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

Prepared by the
Office of the City Administrator
Duane Feekes, City Administrator

CITY OF ORANGE CITY, IOWA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015
TABLE OF CONTENTS

INTRODUCTORY SECTION

	Page
Letter of Transmittal	1 – 3
Certificate of Achievement for Excellence in Financial Reporting	4 - 5
Organization Chart	6
Directory of City Officials	7
Appointed Boards and Commissions	8
City Personnel	9

FINANCIAL SECTION

Independent Auditors' Report	10 – 11
Management's Discussion and Analysis	12 – 24
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	25
Statement of Activities	26 – 27
FUND FINANCIAL STATEMENTS	
Governmental Funds Financial Statements	
Balance Sheet	28 – 29
Reconciliation of the Balance Sheet to the Statement of Net Position	30
Statement of Revenues, Expenditures and Changes in Fund Balances	31 – 32
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	33
Proprietary Funds Financial Statements	
Combining Statement of Net Position	34 – 35
Combining Statement of Revenues, Expenses and Changes in Net Position	36 – 37
Combining Statement of Cash Flows	38 – 41
Fiduciary Funds Financial Statements	
Statement of Fiduciary Net Position	42
Notes to Financial Statements	43 – 68
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual, All Governmental and Proprietary Funds – GAAP Basis	69 – 70
Notes to Required Supplementary Information	71
OPEB Schedule of Funding Progress	72
Schedule of City's Proportionate Share of the Net Position Liability	73
Schedule of City's Contribution to Iowa Public Employees Retirement System	74
Notes to Required Supplemental Information	75 - 76

CITY OF ORANGE CITY, IOWA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015
TABLE OF CONTENTS

FINANCIAL SECTION – (CONTINUED)

	Page
Other Supplementary Information	
Governmental Non-Major Funds Combining Financial Statements	
Balance Sheet	77 – 78
Statement of Changes in Assets and Liabilities	79 – 80
Fiduciary Funds Combining Financial Statements	
Statement of Changes in Assets and Liabilities	81
STATISTICAL SECTION	
Net Position by Component	82
Changes in Net Position	83 - 84
Governmental Activities Tax Revenue by Source	85
Fund Balances of Governmental Funds	86
Changes in Fund Balances of Governmental Funds	87 - 88
Assessed Value and Estimated Actual Value of Taxable Property	89
Property Tax Rates Direct and Overlapping Government	90
Principal Property Tax Payers	91
Property Tax Levy and Collections	92
Ratios of Outstanding Debt by Type	93
Ratios of General Bonded Debt Outstanding	94
Direct and Overlapping Governmental Activities Debt	95
Legal Debt Margin Information	96
Pledged Revenue Coverage	97 - 98
Principal Employers	99
Full-Time Equivalent City Government Employees by Function	100
Operating Indicators by Function/Program	101
Capital Asset Statistics by Function/Program	102
Demographic and Economic Statistics	103
Independent Auditors' Report on Compliance and on Other Matters and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	104 – 105
Schedule of Findings	106 – 107

* * * *

December 14, 2015

To the Honorable Mayor, Members of the City Council, and Citizens of the City of Orange City:

State law requires that every general-purpose local government publish within nine months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2015.

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

William's & Company, Certified Public Accountants, have issued an unmodified opinion on the City of Orange City's financial statements for the year ended June 30, 2015. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Orange City incorporated in 1884, is located in the Northwest corner of the State of Iowa, and is the county seat of Sioux County. The City of Orange City is empowered to levy a property tax on both real and personal property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Orange City operates under the council-administrator form of government. Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and five Council members. The Council appoints the government's administrator, who in turn appoints the heads of the various departments with council approval. Council members serve four-year terms. The mayor is elected for a two-year term. The council members are elected on a staggered basis.

city of orange city
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Orange City, IA 51041
orangecityiowa.com

The City Administrator has operating responsibilities for all City functions excluding the Library and Hospital.

The City of Orange City provides a full range of Municipal services which includes police and fire protection; the construction and maintenance of streets, and other infrastructure; recreational and cultural activities; general administration and medical care facilities. The City of Orange City also owns and operates the electric, water, sewer, and natural gas utilities. The City of Orange City also is financially accountable for a legally separate hospital board, and golf course board of which is reported separately within the City of Orange City's financial statements. Additional information on the municipal hospital and golf course can be found in the notes to the financial statements.

The Council is required to adopt a final budget by no later than March 15th. This annual budget serves as the foundation for the City of Orange City's financial planning and control. Iowa budget law requires the adoption of legal budgets for expenditures on a program basis. Although the budget document presents program expenditures by fund, the legal level of control is at the aggregated program level not at the fund level.

Local Economy

Orange City is located in Sioux County in the northwest portion of Iowa, which is noted for its excellent cropland and livestock production numbers. Industry plays a big part in Orange City's economic condition with the biggest three employers being Staples, Inc., an advertising product manufacturer and promotional products, Premium Pet Health, Inc., a pet food producer, and Diamond Vogel Paint and Wax, a full line paint manufacturer.

Fiscal year 2014-2015 was another great year for the community of Orange City. Many exciting trends and projects are taking place that continue to improve the quality of life for its citizens.

Just one of the great projects this year is that the city started construction on an expansion of our daycare. This expansion doubles the size of the current daycare, which we built in 2006. The addition is 10,355 square feet. This will give us an additional 60 to 75 more students. The project cost is $1.5 million dollars. Project is expected to be completed by end of 2015.

The City of Orange City plays an important part in the community growth, which will continue with active participation in the planning process of our community.

Long-Term financial planning

Management of the City of Orange City is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the presentation of financial statements in conformity with generally accepted accounting principles.

The internal control system is designed to provide reasonable, but not absolute, assurance that these objectives are met. The general fund falls within the policy guidelines set by the Council for budgetary and planning purposes (i.e., between 44 and 50 percent of total general fund revenues). Following its recent review of the City of Orange City's strategic plan, the Council plans on keeping the percentage the same for the following year, this will reduce the amount that will be needed to borrow to finance future construction.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Orange City for its comprehensive annual financial report (CAFR) for the year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local governmental financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire office staff. We wish to express our appreciation also to all our City employees for their dedication to making city services the best. Credit also must be given to the Honorable Mayor and City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Orange City's finances.

Respectfully submitted,

Duane Feekes
City Administrator

Kent Anderson
Finance Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Orange City
Iowa

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

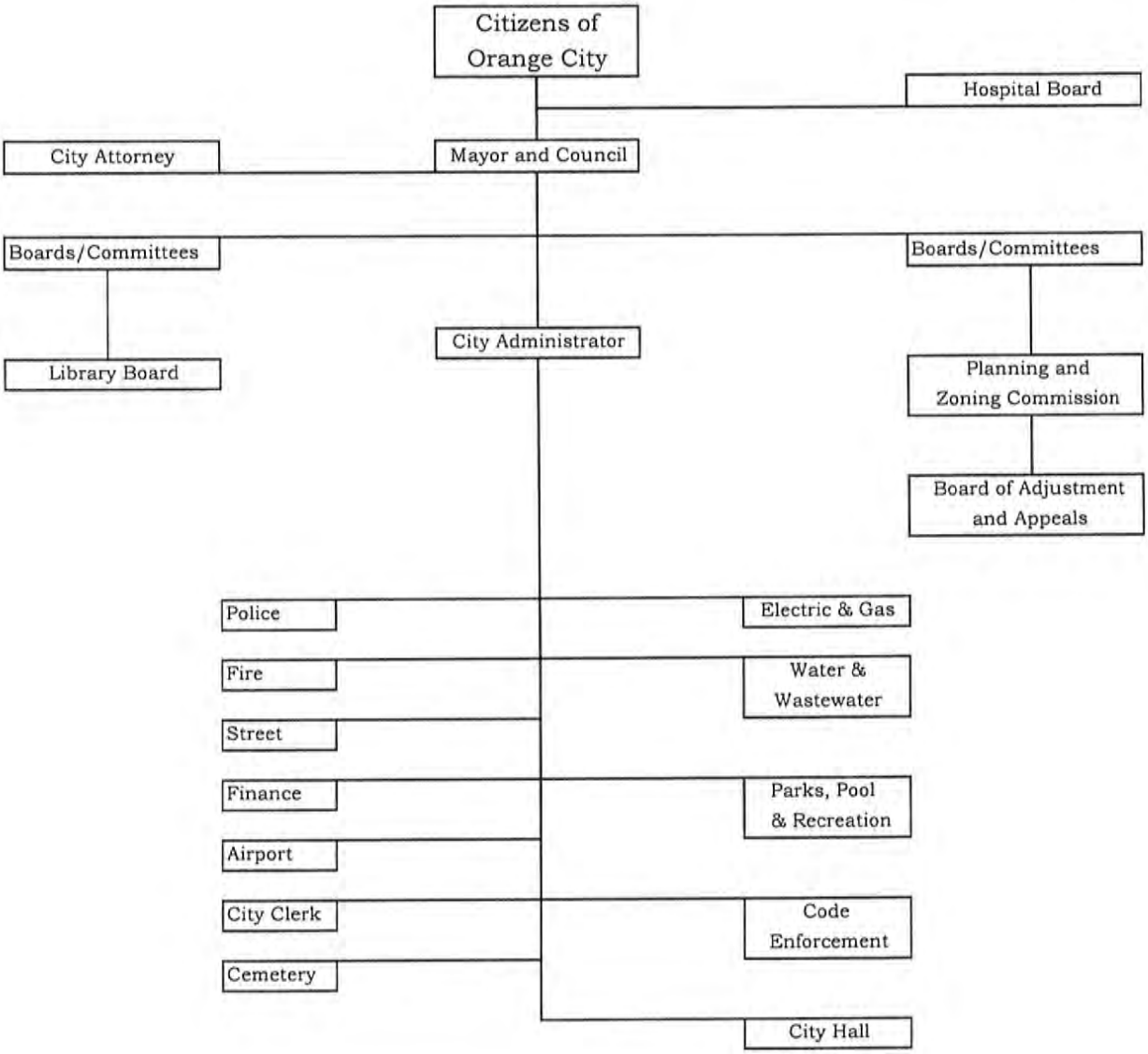
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Orange City, Iowa for its comprehensive annual financial report for the fiscal year ended June 30, 2014. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report whose contents conform to program standards. Such comprehensive annual financial report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

CITY OF ORANGE CITY, IOWA

ORGANIZATIONAL CHART



DIRECTORY OF CITY OFFICIALS

ELECTED CITY OFFICERS

MAYOR

Deb DeHaan

COUNCIL MEMBERS

Rod DeBoer
Chad Oolman
Steve Roesner
Mick Snieder
Earl Woudstra

HOSPITAL TRUSTEES

Randy Jacobsma, Chairman
Tim Zeutenhorst, Vice Chairman
Brenda Richardson, Secretary
Russ Adams
Jerry Henrich
Chris Immeker
Shirley Van Wechel

APPOINTED CITY OFFICERS

Duane Feekes
City Administrator

Brad DeJong
City Attorney

ZONING BOARD OF APPEALS
Gary Cleveringa, Chairman
John Kooiman . Vice-Chairman
Jamie Valentine
Arlin Smit
Ben Van Engelenhoven

PLANNING AND ZONING COMMISSION
Mark Lundberg, Chairman
Dale Pluim, Vice-Chairman
Joe Poppema
Scott Heemstra
Amy Schutt
Harold Hoftyzer
Jamie Den Hartog

ARTS COUNCIL
Noah Adams
Olga Alvarado
Susan Le Mahieu
Gail Marincovich
Terry J. Mouw
Jennifer L. Sabo
Jim Schaap
Emily Stokes
Phyllis Van Gelder
Sandie Vant Hof
Angela Kroeze Visser
Mark Volkers
Chris White
Janine Calsbeek, Executive Director

LIBRARY BOARD OF DIRECTORS
Kay Joiner, President
Elizabeth Kensak, Vice-President
John Buntsma, Secretary
Terry Chi
Mabel Mantel
Kathy Vaughn
Jared Weber

FIRE DEPARTMENT
Paul Brentlinger
Rob Bruxvoort
Jon De Koster
Kevin Dekker
Brandon DeKock
Brian De Kock
Mike Dorr
Dustin DeWild
Aaron Dykstra
David Dykstra
Josh Dykstra
Michael Dykstra
Mel Elsberry
Chad Hase
John Heller
Tim Huffman
Al Jeltema
Riley Jeltema
Ann Lundberg
Josh Meis
Jake Miller
Nate Mosterd
Jared Nelson
Trey Niemyer
Mike Ritz
Andrew Roghair
Dan Roghair
Matt Saltsgiver
Dan Schram
Dennis Vander Wel, Chief
Brent Van Leeuwen
Michael Vander Weide
Benton Vargason
Nathan Westphal

CITY PERSONNEL

ADMINISTRATION	
Kent Anderson	Finance Officer
Janet Brown	City Clerk
Duane Feekes	City Administrator
Mark Gaul	Community Development Director
Bryan Gerritson	Public Works Director
Ken Meendering	Code Officer
Barb Ramsey	Billing Clerk
Everett "Doc" Van Leeuwen	Event Center Manager
Mary Wichers	Receptionist/Secretary
POLICE DEPARTMENT	
Jim Pottebaum	Chief of Police
Duane Hulstein	Police Officer
Bruce Jacobsma	Police Officer
Phillip Meyer	Police Officer
Audley DeJong	Police Officer
Wesley Van Voorst	Police Officer
Robert Van Zee	Police Officer
STREET DEPARTMENT	
Luke Horkey	Street Crewman
Don Snieder	Street Crewman/Mechanic
Randy Van De Griend	Street Foreman
PARKS AND RECREATION	
Mitch Aalbers	Director
Brian Goslinga	Park Maintenance
MUNICIPAL BUILDINGS	
Bill Van Marel Jr.	Custodian
UTILITIES	
Gerry Bomgaars	Gas Utility Foreman
Alan DeJong	Electric Journeyman Lineman
Ed DeJong	Gas Utility Crewman
Michael Klootwyk	Electric Journeyman Lineman
Kirk Maasdam	Water & Wastewater Operator
Jerry Reuvers	Water & Wastewater Operator
David Sassman	Water & Wastewater Foreman
Arlan Scholten	Electric Department Foreman
Mike Anema	Electric Line Maintenance Worker II
Michael Verdoorn	Electric Journeyman Lineman
AIRPORT	
Dan Vander Weide	Base Operator
HOSPITAL	
Martin W. Guthmiller	Administrator
Dina Baas	Chief Financial Officer
LIBRARY	
Sue Kroesche	Administrator
Amanda Vazquez	Assistant Administrator

WILLIAMS & COMPANY P.C.
Certified Public Accountants

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P.O. Box 1010
Le Mars, IA 51031
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INDEPENDENT AUDITOR'S REPORT

The Honorable Members of the City Council
City of Orange City, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the CITY OF ORANGE CITY, IOWA (the City), 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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Orange City Area Health System, (a discretely presented component unit), which statements reflect total assets of $65,299,012 and total program revenues of $45,108,761 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion insofar as it relates to the amounts included for the Orange City Area Health System, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Orange City, 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.

Emphasis of Matter

As discussed in Note 17 to the financial statements, the City of Orange City, Iowa adopted new accounting guidance related to the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, schedule of funding progress for retiree health plan, Schedule of the City's Proportionate Share of the Net Pension Liability and Schedule of City's Contributions to Iowa Public Employees' Retirement System on pages 12 through 24 and 69 through 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015, on our consideration of the City of Orange City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Orange City's internal control over financial reporting and compliance.

William & Lapsley, P.C.
Certified Public Accountants

Le Mars, Iowa
December 14, 2015

Management's Discussion and Analysis

June 30, 2015

This discussion and analysis of the City of Orange City 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, as well as the separately issued financial statements of Orange City Area Health Systems and Orange City's Municipal Golf Association, discretely presented component units of the City.

Financial Highlights

- The assets and deferred outflows of the City of Orange City exceeded liabilities and deferred inflows at June 30, 2015 by $37,490,654. Of this amount, $5,915,629 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.

- The City's net position increased by $ 3,565,556 during the year. Of this amount, the governmental activities increased by $1,838,405 and the net position of our business activities increased by $ 1,727,151.

- The City's governmental activities long-term debt decreased $655,000 during the current fiscal year.

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. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of those outside of the government. 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 the private sector companies. The Statement of Net Position includes all of the government's assets, deferred outflows, liabilities, and deferred inflows. All of the current year's revenue and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting, which is very similar to the method of accounting used by the private-sector companies. These two statements report the City's net position, which is the difference between assets, deferred outflows, 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 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 two 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 finances 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 Electric, Water, Sewer, and Natural Gas funds.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

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

- **Governmental Funds** – Most of the City's basic services are included in Governmental Funds, which focus on how money moves into and out of these funds and the balances left at year-end are available for spending. These funds are reported using the "modified accrual basis" of accounting, which measures cash and all other financial assets that can readily be converted to cash. The Governmental Fund Statements provide a detailed short-term view of the City's general governmental operations and basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City programs. We describe the relationship between Governmental Activities (reported in the Statement of Net Position and the Statement of Activities) and Governmental Funds in a reconciliation following each Governmental Fund financial statement.

- **Proprietary Funds** – When the City charges customers for the service it provides, these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The major difference between the Proprietary Funds report and the Business Type Activities we report in the government- wide statements is the detail and additional information, such as cash flows, provided in the Proprietary Funds report.

THE CITY AS TRUSTEE

Reporting the City's Fiduciary Responsibilities

Fiduciary Funds are used to account for resources held for the benefit of parties outside the City government. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position. We exclude these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found behind the Fiduciary Funds statements.

