

ANNUAL COMPREHENSIVE FINANCIAL REPORT  
OF THE  
CITY OF OTTUMWA, IOWA

FOR THE  
FISCAL YEAR ENDED  
JUNE 30, 2022

DEPARTMENT OF FINANCE

PHILIP RATH  
CITY ADMINISTRATOR

## INTRODUCTORY SECTION

CITY OF OTTUMWA, IOWA

TABLE OF CONTENTS  
JUNE 30, 2022

	<u>Page</u>
<u>Introductory Section</u>	
Table of Contents	I-III
Names of Principal Officials	IV
Organization Chart	V
Letter of Transmittal	VI-VIII
Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting	IX

Financial Section

<u>Independent Auditor's Report</u>	1-3
<u>Management's Discussion and Analysis</u>	4-10

Basic Financial Statements

	<u>Exhibit</u>	
Government-Wide Financial Statements:		
Statement of Net Position	1	11
Statement of Activities	2	12-13
Governmental Fund Financial Statements:		
Balance Sheet	3	14-15
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	4	16
Statement of Revenues, Expenditures and Changes in Fund Balances	5	17-18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	6	19
Proprietary Fund Financial Statements:		
Statement of Net Position	7	20
Reconciliation of the Statement of Net Position – Proprietary Funds to the Statement of Net Position	8	21
Statement of Revenues, Expenses and Changes in Fund Net Position	9	22
Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds to the Statement of Activities	10	23
Statement of Cash Flows	11	24-25
Notes to Financial Statements		26-67

Required Supplementary Information

Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – Governmental Funds and Proprietary Funds	68-69
Budget to GAAP Reconciliation/Notes to Required Supplementary Information – Budgetary Reporting	70
Schedule of the City's Proportionate Share of the Net Pension Liability – Municipal Fire and Police Retirement System of Iowa	71-72
Schedule of the City's Proportionate Share of the Net Pension Liability – Iowa Public Employees' Retirement System	73-74
Schedule of City's Contributions – Municipal Fire and Police Retirement System of Iowa	75-76
Schedule of City's Contributions – Iowa Public Employees' Retirement System	77-78
Notes to Required Supplementary Information – Municipal Fire and Police Retirement System of Iowa Pension Liability	79
Notes to Required Supplementary Information – Iowa Public Employees' Retirement System Pension Liability	80
Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes	81

CITY OF OTTUMWA, IOWA

TABLE OF CONTENTS  
JUNE 30, 2022

		<u>Page</u>
	<u>Other Supplementary Information</u>	
	<u>Schedule</u>	
Combining and Individual Fund Statements and Schedules:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	82
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	2	83
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	3	84-85
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	4	86-87
Nonmajor Capital Projects Funds:		
Combining Balance Sheet	5	88-89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	6	90-91
Nonmajor Permanent Funds:		
Combining Balance Sheet	7	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	8	93
Nonmajor Proprietary Funds:		
Combining Statement of Net Position	9	94
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	10	95
Combining Statement of Cash Flows	11	96
Internal Service Funds:		
Combining Statement of Net Position	12	97
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	13	98
Combining Statement of Cash Flows	14	99
Schedule of Expenditures of Federal Awards	15	100-101
	<u>Statistical Section – Unaudited</u>	
Statistical Section - Unaudited		102
Net Position by Component – Last Ten Fiscal Years – Unaudited		103-104
Changes in Net Position – Last Ten Fiscal Years – Unaudited		105-108
Governmental Activities Tax Revenues by Source – Last Ten Fiscal Years – Unaudited		109
Fund Balances of Governmental Funds – Last Ten Fiscal Years – Unaudited		110-111
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years – Unaudited		112-113
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years – Unaudited		114-115
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years – Unaudited		116-117
Principal Property Taxpayers – Current Year and Nine Years Ago – Unaudited		118
Property Tax Levies and Collections – Last Ten Fiscal Years – Unaudited		119
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years – Unaudited		120
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years – Unaudited		121
Direct and Overlapping Governmental Activities Debt – Unaudited		122



CITY OF OTTUMWA, IOWA

TABLE OF CONTENTS  
JUNE 30, 2022

	<u>Page</u>
<u>Statistical Section – Unaudited (Continued)</u>	
Legal Debt Margin Information – Last Ten Fiscal Years – Unaudited	123-124
Pledged-Revenue Coverage – Last Ten Fiscal Years – Unaudited	125
Demographic and Economic Statistics – Last Ten Fiscal Years – Unaudited	126
Principal Employers – Current Year and Nine Years Ago – Unaudited	127
Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years – Unaudited	128
Operating Indicators by Function – Last Ten Fiscal Years – Unaudited	129
Capital Asset Statistics by Function – Last Ten Fiscal Years – Unaudited	130-131
<u>Compliance Section</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	132-133
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	134-136
Schedule of Findings and Questioned Costs	137-139

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

## CITY OF OTTUMWA, IOWA

### OFFICIALS

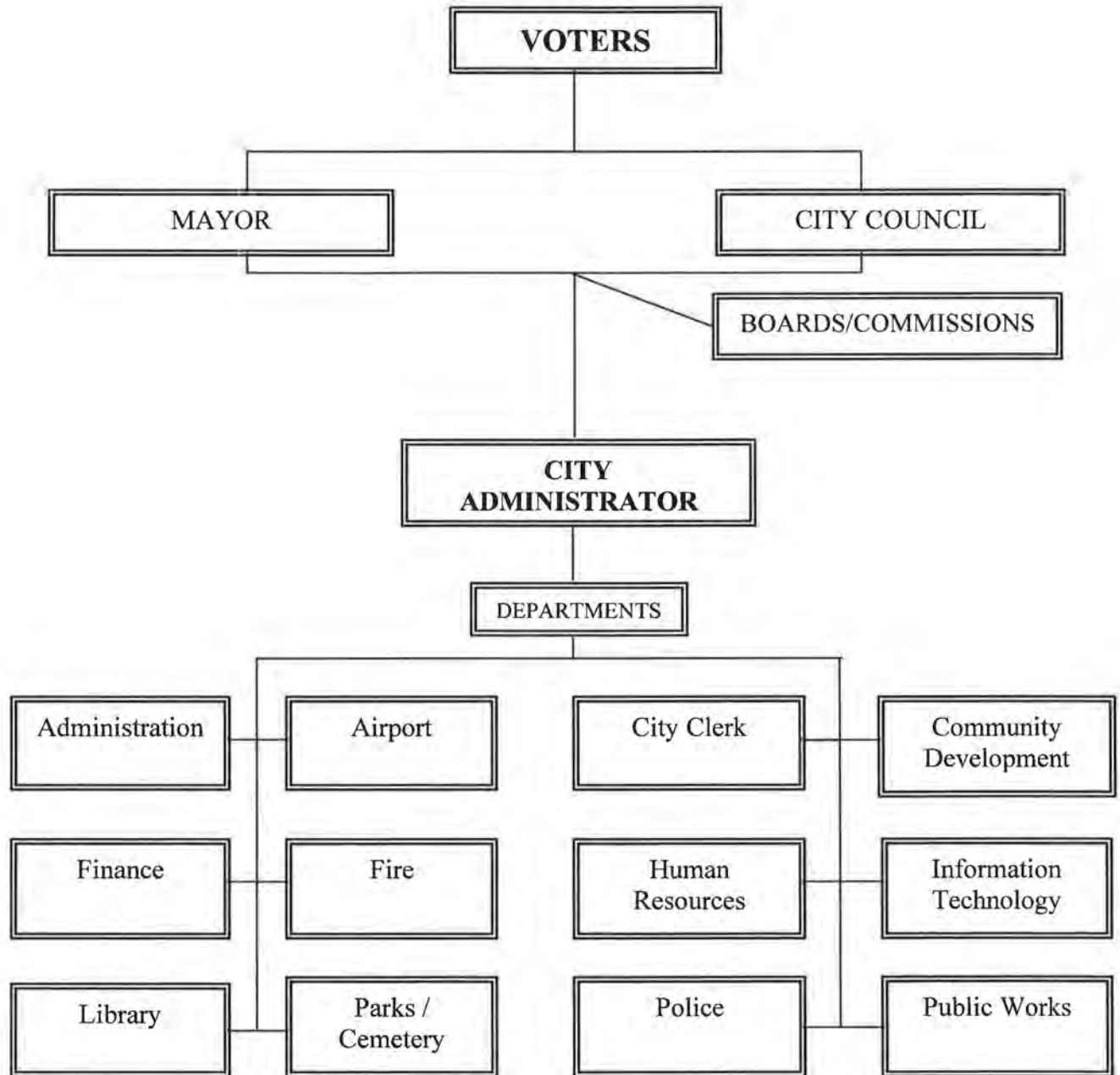
(Before January 2022)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tom Lazio	Mayor	January, 2022
Bob Meyers	Council Member	January, 2024
Marc Roe	Council Member	January, 2024
Skip Stevens	Council Member	January, 2022
Matt Dalbey	Council Member	January, 2022
Holly Berg	Council Member	January, 2022
Kala Mulder	Finance Director/Treasurer	Indefinite
Chris Reinhard	City Clerk	Indefinite
Philip Rath	City Administrator	Indefinite

(After January 2022)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Richard Johnson	Mayor	January, 2026
Russ Hall	Council Member	January, 2024
Marc Roe	Council Member	January, 2024
Doug McAntire	Council Member	January, 2026
Sandra Pope	Council Member	January, 2026
Cara Galloway	Council Member	January, 2026
Chris Reinhard	City Clerk	Indefinite
Philip Rath	City Administrator	Indefinite

# CITY OF OTTUMWA





[ CITY OF ]

O T T U M W A

March 17, 2023

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

State law requires that every City with a population over 2,000 complete a set of audited financial statements. The Annual Comprehensive Financial Report of the City of Ottumwa, Iowa for the fiscal year ended June 30, 2022 (FY22) is submitted herewith in accordance with the provisions of Section 384.22 of the Code of Iowa, 1995, as amended, the recommendations of the Government Finance Officers Association and in conformity with accounting principles generally accepted in the United States of America.

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

Anderson, Larkin & Co, P.C., have issued an unmodified ("clean") opinion on the City of Ottumwa's financial statements for the year ended June 30, 2022. 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 complements this letter of transmittal and should be read in conjunction with it.

### **Profile of the Government**

The City of Ottumwa, incorporated in 1851, is located in the southeastern part of the state. It currently occupies 16 square miles and serves a population of 25,379. The City of Ottumwa is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation.

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

The City of Ottumwa provides a full range of municipal services. These services include public safety (Police and Fire), airport, building & code enforcement, cemetery, engineering, parks & recreations, planning & development, public library, public works, water pollution control, solid waste disposal, performing arts and entertainment venue and general administrative services.



The Ottumwa Housing Authority and Ottumwa Water & Hydro are considered by the City to be substantially autonomous organizations and are, therefore, not included in this report. The City has one fund that is presented on discrete presentation basis. It is the Hazardous Materials (operated by the Ottumwa Fire Department). The City has entered into a Chapter 28E agreement executed with County governments in Southeast Iowa. The City is in charge of accounting, cash management and financial reporting for this 28E organization, however, it operates autonomously from the City Council, and thus it is presented separately. The Ottumwa/Wapello County Solid Waste Commission, operates for Wapello and Davis Counties and is also a 28E agreement.

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

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

The city administrator presents the annual budget to the City Council for consideration. The Council holds hearings with the public prior to the budget being adopted. By March 31, the adopted budget is certified to the County Auditor who, in turn, certifies the City budget to the Iowa Department of Management. This budget is effective July 1 and becomes the appropriations for the fiscal year. Strong emphasis is placed on monitoring of budgets especially by major classifications such as personal services, commodities and contractual services and capital outlay.

Ottumwa has a diversified industrial base and is the manufacturing center for Southeast Iowa. JBS Live Pork, LLC and John Deere Ottumwa Works employ 2,400 and 950 respectively. Please refer to the statistical section for more information on major employers in the City.

### **Major Initiatives**

The Ottumwa Sewer Separation Project continues to meet the terms of our long-term consent decree. Division 1 is well into year three, with an estimated to cost between \$25-40 million dollars. The current Sewer Separation phase was bonded for in FY20 at \$15 million and will last three years.

The City continues to focus on housing, which is one of the four themes of the Comprehensive Plan. Rippling Waters continues to enhance housing opportunities and Mission 500 was established with a goal of creating 500 dwelling units by 2030. The city will experience a major increase as a development of 108 units was approved along Bonita Avenue.

