Position¹
 Last Ten Fiscal Years
 (accrual basis of accounting)

	<u>Fiscal Year</u>			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Revenues				
Governmental Activities:				
Property Taxes	\$ 1,059,464	\$ 1,128,832	\$ 965,446	\$ 885,342
Local Option Sales Tax	169,515	167,862	165,688	195,433
Interest	95,990	121,100	110,437	66,164
General Intergovernmental Revenues	34,807	42,952	24,319	48,533
Payment in Lieu of Taxes	86,578	92,845	88,672	92,484
Contributions	3,350	38,025	1,275	825
Miscellaneous	34,490	92,981	61,572	64,518
Proceeds from Sale of Real Estate	-	15,000	8,325	13,600
Transfers	-	40,000	12,000	12,000
Total Governmental Activities	<u>\$ 1,484,194</u>	<u>\$ 1,739,597</u>	<u>\$ 1,437,734</u>	<u>\$ 1,378,899</u>
Business-type Activities:				
Interest	\$ 75,277	\$ 95,345	\$ 92,421	\$ 60,091
Intergovernmental Revenues/Grants	-	-	-	-
Sale of Merchandise	26,583	15,823	23,619	16,774
Miscellaneous	111,280	136,771	190,377	182,902
Gain on Sale of Fixed Assets	-	-	4,064	-
Assets Acquired Through Annexation	-	-	-	-
Transfers	-	(40,000)	(12,000)	(12,000)
Total Business-type Activities	<u>\$ 213,140</u>	<u>\$ 207,939</u>	<u>\$ 298,481</u>	<u>\$ 247,767</u>
Total Primary Government	<u>\$ 1,697,334</u>	<u>\$ 1,947,536</u>	<u>\$ 1,736,215</u>	<u>\$ 1,626,666</u>
Change in Net Position				
Governmental Activities	\$ 578,286	\$ 656,375	\$ 437,125	\$ 338,672
Business-type Activities	129,227	(65,538)	111,188	(253,842)
Total Primary Government	<u>\$ 707,513</u>	<u>\$ 590,837</u>	<u>\$ 548,313</u>	<u>\$ 84,830</u>

Notes:

¹ Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues.

	<u>Fiscal Year</u>					
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$	895,992	\$ 982,281	\$ 1,043,148	\$ 1,134,834	\$ 1,161,184	\$ 1,008,905
	193,364	212,364	248,369	36,657	223,108	252,420
	49,132	32,691	24,590	15,007	13,826	10,232
	63,012	104,526	98,795	43,941	48,360	5,478
	102,418	112,917	116,200	119,526	138,626	147,980
	600	2,025	1,050	1,050	2,250	40,156
	63,404	116,764	293,870	92,270	167,382	62,238
	-	-	-	-	-	-
	12,000	12,000	12,000	12,000	12,000	14,000
	<u>\$ 1,379,922</u>	<u>\$ 1,575,568</u>	<u>\$ 1,838,022</u>	<u>\$ 1,655,285</u>	<u>\$ 1,766,736</u>	<u>\$ 1,541,409</u>
\$	40,815	\$ 13,387	\$ 2,850	\$ 676	\$ 8	\$ -
	-	455,495	316,758	-	-	-
	17,854	15,469	21,446	18,761	17,818	18,566
	229,351	143,156	95,334	136,190	145,844	132,692
	-	-	-	-	-	-
	-	-	-	-	-	-
	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(14,000)
	<u>\$ 276,020</u>	<u>\$ 615,507</u>	<u>\$ 424,388</u>	<u>\$ 143,627</u>	<u>\$ 151,670</u>	<u>\$ 137,258</u>
	<u>\$ 1,655,942</u>	<u>\$ 2,191,075</u>	<u>\$ 2,262,410</u>	<u>\$ 1,798,912</u>	<u>\$ 1,918,406</u>	<u>\$ 1,678,667</u>
\$	152,201	\$ 278,930	\$ 604,767	\$ 348,532	\$ 317,864	\$ 228,024
	(111,236)	201,387	(98,446)	78,870	113,000	234,762
	<u>\$ 40,965</u>	<u>\$ 480,317</u>	<u>\$ 506,321</u>	<u>\$ 427,402</u>	<u>\$ 430,864</u>	<u>\$ 462,786</u>

CITY OF ONAWA, IOWA

TABLE III

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

	Fiscal Year			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General Fund				
Unreserved	\$ 1,507,762	\$ 1,661,160	\$ 1,723,495	\$ 1,745,805
Unassigned	-	-	-	-
Total General Fund	<u>\$ 1,507,762</u>	<u>\$ 1,661,160</u>	<u>\$ 1,723,495</u>	<u>\$ 1,745,805</u>
All Other Governmental Funds				
Reserved	\$ 116,325	\$ 121,522	\$ 122,463	\$ 124,083
Unreserved, reported in:				
Debt Service Fund	4,674	12,370	13,381	14,708
Special Revenue Funds	684,263	869,653	1,100,105	1,114,203
Capital Projects Funds	(701,834)	(466,044)	(462,151)	(510,466)
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds ¹	<u>\$ 103,428</u>	<u>\$ 537,501</u>	<u>\$ 773,798</u>	<u>\$ 742,528</u>
Total Governmental Funds				
Reserved	\$ 116,325	\$ 121,522	\$ 122,463	\$ 124,083
Unreserved, reported in:	1,494,865	2,077,139	2,374,830	2,364,250
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Governmental Funds	<u>\$ 1,611,190</u>	<u>\$ 2,198,661</u>	<u>\$ 2,497,293</u>	<u>\$ 2,488,333</u>