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 capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must

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

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

	General Governmental Activities		Business-Type Activities	
	2015	2014 (Not Restated)	2015	2014 (Not Restated)
Current and Other Assets	$ 6,371,407	$ 6,314,653	$13,933,899	$12,189,673
Capital Assets	21,792,403	20,198,957	22,534,054	21,783,240
Total Assets	28,163,810	26,513,610	36,467,953	33,972,913
Deferred Outflows	122,839	-	111,705	-
Long-Term Liabilities Outstanding	13,013,124	12,974,621	6,614,411	7,792,594
Other Liabilities	806,808	389,469	3,023,842	777,585
Total Liabilities	13,819,932	13,364,090	9,638,253	8,570,179
Deferred Inflows	3,772,941	3,293,013	144,527	-
Net Position:				
Net Investment in Capital Assets	12,957,403	10,998,957	15,609,054	14,068,240
Restricted	1,780,488	1,194,599	1,228,080	1,285,989
Unrestricted	(4,044,115)	(2,337,049)	9,959,744	10,048,505
Total Net Position	$10,693,776	$ 9,856,507	$26,796,878	$25,402,734

	Totals	
	2015	2014 (Not Restated)
Current and Other Assets	$20,305,306	$18,504,326
Capital Assets	44,326,457	41,982,197
Total Assets	64,631,763	60,486,523
Deferred Outflows	234,544	-
Long-Term Liabilities Outstanding	19,627,535	20,767,215
Other Liabilities	3,830,650	1,167,054
Total Liabilities	23,458,185	21,934,269
Deferred Inflows	3,917,468	3,293,013
Net Position:		
Net Investment in Capital Assets	28,566,457	25,067,197
Restricted	3,008,568	2,480,588
Unrestricted	5,915,629	7,711,456
Total Net Position	$37,490,654	$35,259,241

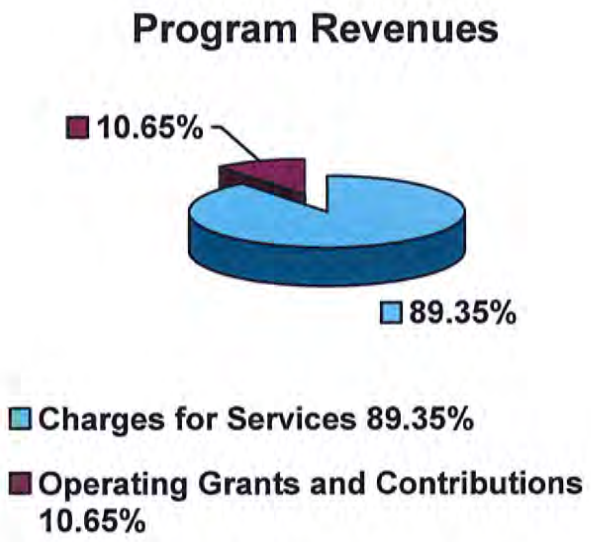
This summary reflects an increase of 8.49% for the governmental net position and an increase of 5.49% in the business-type net position.

Total revenue reported in Fiscal 2015 was $19,503,694. The following table breaks down revenues collected for Governmental Activities and Business-Type Activities for Fiscal Year 2015 and 2014:

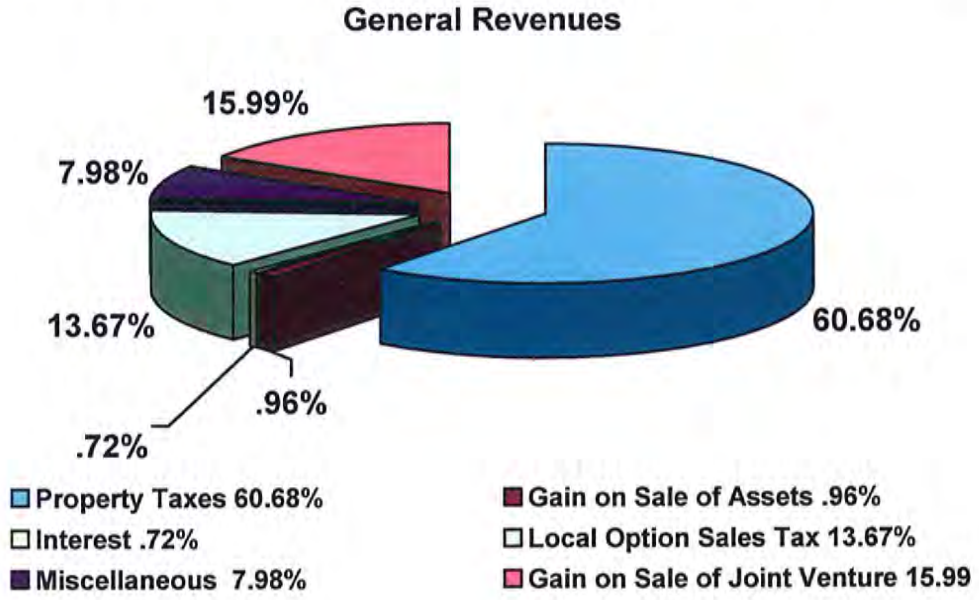
Revenue Source	General Governmental Activities 2015	General Governmental Activities 2014 (Not Restated)	Business-Type Activities 2015	Business-Type Activities 2014 (Not Restated)
Program Revenues:				
Charges for Services	$ 714,443	$ 748,678	$ 11,535,423	$ 11,810,373
Operating Grants and Contributions	1,242,721	916,877	-	-
Capital Grants and Contributions	217,763	-	-	-
Total Program Revenues	2,174,927	1,665,555	11,,535,423	11,810,373
General Revenues & Interfund Transfers:				
Property Taxes	3,515,407	3,478,291	-	-
Local Option Sales Tax	792,255	710,785	-	-
Interest	8,935	2,328	32,655	16,015
Gain on Sales of Assets	55,600	52,023	-	-
Gain on Sale of Joint Venture	-	-	926,349	-
Miscellaneous	97,363	45,850	364,780	977,771
Total General Revenues	4,469,560	4,289,277	1,323,784	993,786
Interfund Transfers	451,895	(480,685)	(451,895)	480,685
Total General Revenues & Interfund Transfers:	4,921,455	3,808,592	871,889	1,474,471
Total Revenues & Interfund Transfers:	$ 7,096,382	$ 5,474,147	$ 12,407,312	$ 13,284,844

Revenue Source	Totals 2015	Totals 2014 (Not Restated)
Program Revenues:		
Charges for Services	$ 12,249,866	$ 12,559,051
Operating Grants and Contributions	1,242,721	916,877
Capital Grants and Contributions	217,763	-
Total Program Revenues	13,710,350	13,475,928
General Revenues & Interfund Transfers:		
Property Taxes	3,515,407	3,478,291
Local Option Sales Tax	792,255	710,785
Interest	41,590	18,343
Gain on Sales of Assets	55,600	52,023
Gain on Sale of Joint Venture	926,349	-
Miscellaneous	462,143	1,023,621
Total General Revenues & Interfund Transfers	5,793,344	5,283,063
Total General Revenues & Interfund Transfers:	5,793,344	5,283,063
Total Revenues & Interfund Transfers:	$ 19,503,694	$ 18,758,991

Program revenues totaled $13,710,350 for fiscal year 2015. Governmental Activities provided $2,174,927 and Business-Type Activities provided $11,535,423. Revenue collected for Charges for Services during fiscal year 2015 was $12,249,866, accounting for 89.35% of the total program revenues. The following chart breaks down program revenues by source:



General Revenues for fiscal year 2015 totaled $ 5,793,344. Governmental Activities provided $4,921,455 and Business-Type Activities provided $871,889. Property Tax Revenues for fiscal year 2015 totaled $3,515,407, accounting for 60.68% of General Revenues. The following chart breaks down General Revenues by source:



Expenses for Fiscal 2015 totaled $15,938,138. Expenses for Governmental Activities totaled $5,257,977, accounting for 32.99% of total expenses. Business-Type Activity expenses totaled $ 10,680,161, for 67.01% of the total.

The following table shows total expenses by Function/Program for FY 2015 and FY 2014:

	General Governmental Activities		Business-Type Activities	
	2015	2014 (Not Restated)	2015	2014 (Not Restated)
Public Safety	$ 872,626	$ 872,249	$ -	$ -
Public Works	1,557,306	1,613,585	-	-
Culture and Recreation	1,499,304	1,291,006	-	-
Community & Economic Development	258,417	325,474	-	-
General Government	731,785	992,494	-	-
Debt Service	338,539	355,325	-	-
Sewer System	-	-	571,113	540,096
Water System	-	-	899,459	917,303
Electric System	-	-	7,074,776	6,684,885
Natural Gas System	-	-	2,134,813	2,675,250
Total Expenses	$ 5,257,977	$ 5,450,133	$10,680,161	$10,817,534

	Totals	
	2015	2014 (Not Restated)
Public Safety	$ 872,626	$ 872,249
Public Works	1,557,306	1,613,585
Culture and Recreation	1,499,304	1,291,006
Community & Economic Development	258,417	325,474
General Government	731,785	992,494
Debt Service	338,539	355,325
Sewer System	571,113	540,096
Water System	899,459	917,303
Electric System	7,074,776	6,684,885
Natural Gas System	2,134,813	2,675,250
Total Expenses	$ 15,938,138	$ 16,267,667

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

Program Level	Activity
Public Safety	Individual & Community Protection, Physical Health
Public Works	Roadway Construction, Airport Operations, Street Lighting, Transportation Services
Culture and Recreation	Education & Culture, Leisure Time Opportunities
Community and Economic Development	Economic Development, Community Beautification, Planning and Zoning
General Government	Administration, Support Services
Debt Service	Payment of Interest
Capital Projects	Construction of Capital Facilities
Sewer System	Operation of the Waste Water Treatment Plant/Supply Distribution System
Water System	Operation of Water Treatment Plant/Supply Distribution System
Electric System	Operation of Electric Plant/Supply Distribution System
Natural Gas System	Operation of Natural Gas Plant/Supply Distribution System

Governmental of 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 $ 872,626 and received $ 154,683 in revenue, thus leaving a cost to the taxpayer of $ 717,943 to be funded by various methods. The new 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, Fees
Public Works	Road Use Tax, Rent, Special Assessments
Culture and Recreation	Fees, State Aid
General Government	Licenses, Permits
Capital Projects	Donations, State Grants, Federal Grants

The total cost of governmental activities this year was $5,257,977. Of these costs, $714,443 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 was $ 1,460,484, leaving a Net Expense of $3,083,050 for Governmental Activities. These expenses of 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 2015	2014 (Not Restated)
Governmental Activities:		
Public Safety	$ (717,943)	$ (852,940)
Public Works	(603,667)	(701,088)
Culture and Recreation	(1,064,565)	(867,777)
Community and Economic Development	291,442	(221,325)
General Government	(654,912)	(786,123)
Debt Service	(333,405)	(355,325)
Total Net (Expense) Revenue Governmental Activities	(3,083,050)	(3,784,578)
General Revenues & Interfund Transfers	4,921,455	3,808,592
Change in Net Position	$ 1,838,405	24,014

Total resources available during the year to finance governmental operations were $15,951,753 consisting of Net Position at July 1, 2014 of $8,855,371, Program Revenues of $2,174,927 and General Revenues and Transfers of $4,921,455. Total Governmental Activities during the year expended $5,257,977; thus, Net Position increased by $1,838,405 to $10,693,776.

Business Type Activities

Business Type Activities increased the City's net position by $ 1,727,151.

The cost of all Proprietary Activities this year was $10,680,161. As shown in the Statement of Activities, the amount paid by users of the systems was $11,535,423, resulting in total Net Revenue for Business Type Activities of $855,262. The Net (Expense) Revenue by Business Type Activity is shown in the following table:

Business-Type Activities	Net (Expense) Revenue 2015	2014 (Not Restated)
Electric System	$ 730,407	$ 837,136
Water System	1,306	(31,159)
Sewer System	144,297	52,349
Natural Gas System	(20,748)	134,513
Total Net (Expense) Revenue Business-Type Activities	855,262	992,839
General Revenues & Interfund Transfers	871,889	1,474,471
Change in Net Position	$ 1,727,151	$ 2,467,310

Total resources available during the year to finance Proprietary Fund activities were $37,477,039 consisting of Net Position at July 1, 2014 of $25,069,727, Program Revenues of $11,535,423 and General Revenues and Transfers of $ 871,889. Total Proprietary Fund Activities during the year expended $10,680,161; thus Net Position was increased by $1,727,151 to $26,796,878.

Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The City's Governmental Funds reported combined ending fund balances of $2,012,345. The combined Governmental Funds balance decreased $ 500,698 from the prior year.

The General Fund is the primary operating fund of the City. During the year, expenditures exceeded revenues in the General fund by $ 29,876. The major reason for the decrease in fund balance is due to the building renovations being done to the former electric generating plant. This building is being converted into a parks department building.

The Road Use Tax Fund is used to account for the collection and disbursement of state fuel tax dollars. During the year, expenditures exceeded revenues by $ 120,277. This was a budgeted decision to use reserves to help fund our 2015 street project. The fund transferred $ 200,000 to the street fund, which is a capital project.

The Debt Service Fund is used to account for collection of general property taxes for the repayment of general obligation debt. During the year, revenues exceeded expenditures by $28,229.

The TIF Fund (Tax Incremental Financing) is used to account for property taxes received to be expended for various public improvement projects. The TIF Fund balance increased by $279,215. The monies collected this fiscal year are planned on being used to help develop our housing subdivision. This development will add another 20 lots available to build new homes and add to our tax base.

General Fund Budgetary Highlights

Comparing the fiscal year 2015 original (adopted) city wide amount of $ 64,390,205 to the final budget amount of $ 64,575,555 shows a net increase of $ 185,350.

The following table shows the government wide budget variances by program structure:

Expenses	Amended Budget	Actual	Variance
Public Safety	$ 888,207	$ 864,188	$ 24,019
Public Works	1,026,623	990,558	36,065
Culture and Recreation	1,501,861	1,578,372	(76,511)
Community and Economic Development	84,117	257,568	(173,451)
General Government	891,604	613,733	277,871
Capital Projects	3,441,500	2,302,188	1,139,312
Debt Service	2,026,275	1,826,301	199,974
Business-Type Activities	54,715,368	53,665,969	1,049,399
Total Expenses	$ 64,575,555	$ 62,098,877	$ 2,476,678

During the year there was a $ 185,350 increase in appropriations between the original and final amended budget. Following are the main components of the increase:

- $23,850 supplemental appropriation to the police and fire department for such costs as for workman's comp. and fire truck repairs.

- $36,500 supplemental appropriation to roadway maintenance, snow and ice, street lighting and solid waste departments, for such costs as an increase in garbage fees at the landfill and increase in street lighting and street truck repairs.

- $84,500 supplemental appropriation to the culture and recreation departments for additional costs for workman's comp, health insurance, and renovation charges to the new park building, former electric generating plant.

- $1,500 supplemental appropriation to our community and economic development department for additional costs for related to the planning and zoning department.

- $39,000 supplemental appropriation to our general government for such costs to our city hall and event center for capital improvements.

A part of the increase was possible because of additional revenues. Those revenues included additional Local Sales Tax revenue, Zoning permit revenue and event center pledges. The rest of the appropriations were paid with the fund balance from the general fund.

Capital Assets

The City's investment in capital assets, including land, buildings and improvements, equipment, streets, 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 $28,566,457 (net of accumulated depreciation and outstanding financings). The gross additions to capital assets for Fiscal 2015 and 2014 are as follows:

	General Governmental Activities		Business-Type Activities	
	2015	2014	2015	2014
Infrastructure	$ -	$ 64,308	$ -	$ -
Buildings	-	-	9,744	-
Improvements-Other than Buildings	157,486	1,205,550	-	-
Equipment	197,437	182,223	104,489	85,976
Utility Plant			1,707,022	4,495,069
Construction in Progress	2,297,070	771,470	-	853,404
Total Gross Additions	$ 2,651,993	$ 2,223,551	$ 1,821,255	$ 5,434,449

	Totals	
	2015	2014
Infrastructure	$ -	$ 64,308
Buildings	9,744	-
Improvements-Other Buildings	157,486	1,205,550
Equipment	301,926	268,199
Utility Plant	1,707,022	4,495,069
Construction in Progress	2,297,070	1,624,874
Total Gross Additions	$ 4,473,248	$7,658,000

Construction In Progress at June 30, 2015 for governmental activities consisted of costs associated with the Downtown Street Project, Frankfort Place Extension, Daycare Building Expansion, and our Dunlop Park Improvements.

For Business-Type Activities, the Utility Plant addition consisted of costs associated with the new electric substation located in our industrial park.

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

DEBT ADMINISTRATION

At year-end the City had $19,145,000 of debt outstanding. Of this amount, $ 12,220,000 comprises debt backed by the full faith and credit of the government. The remainder of $ 6,925,000 is debt represented by bonds secured solely by the specified revenue sources (i.e., revenue bonds).

Debt administration is on track, with over 80% of all City debt repaid within the next 10 years. This rapid repayment, when combined with the use of TIF has allowed the City to maintain our good rating. This reflects well on our community.

The City continues to operate well under State debt capacity limitations. The State limits the amount of General Obligation Debt Outstanding to 5% of the assessed value of all taxable property in the community. Thus, our debt capacity is $ 16,639,365. With outstanding General Obligation Debt applicable to this limit of $12,125,119, we are utilizing 72.9% of this limit. More detailed information on debt administration is provided in Note 7 of the financial statements.