The city has also increased awareness of quality of life initiatives – another theme of the Comprehensive Plan. During this period the city approved a firm to complete a planned development of the Greater Ottumwa Park and continues to work with community partners to identify opportunities to enhance the riverfront. Additionally, the city approved a contract to construct a hotel on the site of the city's event center – Bridge View.

Tax rates for the City were lowered for the next fiscal year by \$1.00, with new property valuations assessed, the initiative to continue to lower rates should be obtainable.

### **Awards and Acknowledgments**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ottumwa for its comprehensive annual financial report for the fiscal year ended June 30, 2021. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Philip Rath", written in a cursive style.

Philip Rath  
City Administrator



Government Finance Officers Association

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

Presented to

**City of Ottumwa  
Iowa**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

## FINANCIAL SECTION





ANDERSON, LARKIN & CO., P.C.  
Certified Public Accountants  
"Your Success Is Our Business."

Kenneth E. Crosser, CPA  
April D. Crosser, CPA  
Michael J. Podliska, CPA  
Alexander T. Barr, CPA

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Ottumwa, Iowa as of and for the year ended June 30, 2022, and the related Notes to the Financial Statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Ottumwa, Iowa, as of June 30, 2022, and the respective changes in financial position, and, where applicable, its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of City of Ottumwa, Iowa and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### Emphasis of Matter

As discussed in Note 23 to the financial statements, City of Ottumwa, Iowa adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raised substantial doubt about the City of Ottumwa Iowa's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Ottumwa, Iowa's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements,
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Ottumwa, Iowa's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10, the Schedule of the Change in the City's Total Other Post-Employment Benefits Liability and Related Ratios and Notes on page 81, the Schedule of the City's Proportionate Share of the Net Pension Liability and Schedule of City Contributions for the Iowa Public Employee's Retirement System on pages 73 through 74, and pages 77 through 78, and page 80, the Schedule of the City's Proportionate Share of the Net Pension Liability and Schedule of City Contributions for the Municipal Fire and Police Retirement System of Iowa on pages 71 through 72, and pages 75 through 76, and page 79, the Budgetary Comparison Schedule of Receipts, Disbursements and Change in Fund Balances, Budget and Actual (Budget Basis) on pages 68 through 69, and Budgetary Basis to GAAP Reconciliation on page 70 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which 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.



### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Ottumwa, Iowa's basic financial statements. The supplementary information included in Schedules 1 through 15, including the Schedule of Expenditures of Federal Awards required by Title 2, *U.S. Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

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

### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 17, 2023, on our consideration of the City of Ottumwa, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City of Ottumwa, Iowa's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Ottumwa, Iowa's internal control over financial reporting and compliance.

ANDERSON, LARKIN & CO., P.C.

*Anderson, Larkin, & Co., P.C.*

Ottumwa, Iowa  
March 17, 2023

# MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Ottumwa, Iowa, we offer readers of the City of Ottumwa's financial statements this narrative overview and analysis of the financial statements of the City of Ottumwa for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages VI to VIII of this report.

## 2022 Financial Highlights

- The City of Ottumwa implemented Governmental Accounting Standards Board Statement (GASBS) No. 87, Leases, during fiscal year 2022. The implementation of this standard revised certain accounts related to leases, however, had no effect on the beginning net position for governmental activities.
- The assets and deferred outflows of resources of the City of Ottumwa exceeded its liabilities and deferred inflows of resources at the close of June 30, 2022, by \$138.3 million (net position).
- The government's net position increased by \$6.9 million.
- At the close of the current fiscal year, the City of Ottumwa's governmental funds reported combined ending fund balances of \$29.3 million, an increase of \$4.2 million as compared to the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3.6 million, or 23.3 percent of the total general fund expenditures.
- Total City debt increased by \$4.1 million (13.9 percent) during the current fiscal year. The City issued \$8.0 million of new bonds and retired \$3.9 million of existing bonds.

## Overview of the Financial Statements

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

The first two statements are highly condensed and present a government-wide view of the City's finances. The governmental activities of the City of Ottumwa include general government, police and fire protection, streets and public buildings operation and maintenance, and parks and recreation-oriented activities. The major business-type activities of the City include solid waste, sewer system and events center. Included within other business type activities are a transit system, and a golf course. The City's component unit, Hazardous Materials is also included. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

## Government-Wide Financial Statements

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

The Statement of Activities is also included in the government-wide financial statements. The focus of the Statement of Activities is to show how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave). The government-wide statements include the Statement of Net Position and the Statement of Activities and can be found on pages 11 through 13 of this report.

## Statement of Net Position as of June 30, 2022 and 2021:

This section discusses and analyzes the significant differences between this and the prior fiscal year. A condensed version of the Statement of Net Position as of June 30, 2022 and 2021 follows:

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

	June 30, 2022			June 30, 2021		
	Governmental Activities	Business Type Activities	Total Government	(Restated) Governmental Activities	Business Type Activities	(Restated) Total Government
Cash and investments	\$ 41,078.9	\$ 19,408.7	\$ 60,487.6	\$ 31,200.9	\$ 19,705.5	\$ 50,906.4
Other assets	19,495.2	2,276.3	21,771.5	18,381.1	2,418.8	20,799.9
Capital assets	<u>72,889.0</u>	<u>77,094.1</u>	<u>149,983.1</u>	<u>73,381.3</u>	<u>79,645.8</u>	<u>153,027.1</u>
Total assets	<u>133,463.1</u>	<u>98,779.1</u>	<u>232,242.2</u>	<u>122,963.3</u>	<u>101,770.1</u>	<u>224,733.4</u>
Deferred outflows of resources	<u>2,791.7</u>	<u>349.6</u>	<u>3,141.3</u>	<u>4,646.1</u>	<u>635.8</u>	<u>5,281.9</u>
Current liabilities	12,506.7	1,839.6	14,506.3	7,488.5	3,529.8	11,018.3
Noncurrent liabilities	<u>29,181.5</u>	<u>26,373.7</u>	<u>55,395.2</u>	<u>41,301.7</u>	<u>29,369.2</u>	<u>70,670.9</u>
Total liabilities	<u>41,688.2</u>	<u>28,213.3</u>	<u>69,901.5</u>	<u>48,790.2</u>	<u>32,899.0</u>	<u>81,689.2</u>
Deferred inflows of resources	<u>25,627.2</u>	<u>1,510.6</u>	<u>27,137.8</u>	<u>16,402.5</u>	<u>381.1</u>	<u>16,783.6</u>
Net position:						
Net investment in capital assets	50,905.1	56,418.1	107,323.2	54,412.9	57,604.3	112,017.2
Restricted	25,307.0	95.0	25,402.0	20,733.0	95.0	20,828.0
Unrestricted	<u>(7,272.7)</u>	<u>12,891.6</u>	<u>5,618.9</u>	<u>(12,729.2)</u>	<u>11,426.5</u>	<u>(1,302.7)</u>
Total net position	\$ <u>68,939.4</u>	\$ <u>69,404.7</u>	\$ <u>138,344.1</u>	\$ <u>62,416.7</u>	\$ <u>69,125.8</u>	\$ <u>131,542.5</u>

## Governmental Activities

The net position for governmental activities increased approximately \$6.5 million or 10.5 percent. This increase is primarily the result of a \$3.5 million decrease in net investment in capital assets, \$4.6 million increase in restricted net position and \$5.4 million increase in unrestricted net position.

## Business-Type Activities

Net position increased \$0.3 million or 0.4 percent for fiscal year 2022. This increase is primarily the result of a \$1.2 million decrease in net investment in capital assets combined with a \$1.5 million dollar increase in unrestricted net position.

## Statement of Activities for the Fiscal Years Ended June 30, 2022 and 2021:

A summary version of the Statement of Activities follows:



**Changes In Net Position**  
**For Fiscal Years Ended June 30, 2022 and 2021**  
(In Thousands)

	June 30, 2022			June 30, 2021		
	Governmental Activities	Business Type Activities	Total Government	Governmental Activities	Business Type Activities	Total Government
<b>Revenues:</b>						
Charges for services	\$ 7,694.3	\$ 10,086.7	\$ 17,781.0	\$ 7,249.4	\$ 9,667.6	\$ 16,917.0
Operating grants, contributions and restricted interest	4,977.7	18.2	4,995.9	5,275.9	15.7	5,291.6
Capital grants, contributions and restricted interest	1,360.5	-	1,360.5	2,203.0	-	2,203.0
General revenues:						
Property taxes	15,134.6	9.7	15,144.3	14,791.5	485.7	15,277.2
Local option sales tax	4,660.7	-	4,660.7	4,451.0	-	4,451.0
Other taxes	699.5	-	699.5	689.1	-	689.1
Investment income	80.4	77.2	157.6	119.1	127.5	246.6
Other	14.7	766.4	781.1	32.6	1,181.9	1,214.5
Total revenues	<u>34,622.4</u>	<u>10,958.2</u>	<u>45,580.6</u>	<u>34,811.6</u>	<u>11,478.4</u>	<u>46,290.0</u>
<b>Expenses:</b>						
General government	1,398.5	-	1,398.5	3,280.1	-	3,280.1
Public safety	9,309.7	-	9,309.7	9,970.7	-	9,970.7
Public services	9,889.6	-	9,889.6	10,639.8	-	10,639.8
Culture and recreation	2,777.3	-	2,777.3	3,747.8	-	3,747.8
Community development	601.1	-	601.1	849.5	-	849.5
Interest on long-term debt	1,215.9	-	1,215.9	572.0	-	572.0
Solid waste	-	2,716.9	2,716.9	-	3,471.9	3,471.9
Sewer utility	-	8,358.7	8,358.7	-	8,710.0	8,710.0
Events center	-	2,416.8	2,416.8	-	1,474.8	1,474.8
Ottumwa Transit	-	65.4	65.4	-	1,017.4	1,017.4
Golf course	-	29.1	29.1	-	25.8	25.8
Total expenses	<u>25,192.1</u>	<u>13,586.9</u>	<u>38,779.0</u>	<u>29,059.9</u>	<u>14,699.9</u>	<u>43,759.8</u>
Excess (deficiency) of revenue over (under) expenses	9,430.3	(2,628.7)	6,801.6	5,751.7	(3,221.5)	2,530.2
Transfers	(2,907.6)	2,907.6	-	(3,612.6)	3,612.6	-
Change in net position	6,522.7	278.9	6,801.6	2,139.1	391.1	2,530.2
Beginning net position	<u>62,416.7</u>	<u>69,125.8</u>	<u>131,542.5</u>	<u>60,277.6</u>	<u>68,734.7</u>	<u>129,012.3</u>
Ending net position	\$ <u>68,939.4</u>	\$ <u>69,404.7</u>	\$ <u>138,344.1</u>	\$ <u>62,416.7</u>	\$ <u>69,125.8</u>	\$ <u>131,542.5</u>

### Governmental Activities

Charges for services make up 22.2 percent of governmental revenues. The remaining revenue comes from taxes, primarily property taxes (43.7 percent), operating grants, contributions and restricted interest (14.4 percent) and capital grants and contributions (3.9 percent). Total Governmental activities for the City increased the net position by \$6,522,701. An increase in charges for services of \$444,951 and an increase in property taxes of \$343,053 contributed to the net position increase. Total expenses decreased by \$3,867,884 compared to the prior year and also contributed to the net position increase.

### Business Type Activities

Charges for services is the primary revenue source for business type activities (92.1 percent). Other revenue makes up 7.9 percent of the remaining revenues. Total Business-type activities for the City increased the net position by \$278,898. The increase in net position is primarily due to a \$1,112,985 decrease in expenses being offset by a \$476,060 decrease in property tax revenue and a \$415,504 decrease in other revenue.

### Fund Financial Statements

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

## Governmental Funds

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

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

The City of Ottumwa maintains 28 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, State Road Use Tax, Local Option Sales Tax, Tax Increment Financing, Employee Benefits, Downtown Streetscape, Street Projects, and Debt Service Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements found elsewhere in the report. The basic governmental fund financial statements can be found on pages 14 through 19 of this report.

Significant changes in fund balances are summarized below:

General Fund – Decreased \$335,090 primarily due to an increase in public safety expenditures and transfers out.

State Road Use Tax – Increased \$1,262,667 primarily from an increase in transfers in.

Local Option Sales Tax – Increased \$2,644,955 due to a decrease in transfers out.

Tax Increment Financing – Decreased \$423,700 as the result of a decrease in property tax revenues.