Notes:

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

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

	Fiscal Year					
2010	2011	2012	2013	2014	2015	
\$ 1,696,968	\$ -	\$ -	\$ -	\$ -	\$ -	
-	1,814,096	1,967,789	2,080,722	2,017,691	2,173,274	
\$ 1,696,968	\$ 1,814,096	\$ 1,967,789	\$ 2,080,722	\$ 2,017,691	\$ 2,173,274	
\$ 122,824	\$ -	\$ -	\$ -	\$ -	\$ -	
14,821	-	-	-	-	-	
754,545	-	-	-	-	-	
(397,118)	-	-	-	-	-	
-	124,606	125,439	126,036	128,170	130,100	
-	924,579	758,596	807,891	906,585	1,044,539	
-	12,756	12,756	12,756	12,756	12,756	
-	(1,409,645)	(1,440,872)	(1,142,464)	(1,046,981)	(1,029,862)	
\$ 495,072	\$ (347,704)	\$ (544,081)	\$ (195,781)	\$ 530	\$ 157,533	
\$ 122,824	\$ -	\$ -	\$ -	\$ -	\$ -	
2,069,216	-	-	-	-	-	
-	124,606	125,439	126,036	128,170	130,100	
-	924,579	758,596	807,891	906,585	1,044,539	
-	12,756	12,756	12,756	12,756	12,756	
-	404,451	526,917	938,258	970,710	1,143,412	
\$ 2,192,040	\$ 1,466,392	\$ 1,423,708	\$ 1,884,941	\$ 2,018,221	\$ 2,330,807	

CITY OF ONAWA, IOWA

TABLE IV

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

	Fiscal Year			
	2006	2007	2008	2009
Revenues				
Taxes	\$ 1,055,853	\$ 1,128,832	\$ 965,446	\$ 885,342
Special Assessments	28,791	82,372	74,235	103,828
Licenses and Permits	26,446	34,298	30,449	35,050
Intergovernmental Revenue	496,157	469,443	474,859	500,149
Charges for Services	76,924	84,727	75,109	82,322
Fines and Forfeits	14,848	14,885	13,934	11,636
Contributions	146,917	66,161	36,430	97,927
Refunds/Reimbursements	-	-	-	-
Grants	-	-	-	-
Interest	95,990	121,100	110,437	66,164
Payment in Lieu of Taxes	86,578	92,785	88,672	92,484
Miscellaneous	34,490	102,312	195,420	69,318
Total Revenues	\$ 2,062,994	\$ 2,196,915	\$ 2,064,991	\$ 1,944,220
Expenditures¹				
Public Safety	\$ 449,045	\$ 481,879	\$ 543,171	\$ 652,694
Public Works	282,362	232,819	259,566	315,799
Culture and Recreation	403,074	386,380	410,044	489,568
Community and Economic Development	95,261	86,137	81,891	74,567
General Government	162,244	127,417	143,970	143,245
Capital Projects	278,639	127,851	195,438	146,256
Debt Service				
Principal Retirements	645,000	150,000	165,000	175,000
Interest	81,405	71,961	63,270	58,255
Total Expenditures	\$ 2,397,030	\$ 1,664,444	\$ 1,862,350	\$ 2,055,384
Excess (Deficiency) of Revenues over (under) Expenditures	\$ (334,036)	\$ 532,471	\$ 202,641	\$ (111,164)
Other Financing Sources (Uses)				
Proceeds from Sale of Bonds	\$ 505,000	\$ -	\$ -	\$ -
Transfers In	341,755	591,110	372,796	303,972
Transfers Out	(341,755)	(551,110)	(360,796)	(291,972)
Sale of Real Estate and Other Assets	-	15,000	83,325	50,000
Total Other Financing Sources (Uses)	\$ 505,000	\$ 55,000	\$ 95,325	\$ 62,000
Net change in fund balances	\$ 170,964	\$ 587,471	\$ 297,966	\$ (49,164)
Total Capital Expenditures from Reconciliation of Statement of Revenues, expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities				
	445,746	157,446	315,792	509,351
Debt service as a percentage of non-capital expenditures²				
	37.23%	14.73%	14.76%	15.09%