ECONOMIC FACTORS

The City of Orange City worked hard in FY 2015 to maintain a positive approach to growth and development. Continued progressive growth in the Orange City community had a positive effect on the City's unemployment and tax base. The growth in Local Option Sales Tax demonstrates that the Orange City's economy continues to grow.

The city still has street improvements high on their priority list. We did have another street project (2015 Street) for this fiscal year. It is made up of approximately one mile of new street. We removed the asphalt and replaced with concrete. We also made some capital improvements in our Dunlop Park. This included improvements to the trail, camping area, playground structure, bathroom, and a fishing pier. These improvements cost roughly $ 300,000. The city also started construction on an expansion of our daycare. This expansion doubles the size of the current daycare, which we built in 2006. The addition is 10,355 square feet. This will give us an additional 60 to 75 more students. The project cost $ 1.5 million dollars. The project is expected to be completed by end of 2015.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Kent Anderson at 712-707-4885.

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

	Primary Government			Component Unit	
	Governmental Activities	Business-Type Activities	Total	Orange City Area Health System	Orange City Muni. Golf Association
ASSETS					
Cash and Cash Equivalents	$ 2,826,285	$ 3,539,317	$ 6,365,602	$ 11,254,843	$ 32,563
Investments	40,012	2,740,000	2,780,012	5,691,077	-
Receivables (Net, where applicable of allowance for uncollectibles)					
Accounts	50,034	877,595	927,629	5,063,646	5,242
Taxes	16,742	-	16,742	-	-
Subsequent Year Taxes	3,419,101	-	3,419,101	-	-
Accrued Interest	-	9,697	9,697	19,617	-
Estimated Unbilled Usage	-	410,869	410,869	-	-
Special Assessments	39,103	-	39,103	-	-
Notes Receivable	459,736	-	459,736	-	-
TIF Receivable	-	1,111	1,111	-	-
Interfund Balances	(963,468)	963,468	-	-	-
Due from Other Governmental Agencies	351,692	287,978	639,670	-	-
Inventories	9,135	761,157	770,292	470,299	19,586
Prepaid Assets	123,035	76,620	199,655	70,119	715
Investment in Joint Venture	-	2,995,698	2,995,698	-	-
Other	-	-	-	863,490	-
Restricted Assets, Cash and Investments					
Cash and Cash Equivalents	-	389	389	1,039,295	-
Temporary Cash Investments	-	-	-	1,925,500	-
Revenue Bond Current Debt Service Account - Cash & Cash Eqivalents	-	20,000	20,000	-	-
Revenue Bond Current Debt Service Account - Investments	-	475,000	475,000	-	-
Revenue Bond Future Debt Service Account - Cash & Cash Eqivalents	-	70,000	70,000	-	-
Revenue Bond Future Debt Service Account - Investments	-	705,000	705,000	-	-
Pledges Receivable	-	-	-	123,282	-
Land	1,063,946	506,491	1,570,437	1,094,427	-
Construction in Progress	2,491,817	-	2,491,817	426,895	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	18,236,640	22,027,563	40,264,203	37,256,522	1,570,442
Total Assets	28,163,810	36,467,953	64,631,763	65,299,012	1,628,548
DEFERRED OUTFLOWS OF RESOURCES					
Pension Related Deferred Outflows	122,839	111,705	234,544	2,549,162	-
LIABILITIES					
Accounts Payable	720,847	2,220,052	2,940,899	1,167,750	-
Accrued Wages	57,174	25,291	82,465	4,064,302	-
Accrued Expenses	-	33,591	33,591	192,589	9,686
Customer Deposits	-	27,599	27,599	-	-
Lease Deposit	-	-	-	411,000	-
Unearned Revenue	-	-	-	-	19,464
Accrued Interest	28,787	-	28,787	-	-
Payables from Restricted Assets					
Accrued Interest	-	42,309	42,309	443,910	-
Revenue Bonds - Current	-	675,000	675,000	-	-
Noncurrent Liabilities					
Due within one year:					
Revenue Bonds Payable	-	-	-	959,803	-
General Obligation Bonds	1,605,000	-	1,605,000	-	-
Notes Payable	-	-	-	-	71,049
Compensated Absences and Benefits	22,186	18,985	41,171	-	-
Due in more than one year:					
Revenue Bonds Payable	-	6,250,000	6,250,000	25,395,534	-
General Obligation Bonds	10,615,000	-	10,615,000	-	-
Notes Payable	-	-	-	-	250,266
Net Pension Liability	676,340	276,251	952,591	10,045,417	-
Other Post Employment Benefits	28,040	12,222	40,262	66,500	-
Compensated Absences and Benefits, Long-Term	66,558	56,953	123,511	-	-
Total Liabilities	13,819,932	9,638,253	23,458,185	42,746,805	350,465
DEFERRED INFLOW OF RESOURCES					
Deferred Revenue - Subsequent Year Taxes	3,419,101	-	3,419,101	-	-
Pension Related Deferred Inflows	353,840	144,527	498,367	3,886,145	-
Total Deferred Inflow of Resources	3,772,941	144,527	3,917,468	3,886,145	-
NET POSITION					
Net Investment in Capital Assets	12,957,403	15,609,054	28,566,457	12,422,507	1,249,127
Restricted for:					
Debt Service	66,094	1,228,080	1,294,174	2,964,795	-
Permanent Funds - nonexpendable	96,788	-	96,788	-	-
Specific Revenues	1,617,606	-	1,617,606	-	-
Donor Restrictions	-	-	-	169,735	-
Unrestricted	(4,044,115)	9,959,744	5,915,629	5,658,187	28,956
Total Net Position	$ 10,693,776	$ 26,796,878	$ 37,490,654	$ 21,215,224	$ 1,278,083

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	$ 872,626	$ 15,943	$ 138,740	$ -
Public Works	1,557,306	310,203	643,436	-
Culture and Recreation	1,499,304	306,300	67,896	60,543
Community and Economic Development	258,417	46,335	346,304	157,220
General Government	731,785	35,662	41,211	-
Debt Service	338,539	-	5,134	-
Total governmental activities	5,257,977	714,443	1,242,721	217,763
Business-Type Activities:				
Electric Utility	7,074,776	7,805,183	-	-
Water Utility	899,459	900,765	-	-
Sewer Utility	571,113	715,410	-	-
Gas Utility	2,134,813	2,114,065	-	-
Total Business-Type Activities:	10,680,161	11,535,423	-	-
Total Primary Government	$ 15,938,138	$ 12,249,866	$ 1,242,721	$ 217,763
Component Unit:				
Orange City Area Health System	$ 42,985,808	$ 44,804,275	$ 285,416	$ 19,070
Orange City Municipal Golf Association	$ 575,578	$ 380,098	$ 175,000	$ 53,060

General Revenues:
- Property taxes
- Local Option Sales Tax
- Interest
- Gain on Sale of Assets
- Gain on Sale of Joint Venture
- Miscellaneous

Interfund Transfers
- Total general revenues and transfers
- Change in net position

Net Position - beginning
Prior Period Adjustment
Net Position - beginning as restated
Net Position - ending

See Accompanying Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position				
			Component Unit	
Governmental Activities	Business-Type Activities	Total	Orange City Area Health System	Orange City Municipal Golf Ass'n.
$ (717,943)		$ (717,943)		
(603,667)		(603,667)		
(1,064,565)		(1,064,565)		
291,442		291,442		
(654,912)		(654,912)		
(333,405)		(333,405)		
(3,083,050)		(3,083,050)		
	$ 730,407	730,407		
	1,306	1,306		
	144,297	144,297		
	(20,748)	(20,748)		
	855,262	855,262		
(3,083,050)	855,262	(2,227,788)		
			$ 2,122,953	
				$ 32,580
3,515,407	-	3,515,407	-	-
792,255	-	792,255	-	-
8,935	32,655	41,590	160,065	-
55,600	-	55,600	-	-
-	926,349	926,349	-	-
97,363	364,780	462,143	-	-
451,895	(451,895)	-	-	-
4,921,455	871,889	5,793,344	160,065	-
1,838,405	1,727,151	3,565,556	2,283,018	32,580
9,856,507	25,402,734	35,259,241	31,012,334	1,245,503
(1,001,136)	(333,007)	(1,334,143)	(12,080,128)	-
8,855,371	25,069,727	33,925,098	18,932,206	1,245,503
$ 10,693,776	$ 26,796,878	$ 37,490,654	$ 21,215,224	$ 1,278,083

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
BALANCE SHEET
Governmental Funds
JUNE 30, 2015

	General	Road Use Tax	TIF	Debt Service
Assets				
Cash and Pooled Investments	$ 1,555,634	$ 259,224	$ 762,607	$ 90,378
Investments	40,012	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	50,034	-	-	-
Taxes	2,754	-	9,485	4,503
Subsequent Year Taxes	1,365,616	-	760,000	1,293,485
Special Assessments	39,103	-	-	-
Notes Receivable	-	-	-	-
Due from Other Governmental Agencies	115,573	61,735	-	-
Inventories	-	9,135	-	-
Total Assets	3,168,726	330,094	1,532,092	1,388,366
Liabilities				
Accounts Payable	210,765	-	-	-
Accrued Wages	57,174	-	-	-
Due to Other Funds	40,500	-	-	-
Total Liabilities	308,439	-	-	-
Deferred Inflow of Resources				
Unavailable Revenue - Special Assessments	38,905	-	-	-
Unavailable Revenue - Subsequent Year Taxes	1,365,616	-	760,000	1,293,485
Total Deferred Inflow of Resources	1,404,521	-	760,000	1,293,485
Fund Balances (Deficits)				
Nonspendable:				
Inventories	-	9,135	-	-
Permanent Fund Principal	-	-	-	-
Restricted for:				
Debt Service	-	-	-	94,881
TIF	-	-	772,092	-
Economic Development				
Road Use Tax	-	320,959	-	-
Unassigned	1,455,766	-	-	-
Total Fund Balances (Deficits)	1,455,766	330,094	772,092	94,881
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,168,726	$ 330,094	$ 1,532,092	$ 1,388,366

See Accompanying Notes to Financial Statements

Other Governmental Funds	Total Governmental Funds
$ 158,442	$ 2,826,285
-	40,012
-	50,034
-	16,742
-	3,419,101
-	39,103
459,736	459,736
174,384	351,692
-	9,135
792,562	7,211,840
510,082	720,847
-	57,174
922,968	963,468
1,433,050	1,741,489
-	38,905
-	3,419,101
-	3,458,006
-	9,135
96,788	96,788
-	94,881
-	772,092
515,420	515,420
-	320,959
(1,252,696)	203,070
(640,488)	2,012,345
$ 792,562	$ 7,211,840

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, 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 Balance - Governmental Funds (page 29)		$ 2,012,345
Infrastructure, property, and equipment used in governmental activities are not financial resources and, therefore, are not reported in the funds		21,792,403
Deferred revenues that provide current financial resources for governmental activities		38,905
Accrued expenses from the balance sheet that require current financial resources for governmental activities		(28,787)
Accrued compensated absences, net pension liability, and other post employment benefits not reported on the modified accrual basis		(793,124)
Pension related deferred outflows 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 Outflows of Resources	122,839	
Deferred Inflows of Resources	(353,840)	(231,001)
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources		123,035
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		(12,220,000)
Total Net Position - Governmental Activities (page 25)		$ 10,693,776

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2015

	General	Road Use Tax	TIF	Debt Service
Revenue:				
Taxes	$ 1,364,487	$ -	$ -	$ 1,298,884
Special Assessments	84	-	-	-
Licenses and Permits	6,326	-	-	-
Intergovernmental	214,319	639,723	12,554	5,134
Charges for Services	679,390	-	-	-
Fines and Forfeits	25,142	-	-	-
Contributions from Property Owners	53,530	-	-	-
TIF Revenue	129,533	-	723,596	-
Local Option Sales Tax	792,255	-	-	-
Proceeds from Sale of Real Estate	-	-	55,600	-
Interest on Investments	3,532	-	476	788
Miscellaneous	54,040	-	-	23,918
Total Revenue	3,322,638	639,723	792,226	1,328,724
Expenditures:				
Public Safety	864,188	-	-	-
Public Works	990,558	-	-	-
Culture and Recreation	1,578,372	-	-	-
Community and Economic Development	257,558	-	-	-
General Government	613,733	-	-	-
Capital Projects	-	-	4,901	-
Debt Service:				
Principal Retirement	-	-	465,000	1,025,000
Interest/Bond Costs	-	-	43,110	275,495
Total Expenditures	4,304,409	-	513,011	1,300,495
Excess (deficiency) of revenues over expenditures	(981,771)	639,723	279,215	28,229
Other financing sources (uses):				
Issuance of Debt	-	-	-	-
Transfers In	951,895	-	-	-
Transfers Out	-	(760,000)	-	-
Total other financing sources (uses)	951,895	(760,000)	-	-
Net Change in Fund Balance	(29,876)	(120,277)	279,215	28,229
Fund balances (Deficits)-beginning of year	1,485,642	450,636	492,877	66,652
Decrease in Reserve for Inventory	-	(265)	-	-
Fund balances (Deficits)- end of year	$ 1,455,766	$ 330,094	$ 772,092	$ 94,881

See Accompanying Notes to Financial Statements

Other Governmental Funds	Total Governmental Funds
$ -	$ 2,663,371
2,905	2,989
-	6,326
546,912	1,418,642
-	679,390
-	25,142
4,600	58,130
-	853,129
-	792,255
-	55,600
4,139	8,935
3,713	81,671
562,269	6,645,580
-	864,188
-	990,558
-	1,578,372
10	257,568
-	613,733
2,297,287	2,302,188
-	1,490,000
17,696	336,301
2,314,993	8,432,908
(1,752,724)	(1,787,328)
835,000	835,000
260,000	1,211,895
-	(760,000)
1,095,000	1,286,895
(657,724)	(500,433)
17,236	2,513,043
-	(265)
$ (640,488)	$ 2,012,345

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

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

Net change in fund balances - total governmental funds (page 32)		$ (500,698)
Governmental funds report capital outlays, including infrastructure, as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation expense exceeded capital outlay in the current year as follows:		
Expenditures for capital assets	$ 2,647,141	
Depreciation expense	(1,053,695)	1,593,446
Revenues reported in the funds that are not available to provide current financial resources		(1,093)
Prepaid insurance is not reported in the governmental funds as it is not available to provide current financial resources		17,356
Accrued interest expense that does not require current financial resources		(2,238)
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, as follows:		
Compensated absences	(11,931)	
Other post employment benefits	(5,232)	
Pension expense	93,795	76,632
The issuance of indebtedness provides current financial resources to the governmental funds without affecting net position. The statement of activities does not reflect the proceeds from the issuance of long-term debt. The proceeds from the issuance of long-term debt for the year was:		(835,000)
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:		1,490,000
Change in net position of governmental activities (page 27)		$ 1,838,405

See Accompanying Notes to the Financial Statements

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF NET POSITION
Proprietary Funds
JUNE 30, 2015

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
ASSETS			
Current Assets			
Cash and Cash Equivalents	$ 897,570	$ 1,516,850	$ 526,058
Investments	820,000	1,400,000	520,000
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	671,429	78,727	66,867
Accrued Interest	3,893	4,693	1,111
Estimated Unbilled Usage	321,589	41,110	26,916
TIF Receivable	-	-	1,111
Due from Other Funds	963,468	-	-
Due from Other Governmental Agencies	287,978	-	-
Inventories	671,472	28,623	-
Prepaid Assets	35,573	20,094	12,140
Total Current Assets	4,672,972	3,090,097	1,154,203
Non Current Assets			
Investment in Joint Venture	2,995,698	-	-
Restricted Assets:			
Revenue Bond Current Debt Service - Cash	389	-	-
Revenue Bond Current Debt Service Account - Cash & Cash Eqivalents	-	-	-
Revenue Bond Current Debt Service Account - Investments	255,000	220,000	-
Revenue Bond Future Debt Service Account - Cash & Cash Eqivalents	-	-	-
Revenue Bond Future Debt Service Account - Investments	425,000	280,000	-
Land	53,552	178,786	249,153
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	10,959,717	5,474,939	4,271,237
Total Noncurrent Assets	14,689,356	6,153,725	4,520,390
Total Assets	19,362,328	9,243,822	5,674,593
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Deferred Outflows	53,927	34,667	-
LIABILITIES			
Current Liabilities			
Accounts Payable	1,956,167	31,583	144,863
Accrued Wages	11,468	5,771	4,019
Accrued Expenses	24,698	4,123	1,297
Customer Deposits	17,449	-	-
Payables from Restricted Assets:			
Accrued Revenue Bond Interest	15,257	24,975	-
Revenue Bonds - Current	360,000	210,000	-
Total Current Liabilities	2,385,039	276,452	150,179
Noncurrent Liabilities:			
Due within one year:			
Compensated Absences	9,417	3,807	2,619
Due in more than one year:			
Revenue Bonds Payable	3,470,000	2,330,000	-
Net Pension Liability	133,362	85,734	-
Other Post Employment Benefits	6,138	3,609	-
Compensated Absences and Benefits, Long-Term	28,251	11,420	7,856
Total Liabilities	6,032,207	2,711,022	160,654
DEFERRED INFLOWS OF RESOURCES			
Pension Related Deferred Inflows	69,772	44,853	-
NET POSITION			
Net Investment in Capital Assets	7,183,269	3,113,725	4,520,390
Restricted for:			
Debt Service	665,132	475,025	-
Unrestricted	5,465,875	2,933,864	993,549
Total Net Position	$ 13,314,276	$ 6,522,614	$ 5,513,939