Employee Benefits – Increased \$610,725 due to a decrease in transfers out.

Street Projects – Decreased \$1,689,908 due to a decrease in intergovernmental revenues and a decrease in capital project expenditures.

Downtown Streetscape – Increased \$70,180 as the result of a decrease in capital projects expenditures.

Debt Service – Increased \$194,902 due to a decrease in debt service expenditures and an increase in property tax revenues.

## Proprietary Funds

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

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Solid Waste, Sewer Utility and Events Center as these are considered major proprietary funds of the City. Data from the other two enterprise funds are combined into a single aggregate presentation. Individual fund data for each of the non-major enterprise funds is provided in the form of combining statements elsewhere in this report. All Internal Service funds are combined into a single aggregate presentation in the proprietary fund financial statements. Individual fund amounts for internal service funds are provided in the form of combining statements found elsewhere in this report. The basic proprietary financial statements can be found on pages 20 through 25 of this report.

Significant changes in net position are summarized below:

Solid Waste – Decreased \$56,592 primarily due to a decrease in transfers in.

Sewer Utility – Decreased \$383,580 primarily due to a decrease in charges for service revenues and transfers in.

Events Center – Increased \$763,572 primarily due to an increase in charges for service revenues and transfers in.

## **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the amounts provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 26 through 67 of this report.

## **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including Management Discussion and Analysis, budget to actual comparisons for all budgetary funds, schedules of the City's proportionate share of MFPRSI and IPERS net pension liability, schedules of the City's MFPRSI and IPERS contributions, and a schedule of changes in the City's total OPEB liability, related ratios and notes. This required supplementary information can be found on pages 4 through 10 and 68 through 81 of this report.

The combining statements referred to earlier in connection with non-major special revenue, capital projects, and permanent funds (governmental), non-major enterprise funds, and internal service funds are presented immediately following the required supplementary information discussed above. Combining and individual fund statements and schedules can be found on pages 82 through 99 of this report. Additionally, the Schedule of Expenditures of Federal Awards can be found on pages 100 and 101 of this report.

## **Budgetary Highlights**

The City had one budget amendment during the fiscal year. The following summarizes the impact of the amendments on the City's finances. Total budgeted revenues and other sources increased \$3,545,491. Licenses and Permits increased \$35,000, Intergovernmental increased \$2,645,404, Use of Money and Property increased \$31,700, Charges for Service increased \$698,787, Other Fines increased \$27,500, and Miscellaneous increased \$107,100. Total budgeted expenditures and transfers out increased \$3,684,748. Public Safety increased \$345,311, Public Works decreased \$495,763, Culture and Recreation increased \$1,000, Community and Economic Development increased \$79,054, General Government increased \$171,600, Capital Projects increased \$1,518,769, Debt Service increased \$763,638, Business Type Activities increased \$1,301,139 and transfers out increased \$562,117.

The City's receipts were \$4,611,844 less than budgeted receipts, a variance of 9.8 percent. The most significant variance resulted from the City receiving less in intergovernmental, charges for service, and use of money and property revenue than originally anticipated, and receiving more in property and other city tax and miscellaneous revenue.

Total disbursements were \$7,387,733 less than budgeted. Actual disbursements for capital projects were \$8,219,908 less than budgeted. This is primarily due to the timing of various capital projects and other related expenditures.

Even with the amendments listed above, the City exceeded the budgeted amount in the public and safety, culture and recreation, community and economic development and business-type activities functions for the year ended June 30, 2022.

## **Capital Assets and Debt Administration**

### **Capital Assets**

As of June 30, 2022, the City had invested \$149,983.2 million in capital assets as reflected in the following table. This investment includes land, buildings, improvements, right-to-use lease assets, machinery and equipment. Infrastructure is also included. Additional information on the City of Ottumwa's capital assets can be found in the notes on pages 37 through 41 of this report.



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

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Totals</u>	
	<u>2022</u>	<u>2021 As Restated</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021 As Restated</u>
Land	\$ 3,542.8	\$ 3,542.8	\$ 2,126.2	\$ 2,126.2	\$ 5,669.0	\$ 5,669.0
Buildings	1,971.3	2,239.6	18,706.8	19,681.9	20,678.1	21,921.5
Improvements other than buildings	3,626.8	3,601.1	4,495.5	5,221.8	8,122.3	8,822.9
Machinery and equipment	2,885.5	3,261.7	1,405.2	1,870.4	4,290.7	5,132.1
Right-to use leased equipment	39.3	47.2	-	-	39.3	47.2
Infrastructure	48,114.9	42,977.4	39,016.7	42,138.7	87,131.6	85,116.1
Intangibles	-	-	43.1	48.8	43.1	48.8
Construction in progress	<u>12,708.4</u>	<u>17,711.5</u>	<u>11,300.6</u>	<u>8,558.0</u>	<u>24,009.0</u>	<u>26,269.5</u>
Total	\$ <u>72,889.0</u>	\$ <u>73,381.3</u>	\$ <u>77,094.1</u>	\$ <u>79,645.8</u>	\$ <u>149,983.1</u>	\$ <u>153,027.1</u>

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

<u>Change in Capital Assets</u> (In Thousand's)			
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Beginning Balance (as restated)	\$ 73,381.3	\$ 79,645.8	\$ 153,027.1
Additions, net of disposals	5,227.5	2,829.5	8,057.0
Depreciation, net of disposals	<u>(5,719.8)</u>	<u>(5,381.2)</u>	<u>(11,101.0)</u>
Ending balance	\$ <u>72,889.0</u>	\$ <u>77,094.1</u>	\$ <u>149,983.1</u>

### Debt Administration

The amount of debt outstanding at fiscal year-end was \$45.5 million as compared to \$41.4 million last fiscal year. New debt issued during the year amounted to \$8.0 million, while a total of \$3.9 million was retired. Of the total debt outstanding, \$37.0 million is backed by the full faith and credit of the City. The remaining \$8.5 million is backed by sewer revenue.

Outstanding Debt at Year End  
(In Thousand's)

	<u>2022</u>	<u>2021</u>
Governmental		
General obligation		
Abated by:		
Property taxes	\$ <u>24,876.0</u>	\$ <u>19,416.5</u>
Subtotals	<u>24,876.0</u>	<u>19,416.5</u>
Business type		
General obligation		
Abated by:		
Landfill	955.0	1,090.0
Sewer utility/Sales tax	11,169.0	11,973.5
Sewer revenue	<u>8,552.0</u>	<u>8,978.0</u>
Subtotals	<u>20,676.0</u>	<u>22,041.5</u>
Totals	\$ <u>45,552.0</u>	\$ <u>41,458.0</u>

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

For more detailed information on the City's debt and amortization terms, please refer to pages 42 through 47 of the Notes to Financial Statements.

**Economic Factors**

During the current fiscal year, the unassigned fund balance in the general fund decreased to \$3,626,329, a decrease of \$335,737 from last year.

**Next Year's Budget and Rates**

Taxable values increased by 8.6% percent which increased the general fund revenue by \$437,383. Taxable rates were reduced by \$1.00, from \$22.22 to \$21.22.

**Financial Information Contact**

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

## **BASIC FINANCIAL STATEMENTS**

## CITY OF OTTUMWA, IOWA

Exhibit 1

STATEMENT OF NET POSITION  
JUNE 30, 2022

	Primary Government			Component Unit	Total Reporting Unit
	Governmental Activities	Business Type Activities	Total Primary Government	Hazardous Materials	
<b>ASSETS:</b>					
Current assets:					
Cash, cash equivalents and pooled investments	\$ 41,078,918	\$ 19,408,721	\$ 60,487,639	\$ 144,974	\$ 60,632,613
Receivables:					
Property taxes:					
Delinquent	254,595	9,680	264,275	-	264,275
Succeeding year	14,539,844	91,665	14,631,509	-	14,631,509
Tax increment financing					
Delinquent	3,829	-	3,829	-	3,829
Succeeding year	1,592,546	-	1,592,546	-	1,592,546
Accounts	975,196	290,157	1,265,353	\$	1,265,358
Leases	252,391	-	252,391	-	252,391
Due from other governments	1,030,044	1,408,854	2,438,898	-	2,438,898
Inventory	63,428	-	63,428	-	63,428
Prepaid expenses	389,886	230,302	620,198	6,606	626,804
Total current assets	60,180,687	21,439,379	81,620,066	151,585	81,771,651
Noncurrent assets:					
Due from other governments	-	245,580	245,580	-	245,580
Deposit	25,000	-	25,000	-	25,000
Lease receivables, noncurrent	368,388	-	368,388	-	368,388
Capital assets:					
Land	3,542,781	2,126,177	5,668,958	-	5,668,958
Buildings	13,910,152	47,582,042	61,492,194	204,082	61,696,276
Improvements other than buildings	7,798,295	15,176,800	22,975,095	-	22,975,095
Machinery and equipment	15,549,901	10,615,196	26,365,097	392,143	26,757,240
Right-to-use leased assets	50,343	-	50,343	-	50,343
Infrastructure	120,315,198	64,642,106	184,957,302	-	184,957,302
Construction in progress	12,708,349	11,300,652	24,009,001	-	24,009,001
Less accumulated depreciation	(100,985,976)	(74,591,979)	(175,577,955)	(468,375)	(176,046,330)
Intangible assets	-	513,785	513,785	-	513,785
Less accumulated amortization	-	(470,638)	(470,638)	-	(470,638)
Total noncurrent assets	73,282,429	77,339,721	150,622,150	127,850	150,750,000
<b>TOTAL ASSETS</b>	<b>133,463,116</b>	<b>98,779,100</b>	<b>232,242,216</b>	<b>279,435</b>	<b>232,521,651</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Pension related deferred outflows	2,225,137	207,967	2,433,104	-	2,433,104
OPEB related deferred outflows	566,541	141,635	708,176	-	708,176
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>2,791,678</b>	<b>349,602</b>	<b>3,141,280</b>	<b>-</b>	<b>3,141,280</b>
<b>LIABILITIES:</b>					
Current liabilities:					
Accounts payable	3,625,785	289,217	3,915,002	836	3,915,838
Wages and benefits payable	321,722	52,756	374,478	-	374,478
Due to other governments	873,075	-	873,075	-	873,075
Accrued interest payable	80,974	25,146	106,120	-	106,120
Unearned revenue	1,486,269	-	1,486,269	-	1,486,269
Leases payable	11,690	-	11,690	-	11,690
General obligation bonds/notes	5,282,170	942,830	6,225,000	-	6,225,000
Revenue notes	-	434,000	434,000	-	434,000
Compensated absences	824,952	103,671	928,623	-	928,623
Total current liabilities	12,506,637	1,847,620	14,354,257	836	14,355,093
Long-term liabilities:					
General obligation bonds/notes	19,593,828	11,181,172	30,775,000	-	30,775,000
Revenue notes	-	8,118,000	8,118,000	-	8,118,000
Leases payable	27,297	-	27,297	-	27,297
Accrued landfill costs:					
Closure	-	3,184,651	3,184,651	-	3,184,651
Post closure	-	2,251,987	2,251,987	-	2,251,987
Net pension liability	3,160,853	30,049	3,190,902	-	3,190,902
Total OPEB liability	6,399,499	1,599,875	7,999,374	-	7,999,374
Total long-term liabilities	29,181,477	26,365,734	55,547,211	-	55,547,211
<b>TOTAL LIABILITIES</b>	<b>41,688,114</b>	<b>28,213,354</b>	<b>69,901,468</b>	<b>836</b>	<b>69,902,304</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenues:					
Pension related deferred inflows	8,511,868	1,328,417	9,840,285	-	9,840,285
OPEB related deferred inflows	362,194	90,549	452,743	-	452,743
Lease related deferred inflows	620,779	-	620,779	-	620,779
Succeeding year property tax	14,539,844	91,665	14,631,509	-	14,631,509
Succeeding year tax increment financing	1,592,546	-	1,592,546	-	1,592,546
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>25,627,231</b>	<b>1,510,631</b>	<b>27,137,862</b>	<b>-</b>	<b>27,137,862</b>
<b>NET POSITION:</b>					
Net investment in capital assets	50,905,082	56,418,139	107,323,201	127,850	107,451,051
Restricted for:					
Nonexpendable:					
Endowments	111,795	-	111,795	-	111,795
Perpetual care	750,770	-	750,770	-	750,770
Expendable:					
Endowments	25,894	-	25,894	-	25,894
State road use tax	5,806,022	-	5,806,022	-	5,806,022
Local option sales tax	6,920,221	-	6,920,221	-	6,920,221
Employee benefits	1,725,292	-	1,725,292	-	1,725,292
Street projects	2,479,956	-	2,479,956	-	2,479,956
Dial service	590,739	95,000	685,739	-	685,739
Downtown streetscape	142,220	-	142,220	-	142,220
Other non-major special revenue and capital projects	6,754,163	-	6,754,163	-	6,754,163
Unrestricted	(7,272,685)	12,891,578	5,618,893	150,749	5,769,642
<b>TOTAL NET POSITION</b>	<b>\$ 68,832,449</b>	<b>\$ 69,404,717</b>	<b>\$ 138,344,166</b>	<b>\$ 278,599</b>	<b>\$ 138,622,765</b>