	Fiscal Year					
2010	2011	2012	2013	2014	2015	
\$ 895,992	\$ 981,688	\$ 1,043,148	\$ 1,134,834	\$ 1,161,184	\$ 1,008,905	
65,997	44,009	22,118	41,840	(3,922)	17,621	
37,345	9,338	14,102	15,224	14,392	19,900	
527,807	604,801	966,016	590,741	599,238	620,745	
71,274	89,614	86,577	81,276	72,960	67,351	
9,773	12,219	8,801	10,211	6,804	7,846	
104,370	39,567	32,891	50,271	28,536	40,156	
-	-	-	-	13,872	1,026	
-	-	-	-	8,791	24,000	
49,132	33,284	24,590	15,007	13,826	10,232	
102,418	112,917	116,200	119,526	138,626	147,980	
69,997	128,160	315,826	74,054	124,352	62,037	
<u>\$ 1,934,105</u>	<u>\$ 2,055,597</u>	<u>\$ 2,630,269</u>	<u>\$ 2,132,984</u>	<u>\$ 2,178,659</u>	<u>\$ 2,027,799</u>	
\$ 527,035	\$ 536,217	\$ 542,856	\$ 534,153	\$ 704,209	\$ 539,068	
348,416	379,258	330,149	237,000	333,841	254,670	
509,251	628,515	497,388	482,738	431,926	452,327	
104,579	68,046	94,352	82,861	96,420	104,257	
130,196	213,853	302,263	142,758	177,837	176,848	
395,296	1,372,769	637,991	15,848	122,599	13,108	
175,000	185,000	1,035,000	160,000	165,000	165,000	
52,625	59,587	74,954	28,393	25,547	23,935	
<u>\$ 2,242,398</u>	<u>\$ 3,443,245</u>	<u>\$ 3,514,953</u>	<u>\$ 1,683,751</u>	<u>\$ 2,057,379</u>	<u>\$ 1,729,213</u>	
\$ (308,293)	\$(1,387,648)	\$ (884,684)	\$ 449,233	\$ 121,280	\$ 298,586	
\$ -	\$ 650,000	\$ 830,000	\$ -	\$ -	\$ -	
867,760	248,454	595,516	188,053	787,956	190,250	
(855,760)	(236,454)	(583,516)	(176,053)	(775,956)	(176,250)	
-	-	-	-	-	-	
<u>\$ 12,000</u>	<u>\$ 662,000</u>	<u>\$ 842,000</u>	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>\$ 14,000</u>	
<u>\$ (296,293)</u>	<u>\$ (725,648)</u>	<u>\$ (42,684)</u>	<u>\$ 461,233</u>	<u>\$ 133,280</u>	<u>\$ 312,586</u>	
564,534	1,787,011	815,748	149,327	486,471	136,671	
13.57%	14.77%	41.12%	12.28%	12.13%	11.86%	

CITY OF ONAWA, IOWA

TABLE V

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

<u>Year</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Culture & Recreation</u>	<u>Community & Economic Development</u>	<u>General Government</u>	<u>Debt Service</u>	<u>Capital Outlay</u>	<u>Total</u>
2005-06	\$ 449,045	\$ 282,362	\$ 403,074	\$ 95,261	\$ 162,244	\$ 726,405	\$ 278,639	\$ 2,397,030
2006-07	481,879	232,819	386,380	86,137	127,417	221,961	127,851	1,664,444
2007-08	543,171	259,566	410,044	81,891	143,970	228,270	195,438	1,862,350
2008-09	652,694	315,799	489,568	74,567	143,245	233,255	146,256	2,055,384
2009-10	527,035	348,416	509,251	104,579	130,196	227,625	395,296	2,242,398
2010-11	536,217	379,258	628,515	68,046	213,853	244,587	1,372,769	3,443,245
2011-12	542,856	330,149	497,388	94,352	302,263	1,109,954	637,991	3,514,953
2012-13	534,153	237,000	482,738	82,861	142,758	188,393	15,848	1,683,751
2013-14	704,209	333,841	431,926	96,420	177,837	190,547	122,599	2,057,379
2014-15	\$ 539,068	\$ 254,670	\$ 452,327	\$ 104,257	\$ 176,848	\$ 188,935	\$ 13,108	\$ 1,729,213

TABLE VI

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

<u>Fiscal Year</u>	<u>Taxes</u>	<u>Licenses and Permits</u>	<u>Inter-Governmental</u>	<u>Charges for Services</u>	<u>Fines and Forfeitures</u>	<u>Contributions from Property Owners</u>	<u>Miscellaneous</u>	<u>Total</u>
2005-06	\$ 1,055,853	\$ 26,446	\$ 496,157	\$ 76,924	\$ 14,848	\$ 28,791	\$ 868,975	\$ 2,567,994
2006-07	1,128,832	34,298	469,443	84,727	14,885	82,372	382,358	2,195,915
2007-08	965,446	30,449	474,859	75,109	13,934	74,235	430,959	2,064,991
2008-09	885,342	35,050	500,149	82,322	11,636	103,828	325,893	1,944,220
2009-10	895,992	37,345	527,807	71,274	9,773	65,997	325,917	1,934,105
2010-11	981,688	9,338	604,801	89,614	12,219	44,009	963,928	2,705,597
2011-12	1,043,148	14,102	966,016	86,577	8,801	22,118	489,507	2,630,269
2012-13	1,134,834	15,224	590,741	81,276	10,211	41,840	258,858	2,132,984
2013-14	1,161,184	14,392	599,238	72,960	6,804	(3,922)	328,003	2,178,659
2014-15	\$ 1,008,905	\$ 19,900	\$ 620,745	\$ 67,351	\$ 7,846	\$ 40,156	\$ 262,896	\$ 2,027,799