See Accompanying Notes to Financial Statements

Business Type Activities	
Gas Utility	Total
$ 598,839	$ 3,539,317
-	2,740,000
60,572	877,595
-	9,697
21,254	410,869
-	1,111
-	963,468
-	287,978
61,062	761,157
8,813	76,620
750,540	9,667,812
-	2,995,698
-	389
20,000	20,000
-	475,000
70,000	70,000
-	705,000
25,000	506,491
1,321,670	22,027,563
1,436,670	26,800,141
2,187,210	36,467,953
23,111	111,705
87,439	2,220,052
4,033	25,291
3,473	33,591
10,150	27,599
2,077	42,309
105,000	675,000
212,172	3,023,842
3,142	18,985
450,000	6,250,000
57,155	276,251
2,475	12,222
9,426	56,953
734,370	9,638,253
29,902	144,527
791,670	15,609,054
87,923	1,228,080
566,456	9,959,744
$ 1,446,049	$ 26,796,878

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Proprietary Funds
For the Year Ended June 30, 2015

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
Operating Revenues:			
Charges for Services	$ 7,805,183	$ 900,765	$ 715,410
Total Operating Revenue	7,805,183	900,765	715,410
Operating Expenses:			
Production	4,664,319	190,305	141,552
Transmission	238,539	5,112	-
Distribution / Collection	479,280	167,567	105,756
Administrative and General	374,785	196,121	152,412
Depreciation	558,021	267,260	161,039
Total Operating Expenses	6,314,944	826,365	560,759
Operating Income	1,490,239	74,400	154,651
Non-Operating Income (Expense):			
Interest Income	21,480	6,285	3,028
Other Non-operating Revenues	62,613	101,155	196,183
Interest Expense	(93,352)	(60,094)	(1,354)
Other Non-operating Expenses	(666,480)	(13,000)	(9,000)
Gain on Sale of Joint Venture	-	926,349	-
Total Non-Operating Income (Expenses)	(675,739)	960,695	188,857
Income (Loss) before Transfers	814,500	1,035,095	343,508
Transfers Out	(300,895)	(48,000)	(23,000)
Change in Net Position	513,605	987,095	320,508
Net Position - Beginning	12,961,433	5,638,866	5,193,431
Prior Period Adjustment	(160,762)	(103,347)	-
Net Position - Beginning (Restated)	12,800,671	5,535,519	5,193,431
Net Position - Ending	$ 13,314,276	$ 6,522,614	$ 5,513,939

See Accompanying Notes to Financial Statements

Business Type Activities	
Gas Utility	Total
$ 2,114,065	$ 11,535,423
2,114,065	11,535,423
-	4,996,176
1,648,911	1,892,562
150,787	903,390
157,440	880,758
84,121	1,070,441
2,041,259	9,743,327
72,806	1,792,096
1,862	32,655
4,829	364,780
(13,554)	(168,354)
(80,000)	(768,480)
-	926,349
(86,863)	386,950
(14,057)	2,179,046
(80,000)	(451,895)
(94,057)	1,727,151
1,609,004	25,402,734
(68,898)	(333,007)
1,540,106	25,069,727
$ 1,446,049	$ 26,796,878

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2015

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash Received from Customers	$ 7,692,663	$ 900,484	$ 706,960
Cash Paid to Suppliers for Goods and Services	(5,172,541)	(258,539)	(199,093)
Cash Paid to Employees for Services	(549,529)	(290,865)	(192,964)
Other Nonoperating Income	62,613	101,154	196,183
Other Nonoperating Expenses	(666,480)	(13,000)	(9,000)
Net Cash Provided by Operating Activities	1,366,726	439,234	502,086
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
(Increase) Decrease in Investment in Joint Venture	(212,739)	-	-
Sale of Joint Venture	-	1,968,232	-
Acquisition and Construction of Capital Assets	(93,814)	(94,522)	(81,711)
Due From Other Governments	70,169	-	-
Principal Paid on Notes and Bonds	(350,000)	(205,000)	(130,000)
Interest Paid on Notes and Bonds	(94,185)	(60,863)	(1,625)
Net Cash Provided (Used) for Capital and Related Financing Activities	(680,569)	1,607,847	(213,336)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:			
Transfers From (To) Other Funds	(300,895)	(48,000)	(23,000)
TIF Receivable	-	-	11,448
Due From (To) Other Funds	(905,468)	-	-
Net Cash (Used) for Non-Capital Financing Activities	(1,206,363)	(48,000)	(11,552)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of Investment Securities	(1,000,000)	(1,900,000)	(500,000)
Proceeds from Sale of Investment Securities	500,000	500,000	300,000
Interest and Dividends on Investments	17,818	1,659	2,003
Net Cash Provided (Used) by Investing Activities	(482,182)	(1,398,341)	(197,997)
Net Increase (Decrease) in Cash and Cash Equivalents	(1,002,388)	600,740	79,201
Cash and Cash Equivalents at Beginning of Year	1,900,347	916,110	446,857
Cash and Cash Equivalents at End of Year	$ 897,959	$ 1,516,850	$ 526,058

See Accompanying Notes to Financial Statements

Business Type Activities	
Gas Utility	Total
$ 2,149,774	$ 11,449,881
(1,801,253)	(7,431,426)
(201,005)	(1,234,363)
4,829	364,779
(80,000)	(768,480)
72,345	2,380,391
-	(212,739)
-	1,968,232
(47,560)	(317,607)
-	70,169
(105,000)	(790,000)
(13,772)	(170,445)
(166,332)	547,610
(80,000)	(451,895)
-	11,448
-	(905,468)
(80,000)	(1,345,915)
-	(3,400,000)
300,000	1,600,000
1,940	23,420
301,940	(1,776,580)
127,953	(194,494)
560,886	3,824,200
$ 688,839	$ 3,629,706

continued

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended June 30, 2015

	Business Type Activities		
	Electric Utility	Water Utility	Sewer Utility
Reconciliation of Operating Income to Net Cash Provided by Operating Activities			
Operating Income	$ 1,490,239	$ 74,400	$ 154,651
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	558,021	267,260	161,039
Other Non-Operating Income	62,613	101,154	196,183
Other Non-Operating Expenses	(666,480)	(13,000)	(9,000)
(Increase) Decrease in Assets:			
Accounts Receivable	(104,750)	1,984	(7,114)
Inventories	(32,790)	(1,785)	-
Prepaid Expenses	(3,702)	(1,993)	(1,385)
Increase (Decrease) in Liabilities			
Accounts Payable	63,390	15,661	5,102
Accrued Wages and Compensated Absences	5,668	2,700	2,359
Accrued Expenses	2,339	(237)	251
Customer Deposits	2,912	-	-
Net Pension Liability	(54,354)	(34,942)	-
Deferred Outflows of Resources	(26,972)	(17,338)	-
Deferred Inflows of Resources	69,772	44,853	-
OPEB Liability	820	517	-
Total Adjustments	(123,513)	364,834	347,435
Net Cash Provided by Operating Activities	1,366,726	439,234	502,086
Cash and Cash Equivalents	897,570	1,516,850	526,058
Revenue Bond Current Debt Service	389	-	-
Revenue Bond Current Debt Service Account - Cash & Cash Eqivalents	-	-	-
Revenue Bond Future Debt Service Account - Cash & Cash Eqivalents	-	-	-
Total Cash and Cash Equivalents	$ 897,959	$ 1,516,850	$ 526,058

See Accompanying Notes to Financial Statements

Business Type Activities	
Gas Utility	Total
$ 72,806	$ 1,792,096
84,121	1,070,441
4,829	364,779
(80,000)	(768,480)
43,920	(65,960)
(26,868)	(61,443)
(294)	(7,374)
(25,815)	58,338
3,114	13,841
1,085	3,438
44	2,956
(23,295)	(112,591)
(11,559)	(55,869)
29,902	144,527
355	1,692
(461)	588,295
72,345	2,380,391
598,839	3,539,317
-	389
20,000	20,000
70,000	70,000
$ 688,839	$ 3,629,706

See Accompanying Notes to Financial Statements

CITY OF ORANGE CITY, IOWA
STATEMENT OF FIDUCIARY NET POSITION
Agency Fund
JUNE 30, 2015

ASSETS		
Cash and Cash Equivalents	$	36,473
Total Assets		36,473
LIABILITIES		
Accounts Payable		36,473
Total Liabilities	$	36,473

See Accompanying Notes to Financial Statements

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Orange City, Iowa is a political subdivision of the State of Iowa located in Sioux County, and was incorporated in 1884, under the laws of the State of Iowa, later amended in 1974 under the Home Rule City Act. The City operates under a Council-Manager form of government and administers the following programs as authorized by its charter: public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides electric, water, sewer and gas utilities.

The City's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

A. Reporting Entity

For financial reporting purposes, the City of Orange City, 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 Orange City, Iowa (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. Complete financial statements of the individual component units, which issued separate financial statements as noted below, can be obtained from their respective administrative office.

Discretely Presented Component Unit – The government-wide financial statements include The Orange City Health System (Hospital) as a component unit. The Hospital is a legally separate entity. Iowa statute provides situations where the City can impose their will on the Hospital and / or the hospital can create a potential financial benefit or burden on the City. Complete financials are on file at the Hospital.

Discretely Presented Component Unit – The government-wide financial statements include The Orange City Municipal Golf Association (Association) as a component unit. The Association is a legally separate entity with a December 31 year end. The Association is fiscally dependent upon the City to provide financing for capital purchases and for operations and could present a financial burden to the City. Complete financials are available at the Association.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 project and permanent funds are classified as governmental activities.

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

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

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

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

C. Fund Accounting

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

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

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

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

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

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

3) Special Revenue Fund – The TIF Fund (Tax Incremental Financing) is used to account for property taxes received to be expended for public improvements, construction of public infrastructure as well as economic development opportunities, incentives, sites, land, rebates, and grant agreements.

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

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

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

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

net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains several business-type activities. The major enterprise funds are listed as follows:

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

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.

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

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

D. Basis of Accounting

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

Accrual basis of accounting is used for all activities in the government-wide financial statements and for the proprietary and fiduciary activities in the fund financial statements. Revenues are recognized when earned and expenses are recognized when incurred.

Modified accrual basis of accounting is used by all governmental funds in the fund financial statements. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

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

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

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

E. Budgets

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2015, disbursements exceeded the amount budgeted in the Community and Economic Development and Culture and Recreation functions.

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 demand deposits, cash on hand and cash investments with original maturities of three months or less.

2) Investments

The City and its component unit use the following methods in determining the reported amounts.

Type	Method
City	
Nonnegotiable Certificates of Deposit	Cost
Iowa Public Agency Investment Trust	Fair Value determined by current share price
Component Unit	
Interest-earning investment contracts	
Nonnegotiable certificates of deposit	Cost
Open-end mutual funds	
(governmental external investment pool registered As an investment company)	Fair Value determined by current share price
Publicly traded mutual funds	Fair Value based on quoted market prices
Debt Securities	
Negotiable certificates of deposit and U.S. Government Agency Securities	
Maturity of one year or less when purchased	Amortized cost
Maturity to more than one year when purchased	Fair Value based on quoted Market prices

G. Property Tax Receivable

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

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

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

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2013 assessed property valuations; is 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 April, 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. 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 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.

I. Inventories

Inventories of governmental funds are valued at cost using FIFO while those of enterprise funds are valued using the average cost method. For fund level reporting, the cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories in the governmental funds are equally offset by a fund balance reserve which indicates they do not constitute available spendable resources even though they are a component of net current assets. Inventory of the discretely presented component units is valued at cost using FIFO.

J. Prepaid Items

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

K. Restricted Assets

Revenue bond ordinances require the City to reserve certain cash and investments to provide for payment of bonds and interest, for protection of bondholders, and for extension and improvement of facilities. These balances are separately disclosed in the Enterprise Funds. Other restricted assets include temporary cash investments for the perpetual care fund.

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

L. Property and Equipment

Assets with an initial individual cost of $5,000 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. Infrastructure has been capitalized using historical or estimated historical cost of $25,000 or more beginning in 1980 as required by GASB 34. Depreciation on all assets is provided on the straight-line basis over the following estimated lives:

Buildings & Improvements	25 – 50 Years
Land Improvements	20 – 50 Years
Utility Plant	20 – 33 Years
Machinery & Equipment	3 – 20 Years
Vehicles	5 – 20 Years
Infrastructure	10 – 65 Years

M. Compensated Absences

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

N. 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.

O. Interfund Transactions

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

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

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

P. Landfill Closure Costs

The City does not operate a sanitary landfill; therefore, no closure/post closure costs are included in these statements.

Q. Classifying Fund Balance Amounts

Fund balance amounts represent the nature of the net resources that are reported in a governmental fund. The City fund balance classifications include non-spendable resources, restricted, and non-restricted (committed, assigned and unassigned) amounts. 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 classifications could be used.

R. Deferred Outflow/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, 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 contributions from the employer after the measurement date but before the end of the employer's reporting period.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflow of resources*, 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 receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments.

S. 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

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

net position of the Iowa Public Employers' Retirement System (IPERS) and additions to/deductions from IPER's fiduciary net position have been determined on the same basis as they are reported by IPERS. 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.

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2015, were entirely covered by Federal Depository Insurance collateralized or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

At June 30 the primary government's investments were reported at fair value as follows:

	Credit Risk	Maturities	Fair Value	Interest Rates
Certificates of Deposit	N/A	8/10/15-12/17/15	$ 3,900,000	.40%-.48%
Iowa Public Agency Investment Trust	Not Rated	Daily	60,012	.01%
Totals			$ 3,960,012	

As of June 30, 2015, the City's investments are reported at a fair value based upon quoted market prices except for the Iowa Public Agency Investment Trust which is valued at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest Rate Risk: The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and uses of the City.

Credit Risk: The City's investment policy addresses the issue of credit risk. Investments are limited to certain types of investments and by diversifying the investment portfolio.

Component Unit: The Hospital's investments, except the mutual funds, are insured or registered or for which the securities are held by the Hospital or its agent in the Hospital's name. The mutual fund investments are uninsured and unregistered, with securities held by the counter party or by its trust department or agent, but not in the Hospital's name. All investments listed below, except the U.S. Government agency securities, are subject to custodial credit risk. The Hospital does not have a

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS – (C0ntinued)

formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates (interest rate risk).

As of June 30, 2015, the Hospital's investments are reported at a fair value based upon quoted market prices except for the Iowa Public Agency Investment Trust which is valued at amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940 as follows:

	Maturities	
Edward D. Jones & Co., money market funds	Daily	$ 1,878
Negotiable certificates of deposit	07/15/15-11/06/17	6,467,593
U.S. Government agency securities	11/15/28-11/01/31	6,172
Mutual Funds	Daily	1,142,811
Iowa Public Agency Investment Trust	Daily	1,033,827
Totals		$ 8,652,281

The primary objectives of the Hospital's investment policy include the safety and preservation of principal in the overall investment portfolio, the maintenance of necessary liquidity to match expected liabilities, and obtaining a reasonable return. The investment policy limits the investing of operating funds to instruments that mature within three hundred ninety-seven days. Funds not identified as operating funds may be invested in investments with maturities longer than three hundred ninety-seven days, provided that the maturities shall be consistent with the needs and use of the Hospital.

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

Note 3 - PLEDGES RECEIVABLE

At June 30, 2015, the component unit's Foundation pledges receivable consisted of pledges restricted for the building of a new health campus.

A summary of the activity in pledges receivable for the year ended June 30, 2015 is as follows:

Beginning pledges receivable	$ 293,320
Pledges made during the year	7,600
Pledge payments received	(234,638)
Decrease in discount of future payments receivable	57,000
Total	$ 123,282

Pledges receivable are expected to be received during the fiscal year ending June 30, 2016.

Note 4 - DUE FROM OTHER GOVERNMENTS

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

Due from Orange City Municipal Golf Association	$ 287,978
Due from the Iowa Department of Transportation for road use tax allocations	61,735
Due from Sioux County for court fees and fines	487
Due from the State of Iowa for local option sales taxes	115,086
Due from the State of Iowa for expenses incurred against a CAT Grant for Dunlop Park	50,943
Due from the State of Iowa for expenses incurred against a CDBG Grant for the City's Daycare Project	123,441
Total Due from Other Governments	$ 639,670

Note 5 - INTERFUND RECEIVABLES AND PAYABLES

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

Fund Due To	Fund Due From	Amount
Electric Fund	Nonmajor Governmental Funds	$ 922,968
Electric Fund	General Fund	40,500
		$ 963,468

Interfund receivables and payables are used to record negative pooled cash and to record money advanced to internally finance various projects.

Note 6 - CAPITAL ASSETS

A summary of changes in capital assets is as follows:

Primary Government

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 1,063,946	$ -	$ -	$ 1,063,946
Construction in Progress	194,747	2,297,070	-	2,491,817
Total capital assets not being depreciated	1,258,693	2,297,070	-	3,555,763
Capital assets being depreciated:				
Buildings	9,633,041	-	-	9,633,041
Improvements	5,771,025	157,486	-	5,928,511
Equipment	3,376,290	197,437	73,600	3,500,127
Infrastructure	33,504,688	-	-	33,504,688
Total capital assets being depreciated	52,285,044	354,923	73,600	52,566,367
Less: Accumulated Depreciation for:				
Buildings	3,582,491	178,775	-	3,761,266
Improvements	2,273,015	316,252	-	2,589,267
Equipment	2,111,258	242,781	68,748	2,285,291
Infrastructure	25,378,016	315,887	-	25,693,903
Total Accumulated Depreciation	33,344,780	1,053,695	68,748	34,329,727
Total capital assets being depreciated, net	18,940,264	(698,772)	4,852	18,236,640
Governmental activities capital assets, net	$ 20,198,957	$ 1,598,298	$ 4,852	$ 21,792,403

Construction in progress at June 30, 2015, for the governmental activities consisted of the Daycare Expansion project, the Dunlop Park improvements, the Frankfort Place extension, the Downtown Street project, and the 2015 Street project.