See Accompanying Notes to Financial Statements

CITY OF OTTUMWA, IOWA

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges For Service</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
Primary government:				
Governmental activities:				
General government	\$ 1,398,496	\$ 1,073,220	\$ 639,621	\$ -
Public safety	9,309,704	815,952	335,380	-
Public services	9,889,525	4,482,861	3,705,722	1,318,811
Culture and recreation	2,777,337	1,134,290	296,918	-
Community development	601,127	188,016	-	41,692
Interest on long-term debt	1,215,883	-	-	-
Total governmental activities	<u>25,192,072</u>	<u>7,694,339</u>	<u>4,977,641</u>	<u>1,360,503</u>
Business-type activities:				
Solid waste	2,716,952	2,527,554	18,228	-
Sewer utility	8,358,649	6,420,762	-	-
Events center	2,416,807	1,138,403	-	-
Other business-type activities	94,484	-	-	-
Total business-type activities	<u>13,586,892</u>	<u>10,086,719</u>	<u>18,228</u>	<u>-</u>
Total primary government	\$ <u>38,778,964</u>	\$ <u>17,781,058</u>	\$ <u>4,995,869</u>	\$ <u>1,360,503</u>
Component unit:				
Hazardous materials	\$ <u>177,448</u>	\$ <u>20,825</u>	\$ <u>215,031</u>	\$ <u>-</u>
General revenues:				
Taxes:				
Property taxes				
Local option sales taxes				
Other taxes				
Unrestricted investment income				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - Beginning of year				
Net position - End of year				

Governmental Activities	Primary Government		Component Unit	Total Reporting Unit
	Business-type Activities	Total	Hazardous Materials	
\$ 314,345	\$ -	\$ 314,345	\$ -	\$ 314,345
(8,158,372)	-	(8,158,372)	-	(8,158,372)
(382,131)	-	(382,131)	-	(382,131)
(1,346,129)	-	(1,346,129)	-	(1,346,129)
(371,419)	-	(371,419)	-	(371,419)
(1,215,883)	-	(1,215,883)	-	(1,215,883)
(11,159,589)	-	(11,159,589)	-	(11,159,589)
-	(171,170)	(171,170)	-	(171,170)
-	(1,937,887)	(1,937,887)	-	(1,937,887)
-	(1,278,404)	(1,278,404)	-	(1,278,404)
-	(94,484)	(94,484)	-	(94,484)
-	(3,481,945)	(3,481,945)	-	(3,481,945)
(11,159,589)	(3,481,945)	(14,641,534)	-	(14,641,534)
-	-	-	58,408	58,408
15,134,582	9,680	15,144,262	-	15,144,262
4,660,643	-	4,660,643	-	4,660,643
699,490	-	699,490	-	699,490
80,402	77,209	157,611	610	158,221
14,741	766,387	781,128	-	781,128
(2,907,568)	2,907,568	-	-	-
17,682,290	3,760,844	21,443,134	610	21,443,744
6,522,701	278,899	6,801,600	59,018	6,860,618
62,416,748	69,125,818	131,542,566	219,581	131,762,147
\$ 68,939,449	\$ 69,404,717	\$ 138,344,166	\$ 278,599	\$ 138,622,765

## CITY OF OTTUMWA, IOWA

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2022**

ASSETS	General	State Road Use Tax	Local Option Sales Tax	Special Revenue	
				Tax Increment Financing	Employee Benefits
Cash, cash equivalents and pooled investments	\$ 4,956,082	\$ 5,564,746	\$ 6,555,810	\$ 25,629	\$ 1,636,768
Receivables:					
Property taxes:					
Delinquent	102,939	-	-	-	88,524
Succeeding year	5,155,451	-	-	-	5,024,613
Tax increment financing:					
Delinquent	-	-	-	3,829	-
Succeeding year	-	-	-	1,592,546	-
Accounts	647,062	24,110	-	-	-
Due from other governments	395,494	270,139	364,411	-	-
Due from other funds	86,202	80,048	-	-	-
Inventory	8,154	55,274	-	-	-
Prepays	13,000	-	-	-	-
Lease receivable	620,779	-	-	-	-
Deposit	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 11,985,163</b>	<b>\$ 5,994,317</b>	<b>\$ 6,920,221</b>	<b>\$ 1,622,004</b>	<b>\$ 6,749,905</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	\$ 948,435	\$ 98,960	\$ -	\$ 917,596	\$ -
Wages and benefits payable	253,920	34,061	-	-	-
Unearned revenue	1,359,095	-	-	-	-
Due to other funds	-	-	-	83,438	-
<b>TOTAL LIABILITIES</b>	<b>2,561,450</b>	<b>133,021</b>	<b>-</b>	<b>1,001,034</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenues:					
Lease related	620,779	-	-	-	-
Succeeding year property tax	5,155,451	-	-	-	5,024,613
Succeeding year tax increment financing	-	-	-	1,592,546	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>5,776,230</b>	<b>-</b>	<b>-</b>	<b>1,592,546</b>	<b>5,024,613</b>
<b>FUND BALANCES:</b>					
Nonspendable	21,154	55,274	-	-	-
Restricted	-	5,806,022	6,920,221	-	1,725,292
Unassigned	3,626,329	-	-	(971,576)	-
<b>TOTAL FUND BALANCES</b>	<b>3,647,483</b>	<b>5,861,296</b>	<b>6,920,221</b>	<b>(971,576)</b>	<b>1,725,292</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 11,985,163</b>	<b>\$ 5,994,317</b>	<b>\$ 6,920,221</b>	<b>\$ 1,622,004</b>	<b>\$ 6,749,905</b>

Exhibit 3

Capital Projects		Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Street Projects	Downtown Streetscape			
\$ 2,885,339	\$ 142,220	\$ 547,876	\$ 9,025,914	\$ 31,340,384
-	-	44,113	19,019	254,595
-	-	3,094,994	1,223,161	14,498,219
-	-	-	-	3,829
-	-	-	-	1,592,546
2,100	-	-	260,212	933,484
-	-	-	-	1,030,044
-	-	-	-	166,250
-	-	-	-	63,428
-	-	-	376,896	389,896
-	-	-	-	620,779
-	-	-	25,000	25,000
<u>\$ 2,887,439</u>	<u>\$ 142,220</u>	<u>\$ 3,686,983</u>	<u>\$ 10,930,202</u>	<u>\$ 50,918,454</u>
\$ 407,483	\$ -	\$ 1,250	\$ 514,006	\$ 2,887,730
-	-	-	33,741	321,722
-	-	-	127,174	1,486,269
-	-	-	82,812	166,250
<u>407,483</u>	<u>-</u>	<u>1,250</u>	<u>757,733</u>	<u>4,861,971</u>
-	-	-	-	620,779
-	-	3,094,994	1,223,161	14,498,219
-	-	-	-	1,592,546
<u>-</u>	<u>-</u>	<u>3,094,994</u>	<u>1,223,161</u>	<u>16,711,544</u>
-	-	-	1,239,387	1,315,815
2,479,956	142,220	590,739	7,709,921	25,374,371
-	-	-	-	2,654,753
<u>2,479,956</u>	<u>142,220</u>	<u>590,739</u>	<u>8,949,308</u>	<u>29,344,939</u>
<u>\$ 2,887,439</u>	<u>\$ 142,220</u>	<u>\$ 3,686,983</u>	<u>\$ 10,930,202</u>	<u>\$ 50,918,454</u>



CITY OF OTTUMWA, IOWA

Exhibit 4

RECONCILIATION OF THE BALANCE SHEET -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022

Total governmental fund balances \$ 29,344,939

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is \$173,875,017 and the accumulated depreciation is \$100,985,976.

72,889,041

Internal service funds are used by management to charge the costs of certain activities, such as health insurance, equipment purchasing and payroll services, to individual funds. The assets and liabilities of the internal service funds are included in the statement of net position.

9,042,191

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in the governmental funds.

(80,974)

Amounts due from and due to component unit and due from proprietary funds as a result of internal service fund allocations related to the employee insurance fund and, are therefore, allocated to governmental activities in the statement of net position for its share of accumulated internal losses.

(873,075)

Pension and OPEB 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

\$ 2,791,678

Deferred inflows of resources

(8,874,062)

(6,082,384)

Long-term liabilities, including bonds/notes payable, compensated absences payable, lease agreements payable, total OPEB liability and net pension liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

(35,300,289)

Net position of governmental activities

\$ 68,939,449

STATEMENT OF REVENUES  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022

			Special Revenue		
	General	State Road Use Tax	Local Option Sales Tax	Tax Increment Financing	Employee Benefits
<u>REVENUES:</u>					
Property tax	\$ 5,294,557	\$ -	\$ -	\$ 484,111	\$ 5,452,199
Other city tax	699,490	-	4,660,643	-	-
Licenses and permits	364,070	-	-	-	-
Intergovernmental	975,002	3,052,707	-	-	-
Use of money and property	154,922	-	-	-	3,823
Charges for service	3,710,111	696,730	-	-	-
Other fines	122,277	-	-	-	-
Miscellaneous	33,578	-	-	-	-
Total revenues	<u>11,354,007</u>	<u>3,749,437</u>	<u>4,660,643</u>	<u>484,111</u>	<u>5,456,022</u>
<u>EXPENDITURES</u>					
Operating:					
Public safety	9,405,380	-	-	-	-
Public works	2,385,367	3,714,844	-	-	-
Health and social services	504,690	-	-	-	-
Culture and recreation	1,298,979	-	-	-	-
Community and economic development	359,782	-	-	76,026	-
General government	1,606,414	-	-	-	-
Capital projects	-	-	-	-	-
Debt service	-	-	-	-	-
Total expenditures	<u>15,560,612</u>	<u>3,714,844</u>	<u>-</u>	<u>76,026</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,206,605)</u>	<u>34,593</u>	<u>4,660,643</u>	<u>408,085</u>	<u>5,456,022</u>
Other financing sources (uses):					
Issuance of debt	-	-	-	-	-
Proceeds from sale	-	8,629	-	-	-
Transfers in	4,935,351	1,513,145	-	11,446	-
Transfers out	(1,063,836)	(293,700)	(2,015,688)	(843,231)	(4,845,297)
Total other financing sources (uses)	<u>3,871,515</u>	<u>1,228,074</u>	<u>(2,015,688)</u>	<u>(831,785)</u>	<u>(4,845,297)</u>
Net change in fund balances	(335,090)	1,262,667	2,644,955	(423,700)	610,725
Fund balances - Beginning of year	<u>3,982,573</u>	<u>4,598,629</u>	<u>4,275,266</u>	<u>(547,876)</u>	<u>1,114,567</u>
Fund balances - End of year	<u>\$ 3,647,483</u>	<u>\$ 5,861,296</u>	<u>\$ 6,920,221</u>	<u>\$ (971,576)</u>	<u>\$ 1,725,292</u>

Exhibit 5

Capital Projects		Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Street Projects	Downtown Streetscape			
\$ -	\$ -	\$ 2,735,464	\$ 1,168,251	\$ 15,134,582
-	-	-	-	5,360,133
-	-	-	-	364,070
941,813	41,692	-	383,543	5,394,757
17,136	-	-	926,125	1,102,006
-	-	-	235,582	4,642,423
-	-	-	-	122,277
120,363	165,731	-	2,029,074	2,348,746
1,079,312	207,423	2,735,464	4,742,575	34,468,994
-	-	-	351,365	9,756,745
-	-	-	1,380,187	7,480,398
-	-	-	196,438	701,128
-	-	-	1,673,576	2,972,555
-	-	-	132,302	568,110
-	-	-	535,940	2,142,354
2,769,220	137,242	-	1,820,607	4,727,069
-	-	3,756,338	-	3,756,338
2,769,220	137,242	3,756,338	6,090,415	32,104,697
(1,689,908)	70,180	(1,020,874)	(1,347,840)	2,364,296
-	-	2,906,625	5,093,375	8,000,000
-	-	-	-	8,629
-	-	-	538,761	6,998,703
-	-	(1,690,849)	(2,380,387)	(13,132,988)
-	-	1,215,776	3,251,749	1,874,344
(1,689,908)	70,180	194,902	1,903,909	4,238,640
4,169,864	72,040	395,837	7,045,399	25,106,299
\$ 2,479,956	\$ 142,220	\$ 590,739	\$ 8,949,308	\$ 29,344,939