CITY OF ONAWA, IOWA

TABLE VII

Property Tax Levies and Collections
Last Ten Fiscal Years

<u>Collection Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections¹</u>
2005-06	\$ 702,767	\$ 682,672	97.14%	\$ 4,889
2006-07	674,524	650,773	96.48	5,305
2007-08	685,857	687,004	100.17	5,660
2008-09	744,688	752,215	101.01	224
2009-10	798,699	793,710	99.38	6,420
2010-11	832,457	818,634	98.34	6,107
2011-12	882,881	867,616	98.27	7,698
2012-13	893,733	875,623	97.97	8,584
2013-14	920,998	905,644	98.33	3,611
2014-15	\$ 938,741	\$ 954,835	101.71%	\$ 345

TABLE VIII

Assessed and Taxable Value of Property
Last Ten Fiscal Years

<u>Collection Year</u>	<u>Real Property</u>	
	<u>Assessed Value</u>	<u>Taxable Value</u>
2005-06	\$ 96,444,611	\$ 60,112,322
2006-07	95,895,362	58,453,898
2007-08	96,459,442	58,325,529
2008-09	100,630,414	59,526,703
2009-10	102,400,242	59,085,451
2010-11	104,873,399	60,650,334
2011-12	106,047,339	62,494,514
2012-13	106,951,407	62,344,840
2013-14	108,430,773	64,570,708
2014-15	\$108,824,376	\$ 66,233,160

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

<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>
\$ 687,561	97.84%
656,078	97.84
674,760	100.99
752,439	101.04
800,136	100.18
824,741	99.07
875,314	99.14
884,207	98.93
909,255	98.72
\$ 955,180	101.75%

<u>Utilities</u>		<u>Total</u>		<u>Ratio of Total Taxable Value</u>	<u>City's Total Direct Rate</u>
<u>Assessed Value</u>	<u>Taxable Value</u>	<u>Assessed Value</u>	<u>Taxable Value</u>		
\$ 442,291	\$ 442,291	\$ 96,886,902	\$60,554,613	62.50%	13.61467
511,068	511,068	96,406,430	58,964,966	61.16	13.97673
441,847	441,847	96,901,289	58,767,376	60.65	13.08122
476,986	476,986	101,107,400	60,003,689	59.35	13.05176
441,788	441,788	102,842,030	59,527,239	57.88	13.24699
372,360	372,360	105,245,759	61,022,694	57.98	13.42917
289,712	289,712	106,337,051	62,784,226	59.04	13.78411
262,097	262,097	107,213,564	62,606,937	58.39	13.89426
251,659	251,659	108,682,432	64,822,367	59.64	13.83843
\$ 296,213	\$ 296,216	\$109,120,592	\$66,529,376	60.97%	13.96828

CITY OF ONAWA, IOWA

TABLE IX

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

City of Onawa				
Tax Rates				
Fiscal Year	General	Special Revenue	Debt Service	Total Direct
2005-06	9.78634	1.55807	2.27026	13.61467
2006-07	9.90098	1.77006	2.30569	13.97673
2007-08	9.68263	1.14266	2.25593	13.08122
2008-09	9.57487	1.22236	2.25453	13.05176
2009-10	9.51294	1.60857	2.12548	13.24699
2010-11	9.48824	1.87545	2.06548	13.42917
2011-12	9.46065	1.49049	2.83297	13.78411
2012-13	9.46336	1.67713	2.75377	13.89426
2013-14	9.39975	1.78954	2.64914	13.83843
2014-15	9.40686	1.77310	2.78832	13.96828

Tax Levies				
2005-06	\$ 487,292	\$ 78,000	\$ 137,475	\$ 702,767
2006-07	456,405	82,164	135,955	674,524
2007-08	495,282	58,000	132,575	685,857
2008-09	540,856	68,552	135,280	744,688
2009-10	570,320	95,754	132,625	798,699
2010-11	583,267	114,445	134,745	832,457
2011-12	598,435	93,579	190,867	882,881
2012-13	597,085	105,000	191,648	893,733
2013-14	613,947	116,002	191,049	920,998
2014-15	\$ 631,343	\$ 117,963	\$ 189,435	\$ 938,741

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

Limitation does not include debt service.

Taxes Due July 1.

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

Penalties for Delinquency: 1 Percent per month.

Discount Allowed: None

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

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

Tax Sale Date: First Monday in June.

Overlapping

Tax Rates					
West Monona School	Monona County	Western Iowa Tech	State Levy	Total Overlapping	Total Direct and Overlapping
13.38780	7.06811	0.69873	0.00400	21.15864	34.77331
15.68733	7.11172	0.71282	0.00400	23.51587	37.49260
15.80332	7.16224	0.73555	0.00350	23.70461	36.78583
14.83407	8.21534	0.82762	0.00350	23.88053	36.93229
15.05894	7.71758	0.82137	0.00300	23.60089	36.84788
14.98761	7.78490	0.81778	0.00340	23.59369	37.02286
14.89493	7.66076	0.77869	0.00320	23.33758	37.12169
16.73448	7.68089	0.77849	0.00330	25.19716	39.09142
16.33444	7.14601	0.76321	0.00330	24.24696	38.08539
15.76898	6.85667	0.77964	0.00330	23.40859	37.37687