Note 6 - CAPITAL ASSETS – (Continued)

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Business-Type Activities:				
Capital assets not being depreciated:				
Land	$ 506,491	$ -	$ -	$ 506,491
Total capital assets not being depreciated	506,491	-	-	506,491
Capital assets being depreciated:				
Buildings	3,395,447	9,744	-	3,405,191
Improvements	30,243	-	-	30,243
Equipment	3,774,954	104,489	-	3,879,443
Utility Plant	29,450,029	1,707,022	-	31,157,051
Total capital assets being depreciated	36,650,673	1,821,255	-	38.471,928
Less: Accumulated Depreciation for:				
Buildings	1,525,815	79,805	-	1,605,620
Improvements	16,865	3,024	-	19,889
Equipment	2,566,176	101,944	-	2,668,120
Utility Plant	11,265,068	885,668	-	12,150,736
Total Accumulated Depreciation	15,373,924	1,070,441	-	16,444,365
Total capital assets being depreciated, net	21,276,749	750,814	-	22,027,563
Business-type activities capital assets, net	$21,783,240	$ 750,814	$ -	$ 22,534,054

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

Governmental Activities:	
Public Safety	$ 102,435
Public Works	651,823
Culture and Recreation	165,292
General Government	134,145
Total depreciation expense – governmental activities	$ 1,053,695
Business-Type Activities:	
Electric	$ 558,021
Water	267,260
Sewer	161,039
Gas	84,121
Total depreciation expense – business-type activities	$ 1,070,441

Note 6 - CAPITAL ASSETS – (Continued)

A summary of changes in capital assets for the discretely presented component units are as follows:

Orange City Municipal Hospital

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated:				
Land	$ 1,094,427	$ -	$ -	$ 1,094,427
Construction in progress	50,226	432,872	56,203	426,895
Total capital assets not being depreciated	1,144,653	432,872	56,203	1,521,322
Capital assets being depreciated:				
Land Improvements	3,454,600	28,000	-	3,482,600
Buildings	19,152,042	-	-	19,152,042
Fixed Equipment	36,593,309	100,067	-	36,693,376
Major Movable Equipment	10,093,597	638,262	-	10,731,859
Total capital assets being depreciated	69,293,548	766,329	-	70,059,877
Less: Accumulated Depreciation	29,214,019	3,589,336	-	32,803,355
Total capital assets being depreciated, net	40,079,529	(2,823,007)	-	37,256,522
Governmental Activities Capital Assets-net	$ 41,224,182	$ (2,390,135)	$ 56,203	$ 38,777,844

Construction in progress at June 30, 2015 consists of amounts spent to remodel behavioral health space at the Hospital and drainage improvements at Landsmeer Ridge Retirement Community. Total estimated costs of these projects is approximately $300,000.

Orange City Municipal Golf Association

	Balance January 1, 2014	Additions	Disposals	Balance December 31, 2014
Golf Course and Trail	$ 1,480,714	$ 53,060	$ 5,327	$ 1,528,447
Buildings	572,248	3,759	-	576,007
Equipment	534,346	23,024	-	557,370
Total	2,587,308	79,843	5,327	2,661,824
Less Accumulated Depreciation	1,014,026	82,394	5,038	1,091,382
Property and Equipment - Net	$ 1,573,282	$ (2,551)	$ 289	$ 1,570,442

Note 6 - CAPITAL ASSETS – (Continued)

Reconciliation of Net Investment in Capital Assets:

		Governmental Activities	Business-Type Activities	Component Unit	
				Hospital	Golf Course
Land		$ 1,063,946	$ 506,491	$ 1,094,427	$ -
Construction in Progress		2,491,817	-	426,895	-
Capital Assets (net of accumulated depreciation)		18,236,640	22,027,563	37,256,522	1,570,442
Less:	General Obligation Bonds Payable	8,835,000	-	-	-
	Revenue Bonds	-	6,925,000	26,355,337	-
	Note Payable	-	-	-	321,315
Net Investment in Capital Assets		$ 12,957,403	$ 15,609,054	$ 12,422,507	$ 1,249,127

Note 7 - LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for governmental activities. These bonds are direct obligations and pledge the full faith and credit of the City.

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

Purpose	Interest Rates	Amounts
Governmental Activities	.45 – 4.95%	$ 12,220,000

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

Year Ending June 30,	Governmental Activities Principal	Interest	Total
2016	$ 1,605,000	$ 318,564	$ 1,923,564
2017	1,615,000	291,281	1,906,281
2018	1,365,000	261,974	1,626,974
2019	1,010,000	230,681	1,240,681
2020	1,035,000	205,931	1,240,931
2021-2025	3,545,000	673,104	4,218,104
2026-2030	1,765,000	238,756	2,003,756
2031-2032	280,000	11,328	291,328
Total	$ 12,220,000	$ 2,231,619	$ 14,451,619

Note 7 - LONG-TERM DEBT – (Continued)

New Debt Issues:

On April 22, 2015 the City issued $835,000 of General Obligation Capital Loan Notes, Series 2015A with an average interest rate of 2.52%, with annual maturities from June 2016 through 2025. The net proceeds were used to fund the Downtown Streetscape Project.

Revenue Bonds

The City also has issued revenue bonds where the City pledges income derived from the acquired or constructed asset to pay debt service.

Revenue bonds outstanding at June 30, 2015 are as follows:

Primary Government

Purpose	Interest Rates	Amounts
Electric Revenue Bonds	.35 – 4.78%	$ 3,830,000
Water Revenue Bonds	.90 – 5.10%	2,540,000
Gas Revenue Bonds	3.8 – 4.80%	555,000
		$ 6,925,000

Revenue bond debt service requirements to maturity are as follows:

Primary Government

Year Ending June 30,	Business-Type Activities				
	Electric Principal	Water Principal	Gas Principal	Interest	Total
2016	$ 360,000	$ 210,000	$ 105,000	$ 159,948	$ 834,948
2017	365,000	210,000	110,000	149,660	834,660
2018	375,000	210,000	110,000	137,759	832,759
2019	385,000	220,000	115,000	123,960	843,960
2020	235,000	220,000	115,000	109,494	679,494
2021-2025	920,000	940,000	-	367,245	2,227,245
2026-2030	825,000	375,000	-	178,625	1,378,625
2031-2032	365,000	155,000	-	17,393	537,393
Total	$ 3,830,000	$ 2,540,000	$ 555,000	$ 1,244,084	$ 8,169,084

Component Unit

Purpose	Interest Rates	Amounts
Hospital/Component Unit	3.50 – 5.60%	$ 26,537,722

The amount presented on the Statement of Net Position is shown net of Bond discounts of $182,385.

Note 7 - LONG-TERM DEBT – (Continued)

Component Unit

Year Ending June 30,	Area Health System Principal	Area Health System Interest	Area Health System Total	Municipal Golf Association Principal	Municipal Golf Association Interest	Municipal Golf Association Total
2016	$ 959,803	$ 1,312,867	$ 2,272,670	$ 71,049	$ 9,660	$ 80,709
2017	1,001,504	1,270,786	2,272,290	61,183	7,527	68,710
2018	1,048,442	1,226,163	2,274,605	62,290	5,693	67,983
2019	1,095,625	1,178,682	2,274,307	63,475	3,825	67,300
2020	1,143,061	1,128,312	2,271,373	55,613	1,920	57,533
2021-2025	6,616,373	4,739,910	11,356,283	7,705	329	8,034
2026-2030	8,550,862	2,806,757	11,357,619	-	-	-
2031-2033	6,122,052	499,750	6,621,802	-	-	-
Total	26,537,722	14,163,227	40,700,949	321,315	28,954	350,269
Less unamortized discount	(182,385)	-	(182,385)	-	-	-
Total	$ 26,355,337	$ 14,163,227	$ 40,518,564	$ 321,315	$ 28,954	$ 350,269

Changes in Long-Term Liabilities

Long-Term liability activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
General Obligation Bonds	$12,875,000	$ 835,000	$ 1,490,000	$ 12,220,000	$ 1,605,000
Compensated Absences	76,813	88,744	76,813	88,744	88,744
Net Pension Liability	951,994	-	275,654	676,340	-
Other Post Employment Benefits	22,808	6,862	1,630	28,040	-
Governmental Activity Long-Term Liabilities	13,926,615	930,606	1,844,097	13,013,124	1,693,744
Business-Type Activities:					
Bonds Payable:					
Revenue Bonds	7,715,000	-	790,000	6,925,000	675,000
Compensated Absences	67,065	75,938	67,065	75,938	75,938
Net Pension Liability	388,842	-	112,591	276,251	-
Other Post Employment Benefits	10,529	2,403	710	12,222	-
Business-Type Activity Long-Term Liabilities	8,181,436	78,341	970,366	7,289,411	750,938
Component Unit:					
Area Health System					
Bonds Payable:					
Revenue Bonds	28,249,381	-	1,711,659	26,537,722	959,803
Net Pension Liability	13,567,787	-	3,522,370	10,045,417	-
Other Post Employment Benefits	5,500	31,272	15,272	66,500	-
	41,867,668	31,272	5,249,301	36,649,369	959,803
Golf Course					
Notes Payable	365,074	23,024	66,783	321,315	71,049
	$ 365,074	$ 23,024	$ 66,783	$ 321,315	$ 71,049

The City maintains a policy prohibiting the accumulation of compensated absences thus the total ending balance represents the amount expected to be paid within one year. The General Fund has been used to liquidate the governmental other postemployment benefit obligation.

Note 8 - TRANSFERS

The following is a summary of transfers between funds:

	General	Nonmajor Governmental	Total Transfers Out
Road Use Tax	$ 560,000	$ 200,000	$ 760,000
Water	48,000	-	48,000
Sewer	23,000	-	23,000
Electric	270,895	30,000	300,895
Gas	50,000	30,000	80,000
Total Transfers In	$ 951,895	$ 260,000	$ 1,211,895

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. Use unrestricted revenues collected in proprietary funds to finance various programs accounted for in other funds 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 50306-9117 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 members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary).

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% 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% 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 16.80 percent.

The City's total contributions to IPERS for the year ended June 30, 2015 were $199,270, and for the component unit total contributions were $1,558,945.

Note 9 - PENSION PLAN – Continued)

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 $952,591 and the component unit reported $10,045,417 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 .0240195 percent and 0.253294 percent for the component unit, which was a decrease of .002570 from its proportion measured as of June 30, 2013. The component unit showed an increase of 0.016727 percent from 2013.

For the year ended June 30, 2015, the City and component unit recognized pension expense of $81,541 and $697,727, respectively. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	City's Share	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 11,361	$ 8,354
Changes of assumptions	46,133	199
Net difference between projected and actual earnings on pension plan investments	-	489,814
Changes in proportion and differences between City contributions and proportionate share of contributions	(22,220)	-
City's contributions subsequent to the measurement date	199,270	-
Total	$ 234,544	$ 498,367

	Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 105,974	$ -
Changes of assumptions	445,023	-
Net difference between projected and actual earnings on pension plan investments	-	3,886,145
Changes in proportion and differences between Hospital contributions and proportionate share of contributions	439,220	-
Area Health System's contributions subsequent to the measurement date	1,558,945	-
Total	$ 2,549,162	$ 3,886,145

Note 9 - PENSION PLAN – Continued)

$199,270 and $1,558,945 reported as deferred outflows of resources related to pensions resulting from the City and component unit contributions, respectively 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,	City	Component Unit
2016	$ (116,210)	$ (740,177)
2017	(116,210)	(740,177)
2018	(116,210)	(740,177)
2019	(116,210)	(740,177)
2020	1,748	64,777
	$ (463,092)	$ (2,895,931)

There were no non-employer contributing entities of 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
Salary Increases (effective June 30, 2010)	4.00 - 17 percent average, including inflation. Rates vary by membership group.
Investment Rate of Return (effective June 30, 1996)	7.50 percent per annum, compounded annually, net of pension plan investment expense, and including inflation

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

Mortality rates were based on the RP-2000 Generational 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:

Note 9 - PENSION PLAN – Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	100%	

Discount rate – The discount rate used to measure the total pension liability was 7.50 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 available 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 (6.50 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%
Proportionate Share of the Net Pension Liability			
City	$ 2,072,893	$ 952,591	$ 7,220
Component Unit	19,099,451	10,045,417	2,402,997

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

Payables to the pension plan

At June 30, 2015, the City and component unit reported payables to the defined benefit pension plan of $15,739 and $62,564, respectively for legally required employer contributions and $10,488 and $0, respectively 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 retiree benefit plan which provides medical/prescription drug benefits for retirees. There are active and retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a premium only plan with Wellmark. 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.

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 costs 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 changes in the City's net OPEB obligation:

Annual required contribution	$ 9,812
Interest on net OPEB obligation	1,500
Adjustment to annual required contribution	(2,047)
Annual OPEB cost	9,265
Contributions made	(2.340)
Change in net OPEB obligation	6,925
Net OPEB obligation beginning of year	33,337
Net OPEB obligation end of year	$ 40,262

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014, which was used for June 30, 2015 financials as well.

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013, 2014 and 2015 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	$ 9,265	25.3%	$ 40,262
June 30 2014	$ 9,660	100%	$ 33,337
June 30, 2013	$ 9,660	100%	$ 33,337

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

Funded Status and Funding Progress – As of July 1, 2014, the most recent actuarial valuation date for the period July 1, 2014 through June 30, 2015, the actuarial accrued liability was $92,520, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $92,520. The covered payroll (annual payroll of active employees covered by the plan) was $1,915,107 and the ratio of the UAAL to covered payroll was 4.8%. 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 assumption about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

As of the July 1, 2014 actuarial valuation date using the Alternative Measurement Method (AMM) permitted under GASB Statement, a simplified version of the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions include a 4.5% discount rate based on the City's funding policy. The projected annual medical trend rate is 5%. An inflation rate of 3% is assumed for purpose of this computation.

Mortality rates are from the RP 2014 Mortality Table. Non-group specific age-based turnover data from Scale T-2 of the Actuary's Pension Handbook were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Projected claim costs of the medical plan are $11,013 per year for retirees less than age 65. The salary increase rate was assumed to be 2.0% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

In addition the Orange City Municipal Hospital maintains a similar plan with a net OPEB obligation at June 30, 2015 of $66,500.

Note 11 - FUND BALANCE

The details of the fund balances are included in the Governmental Funds Balance Sheet (pages 28-29). As discussed in Note 1, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by Council or the Assignment has been changed by the City Administrator. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned Fund Balance becomes zero, then Assigned and Committed Fund Balances are used in that order.

General Fund

The General Fund has Unassigned Fund Balance of $1,455,766 at June 30, 2015.

Other Major Funds

The Road Use Tax Fund has a Restricted Fund Balance of $320,959 consisting of primarily unspent funds used for street construction and maintenance. Inventory balances at June 30, 2015 of $9,135 are considered Nonspendable Fund Balance.

The Debt Service Fund has a Restricted Fund Balance of $94,881 consisting of primarily unspent funds used to pay general obligation bond principal and interest.

The TIF Fund has a Restricted Fund balance of $772,092, consisting of primarily unspent funds used for housing projects and economic development.

Other Funds

The following non-major fund has Restricted Fund Balances for specific purposes:

USDA IRP-Loan – Special Revenue Fund:	For economic development	$ 155,385
USDA Revolving Loan Special Revenue Fund:	For economic development	360,035

The following non-major fund has a Nonspendable Fund Balance:

Cemetery Perpetual Care:	For cemetery maintenance	$ 96,788

Note 12 - DEFICIT FUND EQUITY

The City has five funds with a deficit equity balance at June 30, 2015. The City intends to finance these deficits from various resources including; road use tax funds, general funds, and capital project debt financing.

The individual fund deficits were was as follows:

Capital Project – Frankfort Place Extension	$ 203,930
Capital Project – Dunlop Park Improvements	196,580
Capital Project – Downtown Street Scape Project	44,293
Capital Project – Daycare Expansion Project	465,185
Capital Project – 2015 Streets Project	342,708

Note 13 - RISK FINANCING

The City is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. During the 2014-2015 fiscal year the City has elected to purchase commercial insurance to cover against the risk of loss. There have been no reductions in insurance coverage from prior years, nor were there settlements in excess of insurance coverage the last three years.

Note 14 - COMMITMENTS

At June 30, 2015 the City had three construction contracts in process with the following approximate contracts remaining:

2015 Street Improvements	$ 831,533
Daycare Project	1,323,975
Water Tower Repainting	344,750

Note 15 - INVESTMENT IN JOINT VENTURE

The City is a participant in the Missouri Basin Municipal Electric Cooperative Association, a joint venture for the construction and maintenance of power lines from the Northwest Iowa Power Cooperative to the City Limits. The construction of the lines is accomplished by NIPCO and there are no actual dedicated lines, but rather an agreement which guarantees the municipalities the right to draw power over the lines at a raw power cost without transmission charges. The City owns a 26.81 percent share of the venture with twelve other cities sharing in the ownership at varying percentages. The City's investment in the joint venture is accounted for by the equity method in the Electric Fund.