CITY OF OTTUMWA, IOWA

Exhibit 6

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022

Change in fund balances - Total governmental funds \$ 4,238,640

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Expenditures for capital assets	341,043
Depreciation expense	(5,719,720)

Expenses in the statement of revenues, expenditures and changes in fund balances are shown as construction in progress in the statement of activities.	4,886,468
--	-----------

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuances exceeded payments, as follows:

Issued	(8,003,140)
Repaid	2,551,811

The current year City MFPRSI and IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position.	1,534,050
--	-----------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:

Compensated absences	5,097
OPEB income	1,535,514
Pension income	1,781,852
Interest on long-term debt	(5,762)

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

3,376,848

Change in net position of governmental activities \$ 6,522,701

See Accompanying Notes to Financial Statements

## CITY OF OTTUMWA, IOWA

Exhibit 7

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022

	Business-Type Activities					Governmental Activities
	Solid Waste	Sewer Utility	Events Center	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
<b>ASSETS:</b>						
Current assets:						
Cash, cash equivalents and pooled investments	\$ 3,253,063	\$ 14,033,633	\$ 1,450,383	\$ 671,642	\$ 19,408,721	\$ 9,738,534
Receivables:						
Accounts	267,305	22,852	-	-	290,157	87
Property taxes:						
Delinquent	-	-	-	9,680	9,680	-
Succeeding year	-	-	91,665	-	91,665	41,625
Due from other governments	224	536,070	-	5,000	541,294	-
Prepaid expenses	22,199	51,027	153,559	3,517	230,302	-
Total current assets	3,542,791	14,643,582	1,695,607	689,839	20,571,819	9,780,246
Noncurrent assets:						
Due from other governments	-	245,580	-	-	245,580	-
Capital assets:						
Land	207,500	194,029	1,644,648	80,000	2,126,177	-
Buildings	1,195,103	23,916,097	21,000,269	1,470,573	47,582,042	-
Improvements other than buildings	7,221,919	6,817,825	243,495	893,561	15,176,800	-
Machinery and equipment	4,385,958	5,184,787	916,376	328,075	10,815,196	-
Infrastructure	-	64,340,106	302,000	-	64,642,106	-
Construction in progress	-	11,300,652	-	-	11,300,652	-
Less accumulated depreciation	(9,750,855)	(54,599,837)	(8,214,506)	(2,026,781)	(74,591,979)	-
Total capital assets	3,259,625	57,153,659	15,892,282	745,428	77,050,994	-
Other assets:						
Intangible assets	-	113,785	400,000	-	513,785	-
Less accumulated amortization	-	(70,638)	(400,000)	-	(470,638)	-
Total other assets	-	43,147	-	-	43,147	-
Total noncurrent assets	3,259,625	57,442,386	15,892,282	745,428	77,339,721	-
<b>TOTAL ASSETS</b>	<b>6,802,416</b>	<b>72,085,968</b>	<b>17,587,889</b>	<b>1,435,267</b>	<b>97,911,540</b>	<b>9,780,246</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>						
Pension related deferred outflows	60,636	147,331	-	-	207,967	-
OPEB related deferred outflows	36,117	105,518	-	-	141,635	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>96,753</b>	<b>252,849</b>	<b>-</b>	<b>-</b>	<b>349,602</b>	<b>-</b>
<b>LIABILITIES:</b>						
Current liabilities:						
Accounts payable	97,839	190,405	-	973	289,217	738,055
Wages and benefits payable	16,082	36,674	-	-	52,756	-
Accrued interest payable	-	25,146	-	-	25,146	-
Compensated absences payable	46,064	57,607	-	-	103,671	-
Current portion of GO bonds/notes payable	135,000	807,830	-	-	942,830	-
Current portion of revenue notes payable	-	434,000	-	-	434,000	-
Total current liabilities	294,985	1,551,662	-	973	1,847,620	738,055
Long-term liabilities:						
Accrued landfill costs:						
Closure	3,184,651	-	-	-	3,184,651	-
Post closure	2,251,987	-	-	-	2,251,987	-
Net pension liability	8,761	21,288	-	-	30,049	-
Total OPEB liability	407,968	1,191,907	-	-	1,599,875	-
GO Bonds/Notes payable:						
Long-term	820,000	10,361,172	-	-	11,181,172	-
Revenue notes payable:						
Long-term	-	8,118,000	-	-	8,118,000	-
Total long-term liabilities	6,673,367	19,692,367	-	-	26,365,734	-
<b>TOTAL LIABILITIES</b>	<b>6,968,352</b>	<b>21,244,029</b>	<b>-</b>	<b>973</b>	<b>28,213,354</b>	<b>738,055</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable revenues:						
Pension related deferred inflows	387,319	941,098	-	-	1,328,417	-
OPEB related deferred inflows	23,090	67,459	-	-	90,549	-
Succeeding year property tax	-	-	91,665	-	91,665	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>410,409</b>	<b>1,008,557</b>	<b>91,665</b>	<b>-</b>	<b>1,510,631</b>	<b>-</b>
<b>NET POSITION:</b>						
Net investment in capital assets	2,304,625	37,475,804	15,892,282	745,428	56,418,139	-
Restricted for:						
Health Insurance	-	-	-	-	-	5,943,649
Debt service	-	95,000	-	-	95,000	-
Unrestricted	(2,784,217)	12,515,427	1,603,942	688,866	12,024,018	3,098,542
<b>TOTAL NET POSITION</b>	<b>\$ (479,592)</b>	<b>\$ 50,086,231</b>	<b>\$ 17,496,224</b>	<b>\$ 1,434,294</b>	<b>\$ 68,537,157</b>	<b>\$ 9,042,191</b>

CITY OF OTTUMWA, IOWA

Exhibit 8

RECONCILIATION OF THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2022

Ending fund balance - Proprietary funds	\$ 68,537,157
---	---------------

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

Allocation of internal service funds accumulated income increases due from other funds	<u>867,560</u>
--	----------------

Net position of business-type activities	\$ <u>69,404,717</u>
--	----------------------

## CITY OF OTTUMWA, IOWA

Exhibit 9

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2022

	Business-Type Activities					Governmental Activities
	Solid Waste	Sewer Utility	Events Center	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating revenues:						
Charges for service	\$ 2,527,554	\$ 6,420,762	\$ 1,138,403	\$ -	\$ 10,086,719	\$ 4,124,398
Miscellaneous	15,591	52,088	682,433	15,000	765,112	-
Total operating revenues	<u>2,543,145</u>	<u>6,472,850</u>	<u>1,820,836</u>	<u>15,000</u>	<u>10,851,831</u>	<u>4,124,398</u>
Operating expenses:						
Operations	1,829,608	3,817,000	1,948,547	24,355	7,619,510	3,971,119
Depreciation/amortization	766,514	4,076,310	468,260	70,129	5,381,213	-
Total operating expenses	<u>2,596,122</u>	<u>7,893,310</u>	<u>2,416,807</u>	<u>94,484</u>	<u>13,000,723</u>	<u>3,971,119</u>
Operating income (loss)	(52,977)	(1,420,460)	(595,971)	(79,484)	(2,148,892)	153,279
Nonoperating revenue (expense):						
Other	-	-	-	1,275	1,275	-
Interest income	11,007	66,202	-	-	77,209	22,635
Interest on long-term debt	(129,150)	(481,047)	-	-	(610,197)	-
Property taxes	-	-	-	9,680	9,680	-
Intergovernmental	18,228	-	-	-	18,228	-
Total nonoperating revenue (expense)	<u>(99,915)</u>	<u>(414,845)</u>	<u>-</u>	<u>10,955</u>	<u>(503,805)</u>	<u>22,635</u>
Income (loss) before transfers	(152,892)	(1,835,305)	(595,971)	(68,529)	(2,652,697)	175,914
Transfers in	96,300	1,451,725	1,359,543	-	2,907,568	3,560,390
Transfers out	-	-	-	-	-	(333,673)
Change in net position	(56,592)	(383,580)	763,572	(68,529)	254,871	3,402,631
Net position - Beginning of year	<u>(423,000)</u>	<u>50,469,811</u>	<u>16,732,652</u>	<u>1,502,823</u>	<u>68,282,286</u>	<u>5,639,560</u>
Net position - End of year	\$ <u>(479,592)</u>	\$ <u>50,086,231</u>	\$ <u>17,496,224</u>	\$ <u>1,434,294</u>	\$ <u>68,537,157</u>	\$ <u>9,042,191</u>

CITY OF OTTUMWA, IOWA

Exhibit 10

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022

Change in net position - Total proprietary funds	\$	254,871
--	----	---------

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

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

24,028

Change in net position of business-type activities	\$	<u>278,899</u>
--	----	----------------



CITY OF OTTUMWA, IOWA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2022

Solid  
Waste

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from operations	\$ 2,634,622
Cash paid to employees	(738,322)
Cash paid to suppliers	(866,735)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>1,029,565</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Property taxes	-
Intergovernmental	18,229
Transfers from other funds	96,300
Transfers to other funds	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>114,529</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Payment of long-term debt:	
General obligation bonds/notes	(135,000)
Notes payable	-
Payment of interest on long-term debt	(129,150)
Acquisition of capital assets	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(264,150)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest income received	<u>11,007</u>
--------------------------	---------------

NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS	890,951
--	---------

<u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - Beginning of year</u>	<u>2,362,112</u>
--	------------------

<u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - End of year</u>	<u>\$ 3,253,063</u>
--	---------------------

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY  
OPERATING ACTIVITIES:

Operating income (loss)	\$ (52,977)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization expense	766,514
Changes in assets and liabilities:	
Decrease (increase) in receivables	90,714
Decrease (increase) in prepaid expenses	(947)
Decrease (increase) in due from other governments	763
Increase (decrease) in accounts payable	37,876
Increase (decrease) in wages and benefits payable	2,164
Decrease in compensated absences payable	-
Decrease in net pension liability	(361,740)
Decrease in deferred outflows of resources	72,451
Increase in deferred inflows of resources	283,121
Decrease in other post employment benefits	(108,840)
Increase in accrued landfill costs	300,466
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 1,029,565</u>

<u>Sewer Utility</u>	<u>Events Center</u>	<u>Nonmajor Proprietary Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
\$ 6,605,362	\$ 1,820,836	\$ 10,000	\$ 11,070,820	\$ 4,124,398
(1,802,208)	-	-	(2,540,530)	(324)
(4,157,801)	(1,968,971)	(23,322)	(7,016,829)	(4,306,397)
<u>645,353</u>	<u>(148,135)</u>	<u>(13,322)</u>	<u>1,513,461</u>	<u>(182,323)</u>
-	-	9,680	9,680	-
-	-	1,277	19,506	-
1,451,725	1,359,544	-	2,907,569	3,560,390
-	-	-	-	(333,673)
<u>1,451,725</u>	<u>1,359,544</u>	<u>10,957</u>	<u>2,936,755</u>	<u>3,226,717</u>
(823,540)	-	-	(958,540)	-
(426,000)	-	-	(426,000)	-
(481,047)	-	-	(610,197)	-
(2,829,417)	-	-	(2,829,417)	-
(4,560,004)	-	-	(4,824,154)	-
<u>66,202</u>	<u>-</u>	<u>-</u>	<u>77,209</u>	<u>22,635</u>
(2,396,724)	1,211,409	(2,365)	(296,729)	3,067,029
<u>16,430,357</u>	<u>238,974</u>	<u>674,007</u>	<u>19,705,450</u>	<u>6,671,505</u>
\$ <u>14,033,633</u>	\$ <u>1,450,383</u>	\$ <u>671,642</u>	\$ <u>19,408,721</u>	\$ <u>9,738,534</u>
\$ (1,420,460)	\$ (595,971)	\$ (79,484)	\$ (2,148,892)	\$ 153,279
4,076,310	468,260	70,129	5,381,213	-
94,153	-	(3,257)	181,610	(87)
(7,501)	(20,424)	(573)	(29,445)	34,977
(20,981)	-	-	(20,218)	(41,625)
(1,700,639)	-	(137)	(1,662,900)	(328,867)
(1,026)	-	-	1,138	-
(30,209)	-	-	(30,209)	-
(1,029,878)	-	-	(1,391,618)	-
213,676	-	-	286,127	-
789,891	-	-	1,073,012	-
(317,983)	-	-	(426,823)	-
-	-	-	300,466	-
\$ <u>645,353</u>	\$ <u>(148,135)</u>	\$ <u>(13,322)</u>	\$ <u>1,513,461</u>	\$ <u>(182,323)</u>

CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

These financial statements present the City of Ottumwa, Iowa (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationships with the City. The City handles the cash management and financial reporting of the component unit. In addition, City employees perform the duties at the direction of the component unit's board.