Tax Levies

810,693	\$ 428,007	\$ 42,311	\$ 242	\$ 1,281,253	\$ 1,984,020
925,003	419,342	41,442	236	1,386,023	2,060,547
928,720	420,906	43,226	207	1,393,059	2,078,916
890,099	492,951	49,660	210	1,432,920	2,177,608
896,417	459,406	48,894	179	1,404,896	2,203,595
914,584	475,056	49,903	207	1,439,751	2,272,208
935,167	480,975	48,889	201	1,465,232	2,348,113
1,047,695	480,877	48,739	207	1,577,518	2,471,251
1,058,837	463,221	49,473	214	1,571,745	2,492,743
1,049,100	\$ 456,170	\$ 51,869	\$ 220	\$ 1,557,359	\$ 2,496,100

CITY OF ONAWA, IOWA

TABLE X

Special Assessment Collections
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected</u>	<u>Percent of Collections to Amount Due</u>	<u>Total Outstanding Assessments Due</u>
2005-06	\$ 20,403	\$ 29,471	144%	\$ 118,534
2006-07	16,880	30,030	177	191,787
2007-08	24,662	67,724	274	154,435
2008-09	31,208	90,455	289	201,591
2009-10	41,698	51,968	124	158,286
2010-11	60,203	44,009	73	161,508
2011-12	63,684	38,695	60	122,813
2012-13	47,107	41,840	88	123,338
2013-14	48,808	24,934	51	73,180
2014-15	\$ 20,355	\$ 20,108	99%	\$ 56,017

CITY OF ONAWA, IOWA

TABLE XI

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
	<u>Notes Payable</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds Payable</u>				
2005-06	\$ -	\$ 1,845,000	\$ -		\$1,845,000	3.33%	3,091
2006-07	-	1,695,000	-		1,695,000	3.06%	3,091
2007-08	-	1,530,000	-		1,530,000	2.76%	3,091
2008-09	-	1,355,000	-		1,355,000	2.45%	3,091
2009-10	-	1,180,000	-		1,180,000	1.64%	3,091
2010-11	-	1,645,000	1,559,129		3,204,129	4.45%	2,998
2011-12	-	1,440,000	1,503,000		2,943,000	4.09%	2,998
2012-13	-	1,280,000	1,445,000		2,725,000	3.78%	2,998
2013-14	-	1,115,000	1,385,000		2,500,000	3.47%	2,998
2014-15	\$ -	\$ 950,000	\$ 1,323,000		\$2,273,000	3.16%	2,998

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

CITY OF ONAWA, IOWA

TABLE XII

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

<u>Fiscal Year</u>	<u>Popula- tion</u>	<u>Taxable Value</u>	<u>Gross Bonded Debt</u>	<u>Less: Debt Service Monies Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Net Taxable Value</u>	<u>Net Bonded Debt to Per Capita</u>	<u>Net Bonded Debt as % of Personal Income</u>
2005-06	3,091	\$60,554,613	\$1,845,000	\$ 4,674	\$1,840,326	.035 to 1	\$ 595.38	3.32%
2006-07	3,091	58,964,966	1,695,000	12,370	1,625,630	.028 to 1	525.92	2.93
2007-08	3,091	58,767,376	1,530,000	13,381	1,516,619	.026 to 1	501.90	2.74
2008-09	3,091	60,003,689	1,355,000	14,708	1,340,292	.022 to 1	433.61	2.42
2009-10	3,091	59,527,239	1,180,000	14,821	1,165,179	.020 to 1	376.96	2.10
2010-11	2,998	61,022,694	1,645,000	6,675	1,638,325	.027 to 1	546.47	2.28
2011-12	2,998	62,784,226	1,440,000	4,638	1,435,362	.023 to 1	478.77	1.99
2012-13	2,998	62,606,937	1,280,000	-	1,280,000	.020 to 1	426.95	1.78
2013-14	2,998	64,822,367	1,115,000	-	1,115,000	.017 to 1	371.91	1.55
2014-15	2,998	\$66,529,376	\$ 950,000	\$ -	\$ 950,000	.014 to 1	\$ 316.88	1.32%

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

CITY OF ONAWA, IOWA

TABLE XIII

Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year			
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt Limit	\$ 4,817,537	\$ 4,820,322	\$ 4,845,064	\$ 5,055,370
Total Net Debt Applicable to Limit	<u>1,845,000</u>	<u>1,695,000</u>	<u>1,530,000</u>	<u>1,355,000</u>
Legal Debt Margin	\$ 2,972,537	\$ 3,125,322	\$ 3,315,067	\$ 3,700,370
Total Net Debt Applicable to the Limit as a percentage of debt limit	38.30%	35.16%	31.58%	26.80%

TABLE XIV

Computation of Legal Debt Margin
June 30, 2015

Assessed Property Value Total Real Estate and Corporation	<u>\$ 109,120,592</u>
Debt Limit - 5% of Total Actual Valuation	\$ 5,456,030
Amount of Debt Applicable to Debt Limit: Total Bonded Debt	<u>950,000</u>
Legal Debt Margin	<u>\$ 4,506,030</u>

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

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Fiscal Year</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 5,142,102	\$ 5,262,288	\$ 5,316,853		\$ 5,360,678	\$ 5,434,122	\$ 5,459,030
<u>1,180,000</u>	<u>1,645,000</u>	<u>1,440,000</u>		<u>1,280,000</u>	<u>1,115,000</u>	<u>950,000</u>
\$ 3,962,102	\$ 3,617,288	\$ 3,876,853		\$ 4,080,678	\$ 4,319,122	\$ 4,506,030
22.95%	31.26%	27.08%		23.88%	20.52%	17.41%