Summary financial information of the joint venture for the year ended December 31, 2014 follows:

	Total
Assets	$ 9,906,876
Liabilities	177,545
Equity	9,729,331
	9,906,876
Revenues	1,970,625
Expenses	1,141,575
Net (Increase) in Equity	$ 829,050

The joint venture has no outstanding debt. Separately issued financial statements for the joint venture can be obtained directly from the MBMECA administrative offices.

The City sold its share of Orange City Communications in fiscal year 2015 for a gain of $926,349.

Note 16 - SUBSEQUENT EVENT

On August 5, 2014, MBMECA entered into an agreement with its participating municipal members to terminate the joint venture. Each member city is due to receive their respective unamortized transmission capacity balance. Orange City is due $1,419,106 from this dissolution.

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 Activities	Business Type Activities
Net Position June 30, 2014, as previously reported	$ 9,856,507	$ 25,402,734
Net Pension Liability at June 30, 2014	(1,137,838)	(388,842)
Deferred outflows of resources related to contributions made after the June 30, 2013 measurement date	136,702	55,835
Net Position June 30, 2014, as restated	$ 8,855,371	$ 25,069,727

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ORANGE CITY, IOWA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL, ALL GOVERNMENTAL AND PROPERIETARY FUNDS - GAAP BASIS
For the Year Ended June 30, 2015

	Governmental Fund Type Actual	Proprietary Funds Actual	Orange City Area Health System
Revenue:			
Taxes	$ 2,663,371	$ -	$ -
Special Assessments	2,989	-	-
Licenses and Permits	6,326	-	-
Intergovernmental	1,418,642	-	19,070
Charges for Services	679,390	11,535,423	44,804,275
Fines and Forfeits	25,142	-	-
Contributions from Property Owners	58,130	-	-
TIF Revenue	853,129	-	-
Local Option Sales Tax	792,255	-	-
Proceeds from Sale of Real Estate	55,600	-	-
Interest	8,935	32,655	160,065
Miscellaneous	81,671	364,780	285,416
Gain on Sale of Joint Venture	-	926,349	-
Total Revenue	6,645,580	12,859,207	45,268,826
Expenditures:			
Public Safety	864,188	-	-
Public Works	990,558	-	-
Culture and Recreation	1,578,372	-	-
Community and Economic Development	257,568	-	-
General Government	613,733	-	-
Capital Projects	2,302,188	-	-
Debt Service	1,826,301	-	-
Business Type Activities	-	10,680,161	42,985,808
Total Expenditures	8,432,908	10,680,161	42,985,808
Excess (deficiency) of revenues over expenditures	(1,787,328)	2,179,046	2,283,018
Other financing sources (uses):			
Proceeds from Debt Financing	835,000	-	-
Interfund Transfers In	1,211,895	-	-
Interfund Transfers Out	(760,000)	(451,895)	-
Total other financing sources (uses)	1,286,895	(451,895)	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(500,433)	1,727,151	2,283,018
Fund balances/Net position-beginning of year	2,513,043	25,402,734	31,012,334
Prior Period Adjustment	-	(333,007)	(12,080,128)
Fund balances/Net position- end of year	$ 2,012,345	$ 26,796,878	$ 21,215,224

Total Actual	Budgeted Amounts Original	Budgeted Amounts Final	Final Budget Favorable (Unfavorable)
$ 2,663,371	$ 2,644,962	$ 2,644,962	$ 18,409
2,989	-	-	2,989
6,326	5,100	5,100	1,226
1,437,712	1,310,665	1,310,665	127,047
57,019,088	57,712,750	57,738,750	(719,662)
25,142	-	-	25,142
58,130	51,000	51,000	7,130
853,129	870,000	870,000	(16,871)
792,255	761,705	811,705	(19,450)
55,600	-	-	55,600
201,655	141,550	141,550	60,105
731,867	729,000	753,000	(21,133)
926,349	-	-	926,349
64,773,613	64,226,732	64,326,732	446,881
864,188	864,357	888,207	24,019
990,558	990,123	1,026,623	36,065
1,578,372	1,417,361	1,501,861	(76,511)
257,568	82,617	84,117	(173,451)
613,733	852,604	891,604	277,871
2,302,188	3,441,500	3,441,500	1,139,312
1,826,301	2,026,275	2,026,275	199,974
53,665,969	54,715,368	54,715,368	1,049,399
62,098,877	64,390,205	64,575,555	2,476,678
2,674,736	(163,473)	(248,823)	2,923,559
835,000	2,291,500	2,291,500	(1,456,500)
1,211,895	1,948,000	1,948,000	(736,105)
(1,211,895)	(1,948,000)	(1,948,000)	736,105
835,000	2,291,500	2,291,500	(1,456,500)
3,509,736	2,128,027	2,042,677	1,467,059
58,928,111	58,928,111	58,928,111	-
(12,413,135)	-	-	(12,413,135)
$ 50,024,447	$ 61,056,138	$ 60,970,788	$ (10,946,341)

The City's legal compliance for budget to actual comparison is specified in Chapter 384.16 of the Code of Iowa and is for expenditures by program/function. The City budgets on a modified accrual basis. The legal level of control is at the aggregated function level, not at the fund or fund type level. Budgets are prepared on a program basis for all funds except the agency funds.

During the fiscal year 2015, the City held public hearings and amended the operating budget once. The amendment is as follows:

Program	Original Budget	5/18/15 Amendment	Amended Budget
Public Safety	$ 864,357	$ 23,850	$ 888,207
Public Works	990,123	36,500	1,026,623
Culture & Recreation	1,417,361	84,500	1,501,861
Community and Economic Development	82,617	1,500	84,117
General Government	852,604	39,000	891,604
Capital Projects	3,441,500	-	3,441,500
Debt Service	2,026,275	-	2,026,275
Business Type/Enterprise	54,715,368	-	54,715,368

CITY OF ORANGE CITY, IOWA
SCHEDULE OF FUNDING PROGRESS FOR THE
RETIREE HEALTH PLAN
For the Year Ended June 30, 2015

REQUIRED SUPPLEMENTARY INFORMATION

Year Ended June 30	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)- Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2009	July 1, 2009	* $ -	$112,988	$ 112,988	0.00%	$1,574,483	7.2%
2010	July 1, 2009	$ -	$112,988	$ 112,988	0.00%	$1,574,483	7.2%
2011	July 1, 2009	$ -	$112,988	$ 112,988	0.00%	$1,574,483	7.2%
2012	July 1, 2011	$ -	$106,540	$ 106,540	0.00%	$1,661,158	6.4%
2013	July 1, 2011	$ -	$106,540	$ 106,540	0.00%	$1,661,158	6.4%
2014	July 1, 2011	$ -	$106,540	$ 106,540	0.00%	$1,661,158	6.4%
2015	July 1, 2014	$ -	$ 92,520	$ 92,520	0.00%	$1,915,107	4.8%

* Fiscal 2009 was the first year for calculating the Post Employment Benefit Obligation so information from previous years in not available.

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

CITY OF ORANGE CITY, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST FISCAL YEAR*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

	2015	
	City	Component Unit
Entity's proportion of the net pension liability	0.0240195%	0.253294%
Entity's proportionate share of the net pension liability	$ 953	$ 10,045
Entity's covered-employee payroll	$ 2,102	$ 17,815
Entity's proportionate share of the net pension liability as a percentage of its covered employee payroll	43.58%	56.39%
Plan fiduciary net pension as a percentage of the total pension liability	87.61%	87.61%

*The amounts presented for each fiscal year were determined as of June 30.

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 Entity will present information for those years for which information is available.

CITY OF ORANGE CITY, IOWA
SCHEDULE OF THE CITY'S CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN YEARS (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2015

City	**2015**	**2014**	**2013**	**2012**	**2011**
Statutorily required contribution	$ 199	$ 193	$ 169	$ 154	$ 134
Contributions in relation to the statutorily required contribution	(199)	(193)	(169)	(154)	$ (134)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Entity's covered employee payroll	$ 2,187	$ 2,102	$ 1,875	$ 1,833	$ 1,786
Contributions as a percentage of covered-employee payroll	9.10%	9.18%	9.01%	8.40%	7.50%

City	**2010**	**2009**	**2008**	**2007**	**2006**
Statutorily required contribution	$ 130	$ 112	$ 105	$ 100	$ 93
Contributions in relation to the statutorily required contribution	(130)	(112)	(105)	(100)	(93)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Entity's covered employee payroll	$ 1,816	$ 1,659	$ 1,605	$ 1,544	$ 1,432
Contributions as a percentage of covered-employee payroll	7.16%	6.75%	6.54%	6.48%	6.49%

Component Unit	**2015**	**2014**	**2013**	**2012**	**2011**
Statutorily required contribution	$ 1,559	$ 1,505	$ 1,416	$ 1,263	$ 1,064
Contributions in relation to the statutorily required contribution	(1,559)	(1,505)	(1,416)	(1,263)	(1,064)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Hospital's covered employee payroll	$ 17,815	$ 17,561	$ 16,778	$ 16,443	$ 15,383
Contributions as a percentage of covered-employee payroll	8.75%	8.57%	8.43%	7.68%	6.92%

Component Unit	**2010**	**2009**	**2008**	**2007**	**2006**
Statutorily required contribution	$ 985	$ 941	$ 848	$ 785	$ 697
Contributions in relation to the statutorily required contribution	$ (985)	(941)	(848)	(785)	(697)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Hospital's covered employee payroll	$ 14,843	$ 15,080	$ 14,541	$ 13,478	$ 12,610
Contributions as a percentage of covered-employee payroll	6.64%	6.24%	5.83%	5.82%	5.53%

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 the 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 duration.

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

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

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 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.

OTHER SUPPLEMENTARY INFORMATION

CITY OF ORANGE CITY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
JUNE 30, 2015

	Special Revenue		Capital Projects
	USDA Revolving Loan	USDA IRP-Loan	Frankfort Place Extension
Assets			
Cash and Pooled Investments	$ 35	$ 55,649	$ -
Receivables (Net, where applicable, of allowance for uncollectibles)			
Notes Receivable	360,000	99,736	-
Due from Other Governmental Agencies	-	-	-
Total Assets	360,035	155,385	-
Liabilities			
Accounts Payable	-	-	12,497
Due to Other Funds	-	-	191,433
Total Liabilities	-	-	203,930
Fund Balances			
Nonspendable:			
Permanent Fund Principal	-	-	-
Restricted for:			
Economic Development	360,035	155,385	-
Unassigned	-	-	(203,930)
Total Fund Balances (Deficits)	360,035	155,385	(203,930)
Total Liabilities, and Fund Balances	$ 360,035	$ 155,385	$ -

Capital Projects				Permanent	Total
Dunlop Park Improvements	Downtown Streetscape Project	Daycare Expansion Project	2015 Streets Project	Cemetery Perpetual Care Fund	Governmental Nonmajor Funds
$ -	$ 5,970	$ -	$ -	$ 96,788	$ 158,442
-	-	-	-	-	459,736
50,943	-	123,441	-	-	174,384
50,943	5,970	123,441	-	96,788	792,562
47,094	50,263	189,761	210,467	-	510,082
200,429	-	398,865	132,241	-	922,968
247,523	50,263	588,626	342,708	-	1,433,050
-	-	-	-	96,788	96,788
-		-	-	-	515,420
(196,580)	(44,293)	(465,185)	(342,708)	-	(1,252,696)
(196,580)	(44,293)	(465,185)	(342,708)	96,788	(640,488)
$ 50,943	$ 5,970	$ 123,441	$ -	$ 96,788	$ 792,562

CITY OF ORANGE CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
Governmental Nonmajor Funds
For the Year Ended June 30, 2015

	Special Revenue		Capital Projects
	USDA Revolving Loan	USDA IRP-Loan	Frankfort Place Extension
Revenue:			
Special Assessments	$ -	$ -	$ -
Intergovernmental	300,000	33,750	-
Contributions from Property Owners	-	-	-
Interest on Investments	45	4,094	-
Miscellaneous	-	-	-
Total Revenue	300,045	37,844	-
Expenditures:			
Community and Economic Development	10	-	-
Capital Projects	-	-	201,289
Debt Service:			
Interest/Bond Costs	-	367	-
Total Expenditures	10	367	201,289
Excess (deficiency) of revenues over expenditures	300,035	37,477	(201,289)
Other financing sources (uses):			
Issuance of Debt	-	-	-
Transfers In	60,000	-	-
Total other financing sources (uses)	60,000	-	-
Net Change in Fund Balance	360,035	37,477	(201,289)
Fund balances (Deficits)-beginning of year	-	117,908	(2,641)
Fund balances (Deficits)- end of year	$ 360,035	$ 155,385	$ (203,930)

Capital Projects				Permanent	Total
Dunlop Park Improvements	Downtown Streetscape Project	Daycare Expansion Project	2015 Streets Project	Cemetery Perpetual Care Fund	Governmental Nonmajor Funds
$ -	$ 2,030	$ -	$ 875	$ -	$ 2,905
55,942	-	157,220	-	-	546,912
4,600	-	-	-	-	4,600
-	-	-	-	-	4,139
-	-	-	-	3,713	3,713
60,542	2,030	157,220	875	3,713	562,269
-	-	-	-	-	10
231,560	924,049	596,806	343,583	-	2,297,287
-	17,329	-	-	-	17,696
231,560	941,378	596,806	343,583	-	2,314,993
(171,018)	(939,348)	(439,586)	(342,708)	3,713	(1,752,724)
-	835,000	-	-	-	835,000
-	200,000	-	-	-	260,000
-	1,035,000	-	-	-	1,095,000
(171,018)	95,652	(439,586)	(342,708)	3,713	(657,724)
(25,562)	(139,945)	(25,599)	-	93,075	17,236
$ (196,580)	$ (44,293)	$ (465,185)	$ (342,708)	$ 96,788	$ (640,488)

CITY OF ORANGE CITY, IOWA
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended June 30, 2015

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
PAYROLL CLEARING				
Assets				
Cash and Cash Equivalents	$ 36,071	$ 974,627	$ 974,225	$ 36,473
Total Assets	36,071	974,627	974,225	36,473
Liabilities				
Accounts Payable	36,071	974,627	974,225	36,473
Total Liabilities	$ 36,071	$ 974,627	$ 974,225	$ 36,473

STATISTICAL SECTION

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

Contents **Page**

Financial Trends 82

These schedules contain trend information to help the reader understand how the Government's financial performance and well-being have changed over time.

Revenue Capacity 85

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity 89

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's abilityto issue additional debt in the future.

Operating Information 99

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.

Demographic and Economic Information 103

These schedules offer demographic and economic indicators to help the reader understand the environment within the government's financial activities take place.

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

City of Orange City
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Net Investment in Capital Assets	$ 10,447,176	$ 11,505,090	$ 11,563,418	$ 10,910,100	$ 10,393,481	$ 9,120,514	$ 10,326,246	$ 10,930,092	$ 10,998,957	$ 12,957,403
Restricted	103,957	109,467	96,313	93,701	1,469,772	1,183,616	1,011,688	1,799,523	1,194,599	1,780,488
Unrestricted	(2,496,606)	(2,131,149)	(1,054,152)	(1,186,561)	(2,184,050)	(1,755,888)	(1,009,192)	(2,897,122)	(2,337,049)	(4,044,115)
Total governmental activities net position	$ 8,054,527	$ 9,483,408	$ 10,605,579	$ 9,817,240	$ 9,679,203	$ 8,548,242	$ 10,328,742	$ 9,832,493	$ 9,856,507	$ 10,693,776
Business-type activities										
Net Investment in Capital Assets	$ 9,908,173	$ 10,124,878	$ 10,657,299	$ 10,959,620	$ 11,196,648	$ 12,126,884	$ 12,336,353	$ 13,537,488	$ 14,068,240	$ 15,609,054
Restricted	1,098,131	1,183,353	1,212,682	1,103,948	1,106,148	990,235	1,234,478	1,183,889	1,285,989	1,228,080
Unrestricted	6,657,609	6,183,553	6,393,401	6,903,632	7,833,765	8,292,614	8,740,929	8,214,047	10,048,505	9,959,744
Total business-type activities net position	$ 17,663,913	$ 17,491,784	$ 18,263,382	$ 18,967,200	$ 20,136,561	$ 21,409,733	$ 22,311,760	$ 22,935,424	$ 25,402,734	$ 26,796,878
Primary government										
Net Investment in Capital Assets	$ 20,355,349	$ 21,629,968	$ 22,220,717	$ 21,869,720	$ 21,590,129	$ 21,247,398	$ 22,662,599	$ 24,467,580	$ 25,067,197	$ 28,566,457
Restricted	1,202,088	1,292,820	1,308,995	1,197,649	2,575,920	2,173,851	2,246,166	2,983,412	2,480,588	3,008,568
Unrestricted	4,161,003	4,052,404	5,339,249	5,717,071	5,649,715	6,536,726	7,731,737	5,316,925	7,711,456	5,915,629
Total primary government net position	$ 25,718,440	$ 26,975,192	$ 28,868,961	$ 28,784,440	$ 29,815,764	$ 29,957,975	$ 32,640,502	$ 32,767,917	$ 35,259,241	$ 37,490,654