Discretely Presented Component Unit: The component unit column in the government-wide financial statements, include the financial data of the City's component unit. It is reported in a separate column to emphasize that it is legally separate from the City. Separate financial statements of the component unit may be obtained from the City's finance department.

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

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities report information on all activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. However, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

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

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Government-wide Financial Statements (Continued)

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

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

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

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

Downtown Streetscape – to account for bond proceeds for downtown construction projects.



CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

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

The City reports the following major proprietary funds:

Enterprise:

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

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

CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental Fund Types

General Fund

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

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

RAGBRAI – to account for donations and other resources to be used for costs associated with the RAGBRAI event.

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

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



CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types (Continued)

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

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

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

Capital Projects Funds

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

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

Downtown Streetscape – to account for bond proceeds for downtown construction projects.

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

Airport Projects – to account for airport improvements.

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

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

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

Debt Service Fund

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

Permanent Funds

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

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

Proprietary Fund Types

Enterprise Funds

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

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

CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types (Continued)

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

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

Transit – to account for remaining assets and liabilities related to the prior operation of the city public transit system that were not transferred to the new service provider.

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

Internal Service Funds

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

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2022, disbursements exceeded the amount budgeted in the culture and recreation, public safety, community and economic development, and business type activities functions.

Cash, Cash Equivalents and Pooled Investments

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

The City's deposits in banks at June 30, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

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

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables

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

Property Tax Receivable, Including Tax Increment Financing

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2022 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects tax asking contained in the budget certified to the County Board of Supervisors (City Council) in March 2021.

Customer Accounts and Unbilled Usage

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

Due From and Due to Other Funds

During the course of its operations, the City has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2022, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due From Other Governments

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

Inventories

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

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, equipment and vehicles, intangibles and infrastructure assets acquired after July 1, 1980 are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position and in the Proprietary Funds' Statement of Net Position. Capital assets are recorded at historical cost (except for intangible right-to-use lease assets, the measurement of which is discussed under the "leases" below). Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair not adding to the value of the asset or materially extending asset lives are not capitalized. Capital assets are defined by the City as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

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

Land and construction in progress are not depreciated. The other tangible and intangible property, plant, equipment, the right-to-use leased equipment and infrastructure are depreciated/amortized using the straight line method over the following estimated useful lives:

Buildings	15 to 50 Years
Other improvements	8 to 50 Years
Intangibles	5 to 20 Years
Right-to-use leased assets	2 to 20 Years
Vehicles	5 to 15 Years
Other equipment	5 to 20 Years
Infrastructure	15 to 30 Years

Leases

City as Lessee: The City is the lessee for four noncancellable leases of equipment. The City has recognized a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.



CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and a purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

The City is a lessor for several land and building leases. The City recognizes a lease receivable and a deferred inflow of resources in the governmental type activities and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease.

Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred Revenue

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

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future year(s) and 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 and OPEB expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2022. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities

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

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

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System and the Municipal Fire and Police Retirement System (Systems') and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the System. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which 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, unrecognized items not yet charged to pension and OPEB expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets and deferred amounts related to leases.



CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity

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

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

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

Unassigned – All amounts not included in preceding classifications.

The City would typically use restricted fund balances first but reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds. The general fund is the only fund that reports a positive unassigned fund balance amount.

Interfund Transactions

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

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

Estimates

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

CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 2: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2022 was as follows:

	Restated Balance Beginning of Year	Additions/ Transfers In	Deletions/ Transfers Out	Balance End of Year
Governmental Activities:				
By type:				
Capital assets not being depreciated:				
Land	\$ 3,542,781	\$ -	\$ -	\$ 3,542,781
Construction in progress	17,711,464	4,886,468	(9,889,583)	12,708,349
Total capital assets not being depreciated	<u>21,254,245</u>	<u>4,886,468</u>	<u>(9,889,583)</u>	<u>16,251,130</u>
Capital assets being depreciated:				
Buildings	13,910,152	-	-	13,910,152
Improvements other than buildings	7,251,278	547,017	-	7,798,295
Right-to-use leased assets	47,203	3,140	-	50,343
Machinery and equipment	15,085,596	464,305	-	15,549,901
Infrastructure	111,099,032	9,216,164	-	120,315,196
	<u>147,393,261</u>	<u>10,230,626</u>	<u>-</u>	<u>157,623,887</u>
Less accumulated depreciation:				
Buildings	11,670,511	268,309	-	11,938,820
Improvements other than buildings	3,650,202	521,246	-	4,171,448
Right-to-use leased assets	-	11,006	-	11,006
Machinery and equipment	11,823,946	840,482	-	12,664,428
Infrastructure	68,121,597	4,078,677	-	72,200,274
	<u>95,266,256</u>	<u>5,719,720</u>	<u>-</u>	<u>100,985,976</u>
Total capital assets being depreciated, net	<u>52,127,005</u>	<u>4,510,906</u>	<u>-</u>	<u>56,637,911</u>
Governmental activities capital assets, net	\$ <u>73,381,250</u>	\$ <u>9,397,374</u>	\$ <u>(9,889,583)</u>	\$ <u>72,889,041</u>
By function and activity:				
General government:				
City clerk	\$ 10,373	\$ -	\$ -	\$ 10,373
Finance	309,626	61,425	-	371,051
City hall	4,156,551	3,140	-	4,159,691
Public information	55,269	-	-	55,269
Total general government	<u>4,531,819</u>	<u>64,565</u>	<u>-</u>	<u>4,596,384</u>
Public safety:				
Police	1,837,060	287,299	-	2,124,359
Fire	5,019,350	-	-	5,019,350
Health and inspection	137,151	-	-	137,151
Animal control	72,876	-	-	72,876
Total public safety	<u>7,066,437</u>	<u>287,299</u>	<u>-</u>	<u>7,353,736</u>
Highways and streets:				
Traffic maintenance	697,598	-	-	697,598
Electric/traffic light maintenance	442,331	-	-	442,331
Engineering	196,387	-	-	196,387
Street maintenance (including culverts)	4,117,236	46,827	-	4,164,063
Snow/ice maintenance	220,487	-	-	220,487
Street cleaning	567,052	-	-	567,052
Street projects (including sidewalks)	78,501,451	8,924,167	-	87,425,618
Parking	2,189,825	-	-	2,189,825
Total highways and streets	<u>86,932,367</u>	<u>8,970,994</u>	<u>-</u>	<u>95,903,361</u>

## CITY OF OTTUMWA, IOWA

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

## NOTE 2: CAPITAL ASSETS (Continued)

	Restated Balance Beginning of Year	Additions/ Transfers In	Deletions/ Transfers Out	Balance End of Year
<u>By function and activity:</u> (Continued)				
Culture and recreation:				
Library	2,063,776	-	-	2,063,776
Parks	2,782,195	-	-	2,782,195
Senior citizens center	131,016	-	-	131,016
The Beach	7,476,764	-	-	7,476,764
Trails	2,116,116	291,997	-	2,408,113
Total culture and recreation	14,569,867	291,997	-	14,861,864
Cemetery	843,346	-	-	843,346
Airport	22,662,949	68,754	-	22,731,703
Construction in progress	17,711,464	4,886,468	(9,889,583)	12,708,349
Levee	168,580	547,017	-	715,597
TIF projects	11,905,594	-	-	11,905,594
Downtown Step One	275,163	-	-	275,163
Land - No designation	1,979,920	-	-	1,979,920
Total governmental activities	\$ 168,647,506	\$ 15,117,094	\$ (9,889,583)	\$ 173,875,017

## CITY OF OTTUMWA, IOWA

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

## NOTE 2: CAPITAL ASSETS (Continued)

	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infra- structure	Construction in Progress	Total
By function and activity							
General government:							
City clerk	\$ -	\$ -	\$ -	\$ 10,373	\$ -	\$ -	\$ 10,373
Finance	-	-	-	371,051	-	-	371,051
City hall	-	3,608,993	-	343,275	207,423	-	4,159,691
Public information	-	-	-	55,269	-	-	55,269
Total general government	-	3,608,993	-	779,968	207,423	-	4,596,384
Public safety:							
Police	-	-	-	2,124,359	-	-	2,124,359
Fire	-	1,005,476	191,418	3,711,654	110,802	-	5,019,350
Health and inspection	-	-	-	137,151	-	-	137,151
Animal control	-	-	-	45,673	27,203	-	72,876
Total public safety	-	1,005,476	191,418	6,018,837	138,005	-	7,353,736
Highways and streets:							
Traffic maintenance	-	134,900	-	392,769	169,929	-	697,598
Electric/traffic light maintenance	-	-	-	197,199	245,132	-	442,331
Engineering	-	-	-	196,387	-	-	196,387
Street maintenance	66,240	617,144	31,900	3,338,485	110,294	-	4,164,063
Snow/ice maintenance (including culverts)	-	63,679	-	156,808	-	-	220,487
Street cleaning	-	-	-	567,052	-	-	567,052
Street projects (including sidewalks)	-	-	-	-	87,425,618	-	87,425,618
Parking	653,718	39,754	886,731	10,897	598,725	-	2,189,825
Total highways and streets	719,958	855,477	918,631	4,859,597	88,549,698	-	95,903,361
Culture and recreation:							
Library	-	1,496,091	168,977	363,224	35,484	-	2,063,776
Parks	-	256,957	770,560	1,067,352	687,326	-	2,782,195
Senior citizens center	-	-	-	-	131,016	-	131,016
The Beach	283,421	2,651,850	3,201,752	1,309,167	30,574	-	7,476,764
Trails	-	-	-	-	2,408,113	-	2,408,113
Total culture and recreation	283,421	4,404,898	4,141,289	2,739,743	3,292,513	-	14,861,864
Cemetery	26,000	293,394	146,034	193,001	184,917	-	843,346
Airport	372,575	3,611,658	1,685,326	1,009,098	16,053,046	-	22,731,703
Construction in progress	-	-	-	-	-	12,708,349	12,708,349
Levee	-	-	715,597	-	-	-	715,597
TIF projects	16,000	-	-	-	11,889,594	-	11,905,594
Downtown Step One	144,907	130,256	-	-	-	-	275,163
Land - No designation	1,979,920	-	-	-	-	-	1,979,920
Total governmental activities	\$ 3,542,781	\$ 13,910,152	\$ 7,798,295	\$ 15,600,244	\$ 120,315,196	\$ 12,708,349	\$ 173,875,017

CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 2: CAPITAL ASSETS (Continued)

	Balance Beginning of Year	Additions/ Transfers In	Deletions/ Transfers Out	Balance End of Year
Business type activities:				
By type:				
Capital assets not being depreciated:				
Land	\$ 2,126,177	\$ -	\$ -	\$ 2,126,177
Construction in progress	8,558,057	2,742,595	-	11,300,652
Total capital assets not being depreciated	10,684,234	2,742,595	-	13,426,829
Capital assets being depreciated/amortized:				
Buildings	47,582,042	-	-	47,582,042
Improvements other than buildings	15,176,800	-	-	15,176,800
Machinery and equipment	10,728,280	86,916	-	10,815,196
Infrastructure	64,642,106	-	-	64,642,106
Intangibles	513,785	-	-	513,785
	138,643,013	86,916	-	138,729,929
Less accumulated depreciation/amortization:				
Buildings	27,900,123	975,078	-	28,875,201
Improvements other than buildings	9,955,039	726,219	-	10,681,258
Machinery and equipment	8,857,857	552,179	-	9,410,036
Infrastructure	22,503,435	3,122,049	-	25,625,484
Intangibles	464,950	5,688	-	470,638
	69,681,404	5,381,213	-	75,062,617
Total capital assets being depreciated/amortized, net	68,961,609	(5,294,297)	-	63,667,312
Business type activities capital assets, net	\$ 79,645,843	\$ (2,551,702)	\$ -	\$ 77,094,141
By function and activity:				
Solid waste	\$ 13,010,480	\$ -	\$ -	\$ 13,010,480
Sewer utility	100,479,713	86,916	-	100,566,629
Events center	24,506,788	-	-	24,506,788
Transit	1,295,718	-	-	1,295,718
Golf course	1,476,491	-	-	1,476,491
Construction in progress	8,558,057	2,742,595	-	11,300,652
Total business type	\$ 149,327,247	\$ 2,829,511	\$ -	\$ 152,156,758