CITY OF ONAWA, IOWA

TABLE XV

Computation of Direct and Overlapping Debt
June 30, 2015

<u>Name of Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable To This Governmental Unit³</u>	<u>Amount Applicable to City of Onawa</u>
Direct:			
City of Onawa, Iowa	\$ 950,000	100.00%	\$ 950,000
Overlapping:			
Monona County ¹	45,980	10.95%	5,035
West Monona Community School District ²	<u>5,140,000</u>	29.94%	<u>1,538,916</u>
Total Overlapping	<u>5,185,980</u>		<u>2,493,951</u>
Total	<u>\$ 6,135,980</u>		<u>\$ 2,493,951</u>

Sources:

¹ County Auditor, Monona County, Iowa

² West Monona Community School District

Notes:

³ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using assessed property values. Applicable percentages were estimated by determining the portion of another government unit's assessed value that is within the City's boundaries and dividing it by each unit's total assessed value.

TABLE XVI

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Expenditures</u>	<u>Ratio of Debt Service to Total General Expenditures</u>
2005-06	\$ 140,000	\$ 81,405	\$ 221,405	\$ 1,009,479	21.93%
2006-07	150,000	71,961	221,961	1,060,756	20.92
2007-08	165,000	63,270	228,270	1,129,546	20.21
2008-09	175,000	58,255	233,255	1,316,205	17.72
2009-10	175,000	52,625	227,625	1,294,023	17.59
2010-11	185,000	59,587	244,587	1,258,023	19.44
2011-12	205,000	59,478	264,478	1,399,816	18.89
2012-13	160,000	28,393	188,393	1,214,312	15.51
2013-14	165,000	25,547	190,547	1,426,987	13.35
2014-15	\$ 165,000	\$ 23,935	\$ 188,935	\$ 1,232,768	15.33%

CITY OF ONAWA, IOWA

TABLE XVII

Demographic Statistics

	(1)	(4)	(1)	(1)	(2)	(3)
<u>Per Fiscal Year</u>	<u>Population</u>	<u>Total Personal Income</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Monona County Unemployment Rate</u>
1970	3,154	\$ 8,386,486	\$ 2,659	38.3	1,154	4.1 %
1980	3,283	23,532,544	7,168	39.2	833	5.4 %
1990	2,936	31,785,136	10,826	43.2	733	4.2 %
2000	3,091	55,415,448	17,928	42.3	679	3.1 %
2010	2,998	\$ 72,011,960	\$ 24,020	43.8	678	7.4 %

Sources:

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

CITY OF ONAWA, IOWA

TABLE XVIII

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

Fiscal Year	Commercial (1) Construction		Residential (1) Construction		Bank Deposits (2) (3)
	No. of Units	No. of Value	Units	Value	(in Thousands)
2005-06	(1)	\$ (233,809)	(2)	\$ 559,460	\$ 95,877
2006-07	(1)	496,074	(1)	4,585,830	100,527
2007-08	7	2,342,800	(3)	947,866	116,173
2008-09	(1)	171,622	3	380,875	112,534
2009-10	1	60,000	5	462,000	102,953
2010-11	5	3,045,030	5	920,000	127,404
2011-12	20	6,191,860	74	456,471	130,315
2012-13	9	577,890	62	615,646	135,931
2013-14	14	609,673	63	907,471	140,476
2014-15	19	\$ 448,429	60	\$ 2,166,275	136,146

(1) Includes new construction and remodeling.

(2) Combined deposits in three banks through 2005-2006 (Source: Bank Financial Statements).

(3) Combined deposits in four banks for 2006-2007 and after (Source: Bank Financial Statements).

TABLE XIX
Principal Taxpayers
June 30, 2015
Last Ten Fiscal Years

Taxpayer	2006	2007	2008	2009
Iowa Lincoln County Property, LLC				
Western Iowa Cooperative	\$ 1,659,824	\$ 1,688,462	\$ 2,359,905	\$ 3,054,167
Bradley Properties, LLC	824,000	824,000	824,000	824,000
Onawa – Pam Limited Partnership	1,146,494	1,146,494	1,103,855	1,061,214
Westendorf, Inc.	1,061,653	1,061,653	1,009,529	1,009,529
Vetter Equipment NFG, LLC.	850,000	850,000	850,000	850,000
Matthew and Christine Westendorf NILS Holdings LLC	738,098	738,098	695,615	771,906
Burgess Health Center - Family Medical Clinic			724,983	711,870
James W & Diane P Stangel	597,279			
Union Pacific Railroad Qwest Corp				
Regal Manors of Onawa, Inc.	2,299,145	2,299,145	2,621,918	2,527,859
Richard Stillman			824,040	912,678
Timothy and Brenda Peters				626,651
Brett and Debra Ewing	647,179	647,179	659,824	
Sarah and Derek Cartmill	629,559	629,199		
Longlines, Inc.		593,720		
	<u>\$10,453,231</u>	<u>\$10,477,950</u>	<u>\$11,673,669</u>	<u>\$12,349,874</u>