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities:										
Public Safety	$ 615,728	$ 628,231	$ 717,219	$ 767,486	$ 795,713	$ 830,457	$ 828,199	$ 833,780	$ 872,249	$ 872,626
Public Works	1,554,367	1,726,845	1,922,753	1,842,509	1,121,275	1,975,401	1,778,275	1,619,083	1,613,585	1,557,306
Culture and Recreation	934,012	1,008,064	772,638	1,702,991	2,149,142	1,311,021	1,454,835	1,434,484	1,291,006	1,499,304
Community and Economic Development	66,129	348,231	338,867	418,230	475,593	1,572,043	317,481	325,702	325,474	258,417
General Government	702,510	427,357	469,266	451,379	543,010	714,572	1,144,619	2,345,344	992,494	731,785
Capital Projects	-	-	477,310	-	-	-	-	-	-	-
Debt Service	325,456	363,550	339,423	404,733	338,853	347,165	542,187	431,845	355,325	338,539
Total governmental activities expenses	4,198,202	4,502,278	5,037,476	5,587,328	5,423,586	6,750,659	6,065,596	6,990,238	5,450,133	5,257,977
Business-Type Activities:										
Electric	4,649,895	5,098,083	5,496,756	6,170,727	6,582,661	6,891,993	6,941,319	6,327,351	6,684,885	7,074,776
Water	715,885	725,194	754,465	762,179	845,775	873,848	909,721	943,567	917,303	899,459
Sewer	472,866	466,201	490,251	477,046	533,308	601,445	596,619	523,094	540,096	571,113
Gas	4,501,118	4,106,127	4,360,806	3,754,752	2,995,251	2,858,896	2,069,753	2,013,797	2,675,250	2,134,813
Total business-type activities expenses	10,339,764	10,395,605	11,102,278	11,164,704	10,956,995	11,226,182	10,517,412	9,807,809	10,817,534	10,680,161
Total primary government expenses	14,537,966	14,897,883	16,139,754	16,752,032	16,380,581	17,976,841	16,583,008	16,798,047	16,267,667	15,938,138
Program Revenues										
Governmental activities:										
Charges for services:										
Public Safety	117,314	27,321	-	10,934	22,835	18,328	43,050	22,593	19,309	15,943
Public Works	321,340	204,800	203,127	224,791	226,434	246,619	241,952	257,210	312,823	310,203
Culture and Recreation	118,718	204,205	154,678	202,769	198,059	237,037	232,520	275,661	343,273	306,300
Community & Economic Development	25,635	25,511	17,086	19,751	58,036	22,883	81,442	31,480	32,099	46,335
General Government	17,416	12,002	8,549	30,341	12,809	11,805	46,580	48,534	41,174	35,662
Capital Projects	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	68,957	682,784	619,533	1,129,518	711,108	748,271	893,471	970,358	916,877	1,242,721
Capital grants and contributions	353,962	187,158	853,361	361,549	115,830	-	1,236,083	399,850	-	217,763
Total governmental activities program revenues	1,023,342	1,343,781	1,856,334	1,979,653	1,345,111	1,284,943	2,775,098	2,005,686	1,665,555	2,174,927
Business-type activities:										
Charges for services:										
Electric	5,151,705	5,459,146	6,010,908	6,642,889	7,076,337	7,427,476	7,640,948	7,011,542	7,522,021	7,805,183
Water	865,743	841,357	805,151	818,193	785,796	831,730	977,427	882,207	886,144	900,765
Sewer	556,229	544,123	535,191	629,144	546,929	566,441	609,951	606,825	592,445	715,410
Gas	4,629,777	4,224,868	4,559,301	3,985,313	3,286,965	3,027,700	2,129,278	2,156,043	2,809,763	2,114,065
Total business-type activities program revenues	11,203,454	11,069,494	11,910,551	12,075,539	11,696,027	11,853,347	11,357,604	10,656,617	11,810,373	11,535,423
Total primary government program revenues	12,226,796	12,413,275	13,766,885	14,055,192	13,041,138	13,138,290	14,132,702	12,662,303	13,475,928	13,710,350
Net (expense)/revenue										
Governmental activities	(3,174,860)	(3,158,497)	(3,181,142)	(3,607,675)	(4,078,475)	(5,465,716)	(3,290,498)	(4,984,552)	(3,784,578)	(3,083,050)
Business-type activities	863,690	673,889	808,273	910,835	739,032	627,165	840,192	848,808	992,839	855,262
Total primary government net expense	$ (2,311,170)	$ (2,484,608)	$ (2,372,869)	$ (2,696,840)	$ (3,339,443)	$ (4,838,551)	$ (2,450,306)	$ (4,135,744)	$ (2,791,739)	$ (2,227,788)

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 2,264,411	$ 2,460,542	$ 2,511,016	$ 2,671,193	$ 2,715,434	$ 2,819,037	$ 3,265,842	$ 3,298,474	$ 3,478,291	$ 3,515,407
Local option sales tax	527,909	558,312	607,761	642,603	596,463	646,042	669,520	736,474	710,785	792,255
Investment Earnings	41,833	102,119	93,735	28,217	7,586	3,963	11,297	9,621	2,328	8,935
General Intergovernmental Revenue	467,540	-	-	-	-	-	-	-	-	-
Gain on Sale of Assets	-	38,640	-	3,000	189,700	100,120	94,548	145,696	52,023	55,600
Miscellaneous	228,319	106,100	926,494	189,587	149,288	196,505	117,618	117,465	45,850	97,363
Transfers	326,004	1,321,665	243,448	319,120	281,967	569,088	912,173	442,342	(480,685)	451,895
Total governmental activities	3,856,016	4,587,378	4,382,454	3,853,720	3,940,438	4,334,755	5,070,998	4,750,072	3,808,592	4,921,455
Business-type activities										
Investment Earnings	126,627	154,986	172,553	63,023	15,464	18,935	18,772	18,988	16,015	32,655
Gain on Sale of Joint Venture										926,349
Miscellaneous	37,173	95,661	34,220	49,080	105,173	313,364	955,236	382,211	977,771	364,780
Transfers	(326,004)	(1,321,665)	(243,448)	(319,120)	(281,967)	(569,088)	(912,173)	(442,342)	480,685	(451,895)
Total business-type activities	(162,204)	(1,071,018)	(36,675)	(207,017)	(161,330)	(236,789)	61,835	(41,143)	1,474,471	871,889
Total primary government	3,693,812	3,516,360	4,345,779	3,646,703	3,779,108	4,097,966	5,132,833	4,708,929	5,283,063	5,793,344
Change in Net Position										
Governmental activities	681,156	1,428,881	1,201,312	246,045	(138,037)	(1,130,961)	1,780,500	(234,480)	24,014	1,838,405
Business-type activities	701,486	(397,129)	771,598	703,818	577,702	390,376	902,027	807,665	2,467,310	1,727,151
Total primary government	$ 1,382,642	$ 1,031,752	$ 1,972,910	$ 949,863	$ 439,665	$ (740,585)	$ 2,682,527	$ 573,185	$ 2,491,324	$ 3,565,556

City of Orange City
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Hotel/Motel Tax	Total
2006	$ 2,264,411	$ 490,917	$ 36,992	$ 2,792,320
2007	2,460,542	523,641	34,671	3,018,854
2008	2,511,016	574,054	33,707	3,118,777
2009	2,681,252	610,329	32,274	3,323,855
2010	2,714,146	567,477	28,986	3,310,609
2011	2,819,037	612,552	33,490	3,465,079
2012	3,265,842	636,004	33,516	3,935,362
2013	3,298,474	697,311	39,163	4,034,948
2014	3,478,291	665,445	45,340	4,189,076
2015	$ 3,516,500	$ 729,579	$ 62,676	$ 4,308,755

City of Orange City
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accural basis of accounting)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General fund										
Unreserved/ Unassigned	$ 1,098,999	$ 1,308,413	$ 1,147,069	$ 1,018,865	$ 726,767	$ 1,611,731	$ 1,685,923	$ 1,662,462	$ 1,485,642	$ 1,455,766
Total General Fund	$ 1,098,999	$ 1,308,413	$ 1,147,069	$ 1,018,865	$ 726,767	$ 1,611,731	$ 1,685,923	$ 1,662,462	$ 1,485,642	$ 1,455,766
All other governmental funds										
Reserved	$ 121,990	$ 125,079	$ 140,039	$ 142,036	$ 139,667	$ -	$ -	$ -	$ -	$ -
Nonspendable						108,324	113,584	99,475	102,475	105,923
Spendable - Restricted	-	-	-	-	-	1,075,292	3,388,875	1,729,040	1,118,673	1,703,352
Spendable - Assigned	-	-	-	-	-	52,504	6,000	9,683	-	-
Spendable - Unassigned	-	-	-	-	-	(852,789)	(240,584)	(656,870)	(193,747)	(1,252,696)
Unreserved, reported in:										
Special revenue funds	864,920	1,045,140	1,177,108	993,887	1,355,796	-	-	-	-	-
Capital project funds	(1,252,923)	16,610	(330,111)	(381,481)	(233,248)	-	-	-	-	-
Total all other governmental funds	$ (266,013)	$ 1,186,829	$ 987,036	$ 754,442	$ 1,262,215	$ 383,331	$ 3,267,875	$ 1,181,328	$ 1,027,401	$ 556,579

Note: GASB 54 implemented in 2011 and therefore only 5 years presented.

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

	2006	2007	2008	2009
Revenues				
Taxes	$ 1,860,705	$ 1,970,930	$ 2,030,435	$ 2,114,229
Special Assessments	-	-	-	-
Licenses and permits	3,834	3,653	5,120	3,859
Intergovernmental	955,020	776,619	1,857,893	1,491,067
Charges for services	296,673	396,031	381,090	434,216
Fines and Forfeits	25,988	24,537	31,304	25,239
Contributions from Property Owners	21,084	12,965	9,686	6,788
TIF Revenue	437,610	487,942	496,167	567,023
Local Options Sales Tax	527,909	558,312	607,761	642,603
Investment Earnings	41,834	102,119	93,737	29,767
Miscellaneous	416,602	236,076	499,514	209,521
Total revenues	4,587,259	4,569,184	6,012,707	5,524,312
Expenditures				
Public safety	609,050	618,705	896,293	882,662
Public works	777,744	776,065	937,386	1,055,055
Culture and recreation	819,792	906,654	1,194,084	1,492,116
Community and economic development	63,075	349,564	337,597	418,465
General government	713,236	428,095	453,942	428,584
Capital projects	1,867,298	1,935,310	1,799,431	718,347
Debt service				
Principal	695,000	780,000	870,000	825,000
Interest	393,084	358,240	352,962	384,001
Total expenditures	5,938,279	6,152,633	6,841,695	6,204,230
Excess of revenues over (under) expenditures	(1,351,020)	(1,583,449)	(828,988)	(679,918)
Other financing sources (uses)				
Issuance of Debt	1,385,000	450,000	1,650,000	-
Proceeds From Sale of Fixed Assets	-	38,640	12,224	-
Transfers In	1,275,555	2,267,414	1,276,556	2,085,762
Transfers Out	(949,551)	(945,749)	(1,033,108)	(1,766,642)
Total other financing sources (uses)	1,711,004	1,810,305	1,905,672	319,120
Net change in fund balances	$ 359,984	$ 226,856	$ 1,076,684	$ (360,798)
Debt Service as a percentage of noncapital expenditures	26.7%	27.0%	24.3%	22.0%

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

Fiscal Year					
2010	2011	2012	2013	2014	2015
$ 2,150,832	$ 2,357,270	$ 2,579,057	$ 2,551,158	$ 2,663,304	$ 2,663,371
32,393	-	-	-	611	2,989
3,927	4,541	5,288	5,600	6,348	6,326
826,938	748,271	1,969,554	1,242,033	860,790	1,418,642
432,831	440,500	535,950	588,213	710,928	679,390
28,798	28,640	44,919	40,664	29,896	25,142
5,005	8,109	2,029	1,001	53,087	58,130
563,314	468,922	688,900	748,320	815,553	853,129
596,463	646,042	669,520	736,474	710,785	792,255
7,586	3,963	11,297	9,621	2,328	8,935
326,357	342,347	429,524	391,336	106,335	137,271
4,974,444	5,048,605	6,936,038	6,314,420	5,959,965	6,645,580
1,074,560	757,212	790,598	749,557	811,614	864,188
1,128,842	810,124	1,018,539	1,027,380	1,098,769	990,558
1,107,667	1,102,791	1,265,084	1,215,909	1,231,065	1,578,372
345,945	221,428	317,787	325,237	325,398	257,568
601,476	695,362	1,150,288	2,215,628	866,915	613,733
1,414,710	2,336,490	5,601,071	856,115	1,541,643	2,302,188
1,450,000	850,000	2,770,000	3,475,000	1,330,000	1,490,000
371,011	347,366	663,442	435,210	357,768	336,301
7,494,211	7,120,773	13,576,809	10,300,036	7,563,172	8,432,908
(2,519,767)	(2,072,168)	(6,640,771)	(3,985,616)	(1,603,207)	(1,787,328)
2,425,000	1,500,000	8,685,000	1,450,000	905,000	835,000
27,850	-	-	-	-	-
1,273,474	1,135,326	1,718,587	1,227,493	1,933,500	1,211,895
(991,507)	(566,238)	(806,414)	(785,151)	(1,566,040)	(760,000)
2,734,817	2,069,088	9,597,173	1,892,342	1,272,460	1,286,895
$ 215,050	$ (3,080)	$ 2,956,402	$ (2,093,274)	$ (330,747)	$ (500,433)
30.0%	25.0%	43.0%	41.4%	38.9%	42.4%

City of Orange City
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property		Utilities		Total		Assessed Value as a Percentage of Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2006	$ 135,062,294	$ 218,543,204	$ 2,881,675	$ 2,881,675	$ 137,943,969	$ 221,424,879	62.30%
2007	144,958,608	239,180,184	4,698,999	4,698,999	149,657,607	243,879,183	61.37%
2008	150,547,386	253,255,181	1,423,254	1,423,254	151,970,640	254,678,435	59.67%
2009	160,105,919	277,172,987	1,576,622	1,576,622	161,682,541	278,749,609	58.00%
2010	170,291,914	285,044,596	1,622,383	1,622,383	171,914,297	286,666,979	59.97%
2011	179,718,563	298,824,053	1,530,692	1,530,692	181,249,255	300,354,745	60.35%
2012	186,572,943	307,648,687	1,504,207	1,504,207	188,077,150	309,152,894	60.84%
2013	193,695,499	312,339,104	1,439,678	1,439,678	195,135,177	313,778,782	62.19%
2014	203,344,454	319,146,298	1,397,513	1,397,513	204,741,967	320,543,811	63.87%
2015	212,032,667	332,787,311	1,344,293	1,344,293	213,376,960	334,131,604	63.86%

Source: Assessed Values are obtained from the Sioux County Courthouse - Assessor's Office.

City of Orange City
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

	City of Orange City			Overlapping Rates							
				Sioux County			MOC-FV School District				
Fiscal Year	Operating Millage	Debt Service Millage	Total City Millage	Operating Millage	Debt Service Millage	Total County Millage	Operating Millage	Debt Service Millage	Total School Millage	Area Vocational School	Total Direct & Overlapping Rates
2006	7.7024	7.0606	14.7630	5.94423	0.20000	6.14423	12.42950	0.35027	12.77977	0.58365	34.2707
2007	7.6510	6.8721	14.5231	5.89492	0.23671	6.13163	12.34459	0.36235	12.70694	0.66202	34.0237
2008	7.7150	6.8502	14.5652	5.62931	0.40462	6.03393	12.71788	-	12.71788	0.67287	33.9899
2009	7.8009	6.5598	14.3607	5.19800	0.40840	5.60640	11.99370	-	11.99370	0.68751	32.6483
2010	7.8840	5.8294	13.7134	5.07305	0.44328	5.51633	11.99250	-	11.99250	0.65473	31.8770
2011	7.8530	6.1102	13.9632	4.98456	0.39015	5.37471	12.77383	-	12.77383	0.67631	32.7881
2012	7.8767	7.2532	15.1299	4.98854	0.37498	5.36352	11.69433	-	11.69433	0.65058	32.8383
2013	7.8835	6.5769	14.4604	4.99109	0.34907	5.34016	11.72321	-	11.72321	0.64379	32.1675
2014	7.9024	6.5389	14.4413	4.96936	0.36585	5.33521	10.91617	-	10.91617	0.69069	31.3834
2015	7.9280	6.0227	13.9507	5.09107	0.34004	5.43111	10.43910	-	10.43910	0.69099	30.5119

Taxes due July 1

Taxes delinquent first half - October 1; second half - April 1.

Penalties for delinquency: 1.5 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 Sioux County and distributed to the City of Orange City in proportion of its levy to all levies.

Tax sale date: first Monday in June.

Source: The tax rates are obtained from the Sioux County Courthouse - Auditor's Office.

City of Orange City
Principal Property Taxpayers
June 30, 2015

	2015			2006		
Taxpayer	Assessed Value	Rank	Percentage of Total Assessed Value	Assessed Value	Rank	Percentage of Total Assessed Value
Vogel Enterprises Inc.	$ 9,796,440	1	4.6%	$ 7,859,280	2	6.9%
SCC10 Orange City	9,167,090	2	4.3%	8,882,303	1	7.8%
Premium Pet Health LLC	4,917,840	3	2.3%			
Prairie Winds Hotel Holdings	4,204,220	4	2.0%			
Tech Industries LLC	3,705,180	5	1.7%			
OCDC, Inc.	2,937,050	6	1.4%			
Groeneweg, Ardie Rev Trust	2,404,640	7	1.1%			
Krull Ltd.	1,836,350	8	0.9%	1,532,079	5	1.3%
Iowa State Bank Orange City	1,770,590	9	0.9%	1,434,535	6	1.3%
Revival Animal Health Inc.	1,592,410	10	0.8%	1,151,380	8	1.0%
Advanced Brands LLC				3,541,440	3	3.1%
Midwest Farmers Coop				1,637,774	4	1.4%
Northwest Rural Electric Coop				1,421,292	7	1.2%
Northwestern Bank Orange City				897,365	9	0.8%
South-Town Real Estate Inc.				871,180	10	0.8%
Totals	$ 42,331,810		20.0%	$ 29,228,628		25.6%

Source: Assessed Values are obtained from the Sioux County Courthouse - Assessor's Office.