	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infra- structure	Intangibles	Construction in Progress	Total
By function and activity								
Solid waste	\$ 207,500	\$ 1,195,103	\$ 7,221,919	\$ 4,385,958	\$ -	\$ -	\$ -	\$ 13,010,480
Sewer utility	194,029	23,916,097	8,817,825	5,184,787	64,340,106	113,785	-	100,566,629
Events center	1,644,848	21,000,269	243,495	916,376	302,000	400,000	-	24,506,788
Transit	-	1,295,718	-	-	-	-	-	1,295,718
Golf course	80,000	174,855	893,561	328,075	-	-	-	1,476,491
Construction in progress	-	-	-	-	-	-	11,300,558	11,300,558
Total business type assets	\$ 2,126,177	\$ 47,582,042	\$ 15,176,800	\$ 10,815,196	\$ 64,642,106	\$ 513,785	\$ 11,300,558	\$ 152,156,684

CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**NOTE 2: CAPITAL ASSETS (Continued)**

A summary of property, plant and equipment at June 30, 2022, was as follows:

	<u>Business Type</u>	<u>Governmental Activities</u>
Capital assets not being depreciated:		
Land	\$ 2,126,177	\$ 3,542,781
Construction in progress	11,300,652	12,708,349
Total capital assets not being depreciated	<u>13,426,829</u>	<u>16,251,130</u>
Capital assets being depreciated/amortized:		
Buildings	47,582,042	13,910,152
Improvements other than buildings	15,176,800	7,798,295
Machinery and equipment	10,815,196	15,549,901
Right-to-use leased asset		50,343
Infrastructure	64,642,106	120,315,196
Intangibles	513,785	-
	<u>138,729,929</u>	<u>157,623,887</u>
Less accumulated depreciation/amortization	<u>(75,062,617)</u>	<u>(100,985,976)</u>
Total capital assets being depreciated/amortized, net	<u>63,667,312</u>	<u>56,637,911</u>
Total capital assets, net	<u>\$ 77,094,141</u>	<u>\$ 72,889,041</u>

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

Government activities:	
General government	\$ 91,872
Public safety	368,180
Public services	4,267,977
Culture and recreation	724,488
Community development	267,203
Total depreciation expense - Governmental activities	<u>\$ 5,719,720</u>
Business type activities	
Solid waste	\$ 766,514
Sewer utility	4,076,310
Events center	468,260
Transit	44,912
Golf course	25,217
Total depreciation/amortization expense - Business type activities	<u>\$ 5,381,213</u>

Discretely presented component unit:

	<u>Balance Beginning of Year</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>Balance End of Year</u>
By type:				
Capital assets being depreciated:				
Buildings	\$ 204,082	\$ -	\$ -	\$ 204,082
Machinery and equipment	299,983	92,160	-	392,143
	<u>504,065</u>	<u>92,160</u>	<u>-</u>	<u>596,225</u>
Less accumulated depreciation:				
Buildings	155,612	10,204	-	165,816
Machinery and equipment	276,458	26,101	-	302,559
	<u>432,070</u>	<u>36,305</u>	<u>-</u>	<u>468,375</u>
Total assets being depreciated, net	<u>71,995</u>	<u>55,855</u>	<u>-</u>	<u>127,850</u>
Total discretely presented component unit capital assets, net	<u>\$ 164,389</u>	<u>\$ 55,855</u>	<u>\$ -</u>	<u>\$ 220,244</u>
By function and activity:				
Hazardous materials	\$ 504,065	\$ 92,160	\$ -	\$ 596,225
Depreciation expense				<u>\$ 36,305</u>



## CITY OF OTTUMWA, IOWA

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

## NOTE 3: LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2022 is as follows:

	Balance Beginning of Year (Restated)	Increases	Decreases	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 9,840,000	\$ -	\$ 1,840,000	\$ 8,000,000	\$ 1,965,000
General obligation notes	9,576,453	8,000,000	700,455	16,875,998	3,317,170
Lease agreements	47,203	3,140	11,356	38,987	11,690
Compensated absences	830,049	824,952	830,049	824,952	824,952
Net pension liability	15,665,502	-	12,504,649	3,160,853	-
Total OPEB liability	8,106,791	-	1,707,292	6,399,499	-
<b>Total</b>	<b>\$ 44,065,998</b>	<b>\$ 8,828,092</b>	<b>\$ 17,593,801</b>	<b>\$ 35,300,289</b>	<b>\$ 6,118,812</b>
<b>Business type activities:</b>					
General obligation bonds	\$ 1,090,000	\$ -	\$ 135,000	\$ 955,000	\$ 135,000
General obligation notes	11,973,547	-	804,545	11,169,002	807,830
Revenue notes	8,978,000	-	426,000	8,552,000	434,000
Compensated absences	133,880	103,671	133,880	103,671	103,671
Net pension liability	1,530,281	-	1,500,232	30,049	-
Total OPEB liability	2,026,898	-	426,823	1,599,875	-
<b>Total</b>	<b>\$ 25,732,406</b>	<b>\$ 103,671</b>	<b>\$ 3,426,480</b>	<b>\$ 22,409,597</b>	<b>\$ 1,480,501</b>

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

## Governmental activities:

June 30,	General Obligation Bonds		General Obligation Notes		Totals *	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 1,965,000	\$ 69,535	\$ 3,317,170	\$ 429,626	\$ 5,282,170	\$ 499,160
2024	1,815,000	47,638	3,125,602	342,537	4,940,602	390,175
2025	1,520,000	29,283	258,228	246,442	1,778,228	275,725
2026	1,475,000	17,020	265,000	239,991	1,740,000	257,011
2027	1,015,000	11,820	285,000	225,942	1,280,000	237,762
2028-2032	210,000	5,880	4,165,000	714,800	4,375,000	720,680
2033-2037	-	-	3,815,000	431,609	3,815,000	431,609
2038-2042	-	-	1,665,000	66,100	1,665,000	66,100
<b>Total</b>	<b>\$ 8,000,000</b>	<b>\$ 181,176</b>	<b>\$ 16,875,998</b>	<b>\$ 2,697,046</b>	<b>\$ 24,875,998</b>	<b>\$ 2,878,222</b>

## Business type activities:

June 30,	General Obligation Bonds		General Obligation Notes		Totals *	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 135,000	\$ 28,650	\$ 807,830	\$ 412,260	\$ 942,830	\$ 440,910
2024	135,000	24,600	834,398	379,944	969,398	404,544
2025	135,000	20,550	616,774	346,570	751,774	367,120
2026	135,000	16,500	640,000	321,900	775,000	338,400
2027	135,000	12,450	455,000	296,300	590,000	308,750
2028-2032	280,000	12,600	2,565,000	1,193,502	2,845,000	1,206,102
2033-2037	-	-	3,120,000	644,002	3,120,000	644,002
2038-2042	-	-	2,130,000	129,000	2,130,000	129,000
<b>Total</b>	<b>\$ 955,000</b>	<b>\$ 115,350</b>	<b>\$ 11,169,002</b>	<b>\$ 3,723,478</b>	<b>\$ 12,124,002</b>	<b>\$ 3,838,828</b>

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

During the year ended June 30, 2015, Ottumwa Water and Hydro was advanced \$225,000 funded with general obligation bonds to assist with financing of water main projects in conjunction with City of Ottumwa street projects. The Ottumwa Water and Hydro has entered into a repayment agreement for the amortized life of the outstanding bonds.

With respect to general obligation debt, the City is subject to a maximum indebtedness equal to 5% of total assessed property value. As of June 30, 2022, the City's legal debt margin was \$52,149,038.

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

CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 3: LONG-TERM LIABILITIES (Continued)

The following is a summary of bond/note transactions for the year ended June 30, 2022, and details of bonds/notes payable at June 30, 2022:

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Originally Issued</u>
<u>Governmental Activities:</u>			
<u>General Obligation Bonds:</u>			
Corporate Purpose - Series 2014A	April 14, 2014	2.00-2.10	4,100,000
Corporate Purpose - Series 2016A	November 30, 2016	1.15-2.00	1,400,000
Corporate Purpose - Series 2017	April 18, 2017	2.00	4,700,000
Corporate Purpose - Series 2019A	April 1, 2019	3.00	4,295,000
Corporate Purpose - Series 2019B	April 1, 2019	3.00	1,870,000
Corporate Purpose - Series 2018	June 5, 2018	2.50-2.80	1,500,000
<u>General Obligation Notes:</u>			
Corporate Purpose - Series 2021	February 16, 2021	0.41-1.73	1,395,000
Corporate Purpose - Series 2021	February 16, 2021	2.00	7,035,000
Corporate Purpose - Series 2020	May 14, 2020	3.00-4.00	1,369,709
Corporate Purpose - Series 2022A	June 21, 2022	3.14	5,000,000
Corporate Purpose - Series 2022B	June 21, 2022	2.74	3,000,000
Total Governmental Activities			
<u>Business-type Activities:</u>			
<u>General Obligation Bonds:</u>			
Corporate Purpose - Series 2019A	April 1, 2019	3.00	1,360,000
<u>General Obligation Notes:</u>			
Corporate Purpose - Series 2020	May 14, 2020	3.00-4.00	14,115,000
Total Business-type Activities			
Grand Total			

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Paid During Year</u>	<u>Balance End of Year</u>
1,105,000	-	355,000	750,000
1,115,000	-	160,000	955,000
1,655,000	-	405,000	1,250,000
3,215,000	-	535,000	2,680,000
1,670,000	-	285,000	1,385,000
1,080,000	-	100,000	980,000
<u>9,840,000</u>	<u>-</u>	<u>1,840,000</u>	<u>8,000,000</u>
1,280,000	-	115,000	1,165,000
7,025,000	-	490,000	6,535,000
1,271,453	-	95,455	1,175,998
-	5,000,000	-	5,000,000
-	3,000,000	-	3,000,000
<u>9,576,453</u>	<u>8,000,000</u>	<u>700,455</u>	<u>16,875,998</u>
<u>19,416,453</u>	<u>8,000,000</u>	<u>2,540,455</u>	<u>24,875,998</u>
1,090,000	-	135,000	955,000
<u>1,090,000</u>	<u>-</u>	<u>135,000</u>	<u>955,000</u>
11,973,547	-	804,545	11,169,002
<u>11,973,547</u>	<u>-</u>	<u>804,545</u>	<u>11,169,002</u>
13,063,547	-	939,545	12,124,002
<u>13,063,547</u>	<u>-</u>	<u>939,545</u>	<u>12,124,002</u>
\$ <u>32,480,000</u>	\$ <u>8,000,000</u>	\$ <u>3,480,000</u>	\$ <u>37,000,000</u>

CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 3: LONG-TERM LIABILITIES (Continued)

Lease Agreements

On February 2, 2022, the City entered into a lease agreement for a postage meter. The agreement requires quarterly payments of \$160 over 5 years with an estimated implicit rate 0.6857% and final payment due February 2, 2027. During the year ended June 30, 2022, the City paid principal of \$314 and interest of \$6 on the agreement.

On October 20, 2020, the City Of entered into a lease agreement for a barcode scanner. The agreement requires quarterly payments of \$1,068 over five years with an estimated implicit rate 0.4570% and final payment due October 20, 2025. During the year ended June 30, 2022, the City paid principal of \$4,198 and interest of \$74 on the agreement.

On October 20, 2020, the City Of entered into a lease agreement for a barcode scanner. The agreement requires quarterly payments of \$862 over five years with an estimated implicit rate 0.4570% and final payment due October 20, 2025. During the year ended June 30, 2022, the City paid principal of \$3,396 and interest of \$52 on the agreement.

On October 20, 2020, the City Of entered into a lease agreement for a postage meter. The agreement requires quarterly payments of \$874 over five years with an estimated implicit rate 0.4570% and final payment due October 20, 2025. During the year ended June 30, 2022, the City paid principal of \$3,448 and interest of \$48 on the agreement.