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
		\$ 3,419,584	\$ 2,896,591	\$ 2,896,591	\$ 3,437,614
\$ 3,330,662	\$ 3,370,908	3,342,982	2,874,460	2,874,460	3,017,470
873,662	879,028	879,028	755,964	755,964	1,307,819
1,124,887	1,166,507	1,166,507	1,012,004	1,003,197	1,109,462
1,009,529	1,012,004	1,012,004	1,003,197	1,029,619	1,055,872
890,817	1,293,471	1,177,100	1,012,306	1,012,306	995,148
754,007	770,914	754,071		619,291	908,302
771,906	720,688	720,688	720,688	720,688	814,378
754,582	733,129	733,129		630,491	779,350
					744,966
		748,529	690,305	690,304	
			936,232		
			668,140		
2,724,305	2,984,226				
762,665	675,057				
<u>\$12,997,022</u>	<u>\$13,605,932</u>	<u>\$13,953,622</u>	<u>\$12,569,887</u>	<u>\$12,232,911</u>	<u>\$14,846,560</u>

CITY OF ONAWA, IOWA

TABLE XX

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

Function	<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>	<u>2015</u>
General Government	4	4	4	4	4	4	4	4	4	4
Library	2.6	2.6	2.6	2.6	3.5	2.7	2.7	2.6	2.5	2.4
Public Safety										
Police Officers	6	6	6	6	6	6	6.4	6.3	6.2	6
Fire Volunteers	24	24	24	25	22	22	22	24	23	21
Highways and Streets										
Street Maintenance	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	3.9	3.6
Culture and Recreation	7	7	7	7	7	7	3.1	3.3	2.5	1.2
Electric	4	4	4	4	4	4	3	3	3	3
Water	3	3	3	3	3	3	3	3	3	2
Sewer	3	3	3	3	3	3	3	2	2	3
	<u>55.1</u>	<u>55.1</u>	<u>55.1</u>	<u>56.1</u>	<u>54</u>	<u>53.2</u>	<u>48.7</u>	<u>49.7</u>	<u>50.1</u>	<u>46.2</u>

Source: City of Onawa Accounting Department

CITY OF ONAWA, IOWA

TABLE XXI

Principal Employers

<u>Employer</u>	<u>Employees</u>							
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Burgess Health Center	221	245	250	250	252	261	277	277
West Monona School District	101	110	128	131	123	117	120	120
Monona County	110	110	109	107	105	106	106	104
Elmwood Care Center	85	89	81	80	81	62	62	68
Westendorf Manufacturing, Inc	75	74	74	74	72	89	89	89
City of Onawa	71	65	64	62	55	59	56	37
McDonald's Restaurant	49	55	47	41	48	48	44	41
Crossroads of Western Iowa	41	50	38	36	37	36	38	38
Vaughn Foods	40	38	39	40	35	37	36	37
Stangel Pharmacy	26	35	34	32	28	28	29	33

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

Note: Comparative data for 2006-2007 is not currently
available.

The total employment in the City of Onawa is not available.

CITY OF ONAWA, IOWA

TABLE XXII

Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year			<u>2009</u>
	<u>2006</u>	<u>2007</u>	<u>2008</u>	
Police				
Physical Arrests	136	190	117	81
Parking Violations	47	24	7	7
Traffic Violations	222	183	133	119
Fire				
Number of Calls Answered	64	47	54	38
Highways and Streets				
Street Maintenance (Miles)	40	40	32	32
Street Reconstruction (Blocks)	14	17	12	5
Building Permits				
Number	81	67	77	87
Value	1,904,285	5,353,689	3,290,666	919,105
Permit Fees	4,565	2,420	3,325	3,020
Water				
Water Pumped (in thousands of gallons)	193,084	173,487	159,913	169,416
Water Billed (in thousands of gallons)	103,043	99,765	97,374	97,568
Percent Accountable	53%	58%	61%	58%

Source: City of Onawa Accounting Department

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
76	78	112	155	173	208
4	-	3	-	-	-
191	105	134	220	163	234
32	54	56	57	75	73
32	35	35	35	35	35
2	-	5	5	-	-
95	79	94	71	77	79
1,103,609	4,352,815	6,648,331	1,193,536	1,517,144	2,614,704
4,210	3,700	8,210	8,450	7,675	8,450
177,128	194,567	195,525	189,069	179,266	161,247
91,268	97,220	92,224	89,655	76,992	76,701
52%	50%	47%	47%	43%	48%

CITY OF ONAWA, IOWA

TABLE XXIII

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Police				
Stations	1	1	1	1
Patrol Units	6	6	6	6
Fire Stations	2	2	2	2
Highways and Streets				
Streets City Maintained (miles)	40	40	40	32
Culture and Recreation				
Parks	4	4	4	4
Swimming Pools	1	1	1	1
Libraries	1	1	1	1
Community Centers	1	1	1	1
Airports	1	1	1	1
Golf Courses	1	1	1	1
Cemetery				
Cemeteries (acres)	21	21	21	21
Water				
Water Mains (miles)	28	28	28	28.5
Number of Service Connections	1,385	1,391	1,394	1,398
Daily Ave. Consumption in Gallons	527,396	473,807	438,118	464,153
Fire Hydrants	n/a	96	96	99
Maximum Daily Capacity (thousands in gallons)	1,728,000	1,728,000	1,728,000	1,728,000
Sewer				
Sanitary Sewer (miles)	39.5	39.5	39.5	39.5
Number of Treatment Plants	1	1	1	1
Number of Service Connections	1,356	1,364	1,368	1,373
Daily Ave. Treatments in Gallons	262,988	230,645	264,967	253,145
Maximum Daily Capacity (thousands in gallons)	852,000	852,000	852,000	852,000