City of Orange City
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended 6/30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2006	$ 1,858,206	$ 1,858,206	100.00%	$ 2,499	$ 1,860,705	100.13%
2007	1,964,663	1,964,663	100.00%	6,267	1,970,930	100.32%
2008	2,024,653	2,024,653	100.00%	5,782	2,030,435	100.29%
2009	2,099,098	2,099,098	100.00%	15,131	2,114,229	100.72%
2010	2,127,308	2,127,308	100.00%	23,524	2,150,832	101.11%
2011	2,351,672	2,351,672	100.00%	5,598	2,357,270	100.24%
2012	2,526,838	2,526,838	100.00%	52,219	2,579,057	102.07%
2013	2,545,732	2,545,732	100.00%	5,426	2,551,158	100.21%
2014	2,660,808	2,660,808	100.00%	2,496	2,663,304	100.09%
2015	2,658,993	2,658,993	100.00%	4,378	2,663,371	100.16%

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

City of Orange City
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities: General Obligation Bonds	Business-Type Activities: Electric Bonds	Business-Type Activities: Water Bonds	Business-Type Activities: Sewer Bonds	Business-Type Activities: Gas Bonds	Total Primary Government	% of Personal Income	Per Capita
2006	$ 8,160,000	$ 1,885,000	$ 2,525,000	$ 1,000,000	$ 1,500,000	$ 15,070,000	499.95%	$ 2,696
2007	7,830,000	2,865,000	2,375,000	910,000	1,415,000	15,395,000	510.73%	2,755
2008	8,610,000	2,745,000	2,220,000	815,000	1,330,000	15,720,000	521.51%	2,677
2009	7,785,000	2,560,000	2,060,000	715,000	1,240,000	14,360,000	476.40%	2,446
2010	8,760,000	2,365,000	1,955,000	610,000	1,150,000	14,840,000	492.32%	2,527
2011	9,410,000	2,165,000	1,850,000	500,000	1,055,000	14,980,000	496.96%	2,495
2012	15,325,000	4,845,000	4,535,000	390,000	865,000	25,960,000	861.23%	4,324
2013	13,300,000	4,525,000	4,420,000	260,000	765,000	23,270,000	771.99%	3,876
2014	12,875,000	4,180,000	2,745,000	130,000	660,000	20,590,000	771.99%	3,876
2015	$ 12,220,000	$ 3,830,000	$ 2,540,000	$ -	$ 555,000	$ 19,145,000	771.99%	$ 3,876

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

See the Schedule of Demographic and Economic Statistics on page 95 for personal income and popluation data.

City of Orange City
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property	Per Capita
2006	$ 8,160,000	$ 21,201	$ 8,138,799	3.72	$ 1,456.22
2007	7,830,000	24,606	7,805,394	3.26	1,396.56
2008	8,610,000	47,569	8,562,431	3.31	1,458.18
2009	7,785,000	49,021	7,735,979	2.80	1,384.14
2010	8,760,000	42,202	8,717,798	3.07	1,559.81
2011	9,410,000	64,480	9,345,520	3.11	1,672.13
2012	15,325,000	2,496,771	12,828,229	4.17	2,295.26
2013	13,300,000	76,972	13,223,028	4.24	2,202.37
2014	12,875,000	66,652	12,808,348	4.03	2,133.30
2015	$ 12,220,000	$ 94,881	$ 12,125,119	3.63	$ 2,019.51

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

Population data can be found in the Schedule of Demographic and Economic Statistics.

See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

City of Orange City
Direct and Overlapping Governmental Activities Debt
As of June 30, 2015

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [1]	Estimated Share of Overlapping Debt
Debt repaid with property taxes: School District	$ -	45.89%	$ -
Debt repaid with property taxes; Sioux County	6,815,000	14.63%	997,035
Subtotal, overlapping debt			$ 997,035
City of Orange City direct debt			12,220,000
Total direct and overlapping debt			$ 13,217,035

Sources: Debt outstanding data provided by the school and Sioux County Auditor Office.

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

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

City of Orange City
Legal Debt Margin Information
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt Limit	$ 11,071,244	$ 12,193,959	$ 12,662,759	$ 13,817,547	$ 14,333,349	$ 15,017,737	$ 15,381,996	$ 15,615,047	$ 15,957,315	$ 16,639,365
Total net debt applicable to limit	8,128,733	7,805,394	8,562,431	7,735,979	8,717,798	9,410,000	12,828,229	13,226,028	12,808,348	12,125,119
Legal debt margin	$ 2,942,511	$ 4,388,565	$ 4,100,328	$ 6,081,568	$ 5,615,551	$ 5,607,737	$ 2,553,767	$ 2,389,019	$ 3,148,967	$ 4,514,246
Total net debt applicable to the limit as a percentage of debt limit	73.42%	64.01%	67.62%	55.99%	60.82%	62.66%	83.40%	84.70%	80.27%	72.87%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value	$ 332,787,300
Add back: exempt real property	-
Total assessed value	332,787,300
Debt limit (5% of total assessed value)	16,639,365
Debt applicable to limit:	
General obligation bonds	12,125,119
Total net debt applicable to limit	12,125,119
Legal debt margin	$ 4,514,246

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

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

City of Orange City
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Electric Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2006	$ 5,198,997	$ 4,119,213	$ 1,079,784	$ 120,000	$ 69,598	5.70
2007	5,526,151	4,458,342	1,067,809	120,000	67,228	5.70
2008	6,099,521	4,924,582	1,174,939	120,000	113,070	5.04
2009	6,694,451	5,431,989	1,262,462	185,000	109,828	4.28
2010	7,109,106	5,855,120	1,253,986	195,000	103,259	4.20
2011	7,478,164	6,123,211	1,354,953	200,000	96,163	4.58
2012	8,310,961	6,194,388	2,116,573	1,320,000	95,348	1.50
2013	7,057,722	5,374,681	1,683,041	320,000	102,769	3.98
2014	7,999,338	5,559,030	2,440,308	345,000	99,014	5.50
2015	7,889,276	5,756,923	2,132,353	350,000	94,185	4.80

Fiscal Year	Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2006	$ 899,840	$ 403,089	$ 496,751	$ 145,000	$ 103,638	2.00
2007	879,053	412,036	467,017	150,000	100,573	1.86
2008	836,792	436,143	400,649	155,000	98,444	1.58
2009	849,428	434,916	414,512	160,000	93,700	1.63
2010	848,050	472,818	375,232	105,000	90,147	1.92
2011	1,103,182	541,275	561,907	105,000	86,531	2.93
2012	1,270,145	539,261	730,884	110,000	117,801	3.21
2013	1,218,594	519,783	698,811	115,000	137,969	2.76
2014	1,252,319	545,862	706,457	1,675,000	99,558	0.40
2015	$ 1,008,205	$ 559,105	$ 449,100	$ 205,000	$ 60,863	1.69

Note: Operating Expenses do not include depreciation expense

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

City of Orange City
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2006	$ 593,671	$ 253,267	$ 340,404	$ 170,000	$ 54,853	1.51
2007	578,003	268,559	309,444	90,000	49,243	2.22
2008	566,841	272,846	293,995	95,000	46,120	2.08
2009	653,684	272,149	381,535	100,000	41,567	2.70
2010	570,344	307,400	262,944	105,000	36,646	1.86
2011	574,887	385,032	189,855	95,000	31,369	1.50
2012	619,534	396,497	223,037	630,000	10,731	0.35
2013	625,457	364,652	260,805	130,000	3,737	1.95
2014	742,217	357,322	384,895	130,000	2,925	2.90
2015	914,621	399,720	514,901	130,000	1,625	3.91

Fiscal Year	Gas Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2006	$ 4,637,573	$ 4,368,962	$ 268,611	$ 80,000	$ 61,898	1.89
2007	4,241,273	3,974,228	267,045	85,000	60,138	1.84
2008	4,579,950	4,231,917	348,033	85,000	62,632	2.36
2009	3,990,079	3,628,756	361,323	90,000	57,548	2.45
2010	3,289,164	2,869,709	419,455	90,000	54,598	2.90
2011	3,029,413	2,714,939	314,474	95,000	51,344	2.15
2012	2,130,972	1,973,501	157,471	1,125,000	23,494	0.14
2013	2,156,043	1,920,062	235,981	100,000	15,448	2.04
2014	2,810,285	2,580,109	230,176	105,000	14,823	1.92
2015	$ 2,120,756	$ 1,957,138	$ 163,618	$ 105,000	$ 13,772	1.38

Note: Operating Expenses do not include depreciation expense

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

City of Orange City
Principal Employers
June 30, 2015

	2015			2006		
Employer	Employees	Rank	Percentage of Total City Population	Employees	Rank	Percentage of Total City Population
Staples Inc.	500	1	8.33%	350	4	6.26%
Orange City Health System	485	2	8.08%	460	2	8.23%
Diamond Vogel Paints	350	3	5.83%	375	3	6.71%
Premium Pet Health	225	4	3.75%	600	1	10.74%
Quatro Composites Inc.	200	5	3.33%	40	9	0.72%
Northwestern College	180	6	3.00%	187	5	3.35%
MOC-FV School District	180	7	3.00%			0.00%
Sioux County Courthouse	75	8	1.25%			0.00%
Civco Medical Solutions	75	9	1.25%	100	6	1.79%
Revival Animal Health	60	10	1.00%	60	7	1.07%
ES Liner Industrial				50	80	0.89%
Silent Drive Inc.				30	10	0.54%
Total	2,330		38.81%	2,252		40.29%

Note: Source for this data was obtained from Iowa Workforce Development

City of Orange City
Full-Time Equilvalent City Government Employees by Function
Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	9	9	9	9	9	10	10	10	10	10
Public Safety										
Police Officers	7	7	7	7	7	7	7	7	7	7
Highways and streets	3	3	3	3	3	3	3	3	3	3
Culture and recreation	3	3	3	3	3	3	3	3	3	2
Library	1	1	1	1	1	1	1	1	2	2
Electric	5	5	5	5	5	5	5	5	5	5
Water	2	2	2	2	2	2	2	2	2	2
Sewer	1	1	1	1	1	1	1	1	1	1
Gas	2	2	2	2	2	2	2	2	2	2
Total	33	33	33	33	33	34	34	34	35	34

Sources: Various city departments.

City of Orange City
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government										
Zoning Permits Issued	106	66	97	79	86	56	78	62	68	89
Police										
Physical Arrests	96	102	126	93	102	99	112	83	92	76
Parking Violations	246	239	310	240	252	231	247	281	274	224
Traffic Violations	373	355	384	284	291	460	442	430	439	368
Fire										
Emergency Responses	48	51	56	49	61	61	52	72	98	107
Fires Extinguished	13	8	7	6	4	5	7	11	13	7
Refuse Collection										
Refuse collected (tons per day)	8	8	8	9	10	9	9	9	9	9
Recyclables collected (tons per day)	1	1	1	1	1	1	1	1	1	1
Parks & Recreation										
Pool Passes Issued (Budget Pass)	205	130	114	113	122	93	86	79	71	63
Pool Passes Issued (Individual Pass)	88	73	75	53	78	60	52	47	42	80
Pool Passes Issued (Family Pass)	250	276	302	74	224	229	243	256	237	202
Pool Passes Issued (Senior Pass)	11	10	10	4	76	24	18	16	14	17
Library										
Volumes in collection	63,895	63,905	63,905	63,905	63,905	63,905	63,905	63,905	63,905	63,905
Total volumes borrowed	228,650	226,250	226,250	226,250	226,250	226,250	226,250	226,250	226,250	226,250
Water										
New connections	28	20	8	5	9	7	3	10	6	8
Water main breaks	2	3	2	1	3	4	5	10	7	6
Average daily consumption (thousands of gallor	1,005	953	916	887	983	821	920	819	821	815
Peak daily consumption (thousands of gallons)	1,900	2,028	2,028	1,700	1,500	1,900	2,100	2,120	2,115	1,900
Wastewater										
Average daily sewage treatment (thousands of (	1,000	950	913	884	1,149	1,456	1,473	753	748	748

Sources: Various city departments.

City of Orange City
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	4	4	4	4	4	4	4	4	4	4
Fire Station	1	1	1	1	1	1	1	1	1	1
Other Public Works										
Streets (miles)	46	47	47	47	47	47	49	49	50	51
Streetlights	958	961	985	889	927	927	928	933	938	942
Traffic Signals	2	2	2	2	2	2	2	2	2	2
Parks and recreation										
Aceage	223	223	230	230	230	230	230	230	230	230
Playgrounds	4	4	4	5	5	5	5	5	5	5
Baseball/softball diamonds	2	2	2	2	2	2	2	2	2	2
Soccer/football fields	4	4	4	4	4	4	4	4	4	4
Community Center	1	1	1	1	1	1	1	1	1	1
Water										
Water Mains (miles)	45	47	47	47	47	47	49	49	49	49
Fire Hydrants	275	275	282	282	282	282	285	285	285	285
Storage capacity (thousands of gallons)	950	950	950	950	950	950	950	1,120	1,120	1,120
Wastewater										
Sanitary Sewers (miles)	41	41	41	41	41	41	43	43	43	43
Storm Sewer (miles)	19	19	19	19	19	19	21	21	21	21
Treatment capacity (thousands of gallons)	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000

Sources: Various city departments

City of Orange City
Demographic and Economic Statistics

Calendar Year	Population	Personal Income (thousands of dollars)	Per Capita Personal Income	Median Age	Education Level in Years of Schooling	School Enrollment	Unemployment Rate
2006	5,589	$ 30,143	$ 17,413	27.9	13	999	2.6%
2007	5,589	30,143	17,413	27.9	13	999	2.6%
2008	5,872	30,143	17,413	27.9	13	1950	2.3%
2009	5,872	30,143	22,142	28.5	16	1940	3.9%
2010	5,872	30,143	22,142	28.5	16	1940	3.9%
2011	6,004	30,143	22,142	28.5	16	1940	4.1%
2012	6,004	30,143	22,142	28.5	16	1940	4.1%
2013	6,004	30,143	20,768	29.0	16	1940	3.4%
2014	6,004	30,143	20,768	29.0	16	1940	2.9%
2015	6,004	30,143	20,768	29.0	16	1940	2.9%

Sources: Population, median age, and educational level information provided by the United States Census Bureau. School enrollment data provided by the Orange City school districts.

Note: Personal Income is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

Note: GASB 34 implemented in 2004.

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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*

Honorable Members of the City Council
City of Orange City, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, The aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Orange City, 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 Orange City, Iowa's basic financial statements and have issued our report thereon dated December 14, 2015. Our report includes a reference to other auditors. Other auditors audited the financial statements of the Orange City Area Health System, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be material weaknesses.

Compliance and Other Matters:
As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

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

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City during the course of our audit.

Williams & Lepsky, P.C.
Certified Public Accountants

Le Mars, Iowa
December 14, 2015

CITY OF ORANGE CITY, IOWA
Schedule of Findings
For the Year Ended June 30, 2015

Part I: Summary of the Independent Auditors' Results

(a) An unmodified opinion was issued on the financial statements.

(b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.

(c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

INSTANCES OF NON-COMPLIANCE:

No matters were reported.
There were no prior year audit findings.

Material Weakness:

2015-01 **Financial Reporting – Material Adjusting Journal Entries**

Condition and Criteria – The auditors were required to propose and have management post adjusting entries to the fund financial statements in order for the financial statements to conform with U.S. generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Effect – The financial statements provided by management are not presented entirely in accordance with U.S. generally accepted accounting principles..

Cause – With a limited number of personnel and current staff workload, the time constraints and staff expertise do not allow for all required year end U.S. GAAP adjusting journal entries to be posted.

Recommendation – We recommend that the City train additional staff on U.S. GAAP and government accounting standards to help reduce the amount of adjusting journal entries and increase their knowledge of the required reporting standards.

Views of Responsible Officials – City management feels that hiring additional personnel to implement the additional U.S. GAAP adjusting journal entries would not be cost effective. However, management has and will continue to monitor this process on a regular basis.

Part III: Other Findings Related to Required Statutory Reporting

III-A-15 Certified Budget

Condition and Criteria – City expenditures during the year ended June 30, 2015, exceeded amounts budgeted in the Community and Economic Development and Culture and Recreation functions.

Effect – The City is not in compliance with Chapter 384.18 of the Code of Iowa.

Part III: Other Findings Related to Required Statutory Reporting - (Continued)

Cause – The City approved a budget amendment on May 18, 2015. With limited personnel and time constraints, the City inadvertently omitted some items from the preparation of their budget amendment. This resulted in the Economic and Development and Culture and Recreation functions to be overspent. Economic and Development expenses did not account for TIF rebates and the Hotel/Motel expenses were incorrectly budgeted for in Culture and Recreation due to a park capital project. This capital project was initially expected to start in fiscal year 2016 but began in fiscal 2015 and resulted in the culture and recreation function exceeding the budget.

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

Views of Responsible Officials – The budget will be amended in the future, if applicable.

III-B-15 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

III-C-15 - Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.

III-D-15 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.

III-E-15 - Questionable Expenditures - We noted no questionable expenditures during our audit.

III-F-15 - Revenue Bonds - No violations of revenue bond resolutions were noted.

III-G-15 - Business Transactions – No business transactions between the City and city officials were noted during the course of the audit.

III-H-15 - Cash and Investments - We noted 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.

III-I-15 - Urban Renewal Annual Report – The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1.