Source: City of Onawa Accounting Department

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
1	1	1	1	1	1
6	6	6	7	7	7
2	2	1	1	1	1
32	35.3	35.3	35.3	35.3	35.3
4	4	4	4	4	4
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
1	1	1	1	1	1
21	21	21	21	21	21
40	40	40	40	40	40
1,494	1,488	1,487	1,494	1,465	1,545
485,304	533,060	534,221	517,997	491,140	441,773
100	101	101	101	101	101
1,728,000	1,728,000	1,728,000	1,728,000	1,728,000	1,728,000
39.75	39.75	39.75	39.75	39.75	39.75
1	1	1	1	1	1
1,388	1,382	1,385	1,388	1,393	1,474
417,047	538,151	386,691	276,644	268,180	627,488
852,000	852,000	852,000	852,000	852,000	852,000

CITY OF ONAWA, IOWA

TABLE XXIV

Miscellaneous Statistics

Date of Incorporation	1859
Form of Government	Mayor - Council
Area	5.3 Sq Miles
Miles of Streets	35.3
Number of Street Lights	414
Fire Protection:	
Number of Stations	1
Number of Volunteer Firemen	21
Police Protection:	
Number of Stations	1
Number of Policemen and Officers	6
Education:	
Number of Schools	1 Public (Elementary, Middle, High School Early Childhood Development)
Municipal Water Department:	
Number of Consumers	1,545
Average Daily Consumption	441,773 Gallons
Miles of Water Mains	40 Miles
Miles of Sewers:	
Sanitary Sewers	39.75 Miles
Lift Stations	4
Building Permits Issued 2014-15	79
Recreation and Culture	
Number of Parks	4
Number of Libraries	1
Number of Volumes	31,297
Total Library Circulation	27,831

COMMENTS AND RECOMMENDATIONS

CITY OF ONAWA, IOWA
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2014

Status of Prior Audit Findings

II-A-14 Segregation of Accounting Functions

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

Recommendation - The auditor recommended that one employee be designated to open the mail and make a prelist of receipts, one employee post the receipts and the employee who opens the mail make the bank deposit.

Current Status - The City did not correct this weakness, and it is renumbered below as II-A-15.

III-H-14 Financial Condition

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

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

Current Status - The City did not correct this audit finding, and it is renumbered below as III-H-15.

III-I-14 Water Loss

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

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

Current Status - The City did not correct this audit finding, and it is renumbered below as III-I-15.

III-J-14 Annual Financial Report

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

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

Current Status - The City did not correct this audit finding, and it is renumbered below as III-J-15.

CITY OF ONAWA, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

Part I: Summary Of the Independent Auditors' Results

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

Part II: Findings Related to the Financial Statements

Material Weakness:

II-A-15 Segregation of Accounting Functions

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

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

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

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

Instances of Non-Compliance:

No matters were reported.

CITY OF ONAWA, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

Part III: Other Findings Related to Required Statutory Reporting

- III-A-15 Certified Budget - Disbursements did not exceed the amount budgeted in any function and the amended budget was adopted by May 31.
- III-B-15 Questionable Disbursements - We noted no disbursements for parties, banquets or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.
- III-C-15 Travel Expense - No expenditures of City money for travel expense of spouses of City officials or employees were noted.
- III-D-15 Business Transactions - No significant transactions between the City and City officials or employees were noted.
- III-E-15 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- III-F-15 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not. Closed sessions appear to have been handled and documented according to Chapter 21 of the Code of Iowa. Publication of Council minutes appear to be completed within fifteen days.
- III-G-15 Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- III-H-15 Financial Condition - There were fund deficits in the following individual funds at June 30, 2015:

Special Revenue - TIF	\$ 434,352
Capital Project - Fire Station Project	\$ 200,782
Capital Project - 2011 Street Project	\$ 309,868
Capital Project - 2013-2014 Street Project - 13 th Street	\$ 26,345
Capital Project - 2013-2014 Street Project - 15 th Street	\$ 8,391
Capital Project - South Frontage Road	\$ 20,665
Capital Project - Country Club Road	\$ 7,752
Capital Project - 2013 Street Project	\$ 439
Capital Project - Library Project	\$ 21,268

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

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

Conclusion - Response accepted.

CITY OF ONAWA, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2015

III-I-15 Water Loss - The percentage water loss calculated was significantly greater than the allowable rate set by the Iowa Department of Natural Resources.

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

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

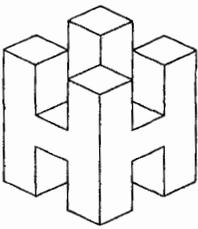
Conclusion - Response accepted.

III-J-15 Annual Financial Report - The annual financial report was not filed by December 1.

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

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

Conclusion - Response accepted.



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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the CITY OF ONAWA, IOWA, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Onawa, Iowa's basic financial statements and have issued our report thereon dated December 7, 2015.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency in internal control described in Part II of the accompanying schedule of findings and questioned costs as item II-A-15 to be a material weakness.

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