Future principal and interest payments as of June 30, 2022 are as follows:

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2023	\$ 11,690	\$ 164	\$ 11,854
2024	11,745	109	11,854
2025	11,800	54	11,854
2026	3,434	8	3,442
2027	318	1	319
	\$ <u>38,987</u>	\$ <u>336</u>	\$ <u>39,323</u>

Revenue Notes Payable

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay the various sewer revenue notes described below. Proceeds from the notes provided financing for the construction of improvements to the wastewater treatment plant. These notes are payable solely from wastewater customer net revenues and are payable through 2041. Annual principal and interest payments on these notes are expected to require less than 90% of net revenues. The total principal and interest remaining to be paid on the notes is \$10,108,930. This amount excludes the forgivable portion of any notes. For the current year, principal and interest paid and total customer net revenues (operating income plus depreciation/amortization expense) were \$559,405 and \$2,655,849, respectively.

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

- a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- b) Sufficient monthly transfers shall be made to a revenue note retirement account for the purpose of making the note principal and interest payments when due.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 3: LONG-TERM LIABILITIES (Continued)

Revenue Notes Payable (Continued)

- c) Additionally, monthly transfers of \$41,667 to separate wastewater improvement and replacement accounts shall be made until specific minimum balances have been accumulated. These accounts are restricted for the purpose of paying for any additional improvements, extensions or repairs to the system.
- d) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the notes falling due in the same year.

During the year ended June 30, 2022, the City was in compliance with the revenue note provisions.

Details of revenue notes payable at June 30, 2022 are as follows:

Business type activities:

During the year ended June 30, 2007, the City entered into an agreement with the Iowa Finance Authority to borrow up to \$3,400,000 in connection with the issuance of a Sewer Revenue Capital Loan Note (Waste water plant improvements). The note calls for annual payments beginning June 1, 2010, with interest due semi-annually calculated at 3.00% with final maturity date of June 1, 2039.

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

During the year ended June 30, 2015, the City entered into an agreement with Iowa Finance Authority to borrow up to \$4,800,000 in connection with the issuance of a Sewer Revenue Capital Loan Note (Phase 5 – division 2). Up to \$1,440,000 of this is forgivable upon meeting certain conditions as determined by the loan documents. The note calls for annual payments beginning June 1, 2015, with interest due semi-annually calculated at 1.75% with final maturity on June 1, 2034.

The following is a summary of note transactions for the year ended June 30, 2022:

<u>Description</u>	<u>Interest Rate</u>	<u>Balance Beginning of Year</u>	<u>Proceeds During Year</u>	<u>Payments During Year</u>	<u>Balance End of Year</u>	<u>Interest Expense</u>
<u>Business Type Funds:</u>						
Sewer Utility:						
Waste water plant improvements	3.00%	\$ 2,386,000	\$ -	\$ 102,000	\$ 2,284,000	\$ 41,755
Phase 3 – construction	3.00	4,221,000	-	152,000	4,069,000	73,868
Phase 5 – division 2	1.75	2,371,000	-	172,000	2,199,000	17,782
Total enterprise funds		\$ 8,978,000	\$ -	\$ 426,000	\$ 8,552,000	\$ 133,405

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 3: LONG-TERM LIABILITIES (Continued)

Revenue Notes Payable (Continued)

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 434,000	\$ 156,220	\$ 590,220
2024	444,000	149,043	593,043
2025	455,000	141,673	596,673
2026	467,000	134,093	601,093
2027	476,000	126,272	602,272
2028 – 2032	2,563,000	506,527	3,069,527
2033 – 2037	2,300,000	280,046	2,580,046
2038 – 2041	<u>1,413,000</u>	<u>63,056</u>	<u>1,476,056</u>
Total	\$ <u>8,552,000</u>	\$ <u>1,556,930</u>	\$ <u>10,108,930</u>

NOTE 4: EMPLOYEE RETIREMENT SYSTEMS

The City contributes to two employee retirement systems, the Iowa Public Employees Retirement System (IPERS) and the Municipal Fire and Police Retirement System of Iowa (MFPRSI). IPERS is administered by the State of Iowa. MFPRSI is governed by the nine-member Board of Trustees. Though separate and apart from state government, the Board is authorized by the state legislature, which also establishes by statute the pension and disability benefits and the System's funding mechanism. All full-time employees must participate in either IPERS or MFPRSI. As of June 30, 2022, the City had the following balances related to its pension accounts:

	<u>IPERS</u>	<u>MFPRSI</u>	<u>Total</u>
Net Pension Liability	\$ 105,179	\$ 3,085,723	\$ 3,190,902
Deferred Inflows	4,649,692	5,190,593	9,840,285
Deferred Outflows	727,921	1,705,183	2,433,104

For the year ended June 30, 2022, the City recognized pension expense of \$191,887 between the two employee retirement systems.

A. Defined Benefit Pension Plan – Municipal Fire and Police Retirement System of Iowa (MFPRSI)

Plan Description – MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City of Ottumwa, Iowa are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at [www.mfprsi.org](http://www.mfprsi.org).

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa 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 – Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.



CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 4: EMPLOYEE RETIREMENT SYSTEMS (Continued)

A. Defined Benefit Pension Plan – Municipal Fire and Police Retirement System of Iowa (MFPRSI) (Continued)

Pension Benefits (Continued)

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation for each additional year of service, up to a maximum of 8 years. Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen, plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50% surviving spouse benefit.

Active members, at least 55 years of age with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4 or 5 year DROP period. When electing to participate in DROP, the member signs a contract stating the member will retire at the end of the selected DROP period. During the DROP period, the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits – Disability coverage may be either accidental or ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation for those with 5 or more years of service or the member's service retirement benefit calculation amount and 25% of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50% of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40% of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50% of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased annually in accordance with Chapter 411.6 of the Code of Iowa, which provides a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions – Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.4% of earnable compensation for the year ended June 30, 2022.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 26.18% for the year ended June 30, 2022.

CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 4: EMPLOYEE RETIREMENT SYSTEMS (Continued)

A. Defined Benefit Pension Plan – Municipal Fire and Police Retirement System of Iowa (MFPRSI) (Continued)

Contributions (Continued)

The City's contributions to MFPRSI for the year ended June 30, 2022 totaled \$1,231,032.

If approved by the state legislature, state appropriations may further reduce the City's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa, therefore, is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*.

There were no state appropriations to MFPRSI during the year ended June 30, 2022.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the City reported a liability of \$3,085,723 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 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 MFPRSI participating employers. At June 30, 2021, the City's proportion was 1.374033% which was an decrease of .1385% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense (income) of \$(82,878). At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 357,936	\$ 34,727
Changes of assumptions	116,215	-
Net difference between projected and actual earnings on MFPRSI's investments	-	5,155,866
Changes in proportion and differences between City contributions and the City's proportionate share of contributions	-	-
City contributions subsequent to the measurement date	<u>1,231,032</u>	<u>-</u>
Total	\$ <u>1,705,183</u>	\$ <u>5,190,593</u>

\$1,231,032 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 4: EMPLOYEE RETIREMENT SYSTEMS (Continued)

A. Defined Benefit Pension Plan – Municipal Fire and Police Retirement System of Iowa (MFPRSI) (Continued)

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

<u>Year Ended</u> <u>June 30,</u>	<u>Total</u>
2023	\$ (1,028,079)
2024	(1,050,395)
2025	(1,245,024)
2026	(1,354,040)
2027	(38,904)
	\$ <u>(4,716,442)</u>

Actuarial Assumptions – The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation	3.00%
Salary increases	3.75 to 15.11%, including inflation
Investment rate of return	7.50%, net investment expense, including inflation

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2007 through June 30, 2017.

Postretirement mortality rates were based on the RP-2014 Blue Collar Combined Healthy Annuitant Table with males set-forward two years, females set-forward two years and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvement with 50% Scale BB in 2017.

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of 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 best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected</u> <u>Real Rate of Return</u>
Large cap	7.4 %
Small cap	8.1
International large cap	7.2
Emerging markets	7.9
Global infrastructure	7.5
Private non-core real estate	11.5
Private credit	6.4
Private equity	10.8
Core plus fixed income	4.0
Private core real estate	7.2

CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**NOTE 4: EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**A. Defined Benefit Pension Plan – Municipal Fire and Police Retirement System of Iowa (MFPRSI) (Continued)**

Actuarial Assumptions (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions will be made at 9.40% of covered payroll and the City's contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the MFPRSI's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on MFPRSI investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of 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 7.50%, 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% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability (asset)	\$ 9,131,300	\$ 3,085,723	\$ (1,931,757)

MFPRSI's Plan Fiduciary Net Position – Detailed information about MFPRSI's fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI's website at [www.mfprsi.org](http://www.mfprsi.org).

Payables to the MFPRSI – At June 30, 2022, the City reported payables to the defined benefit pension plan of \$82,007 for legally required employer contributions and \$58,709 for legally required employee contributions which had been withheld from employee wages but not yet remitted to MFPRSI.

**B. Defined Benefit Pension Plan – Iowa Public Employees Retirement System (IPERS)**

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 P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://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 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:



CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 4: EMPLOYEE RETIREMENT SYSTEMS (Continued)

B. Defined Benefit Pension Plan – Iowa Public Employees Retirement System (IPERS) (Continued)

Pension Benefits (Continued)

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of the date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age which is generally at age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment.

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.

At June 30, 2022, the City had no protection occupation members.

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 on or after 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 – 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 payrolls based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2022, pursuant to the required rate, regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 4: EMPLOYEE RETIREMENT SYSTEMS (Continued)

B. Defined Benefit Pension Plan – Iowa Public Employees Retirement System (IPERS) (Continued)

Contributions (Continued)

The City's total contributions to IPERS for the year ended June 30, 2022 totaled \$575,243.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the City reported a liability of \$105,179 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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 IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the City's collective proportion was 0.075026%, which was a decrease of 0.009311% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of \$274,765. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 80,027	\$ 80,352
Changes of assumptions	68,796	-
Net difference between projected and actual earnings on IPERS' investments	-	3,891,183
Changes in proportion and differences between City contributions and the City's proportionate share of contributions	3,855	678,157
City contributions subsequent to the measurement date	<u>575,243</u>	<u>-</u>
Total	\$ <u>727,921</u>	\$ <u>4,649,692</u>

\$575,243 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Total</u>
2023	\$ (1,108,909)
2024	(1,094,896)
2025	(1,015,077)
2026	(1,162,563)
2027	<u>(115,569)</u>
	\$ <u>(4,497,014)</u>



CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 4: EMPLOYEE RETIREMENT SYSTEMS (Continued)

B. Defined Benefit Pension Plan – Iowa Public Employees Retirement System (IPERS) (Continued)

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, as follows:

Rate of Inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00%, compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0 %	4.43 %
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	<u>100.0</u> %	

Discount Rate – The discount rate used to measure pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' 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.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

**NOTE 4: EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**B. Defined Benefit Pension Plan – Iowa Public Employees Retirement System (IPERS) (Continued)**

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 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 3,722,652	\$ 105,180	\$ (2,926,493)

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

Payables to IPERS – At June 30, 2022, the City reported payables to IPERS of \$42,255 for legally required employer contributions and \$28,155 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**NOTE 5: OTHER EMPLOYEE BENEFITS**

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

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

<u>Business Type Funds</u>	<u>Vacation</u>	<u>Due Within One Year</u>
<u>Enterprise Funds:</u>		
Solid waste	\$ 46,064	\$ 46,064
Sewer utility	<u>57,607</u>	<u>57,607</u>
Total Enterprise Funds	<u>103,671</u>	<u>103,671</u>
<u>Governmental Funds</u>		
<u>Special Revenue Funds:</u>		
Airport	22,419	22,419
Library	16,537	16,537
Cemetery	13,959	13,959
State road use tax	<u>96,848</u>	<u>96,848</u>
Total Special Revenue Funds	<u>149,763</u>	<u>149,763</u>
<u>General</u>	<u>675,189</u>	<u>675,189</u>
Total Governmental Funds	<u>824,952</u>	<u>824,952</u>
Total – All funds	\$ <u>928,623</u>	\$ <u>928,623</u>

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The City administers a single-employer benefit plan which provides medical, prescription drug, dental and life insurance benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Employees hired before February 22, 1993 with at least 20 years of service are eligible for retiree health care benefits. Individuals who are employed by the City and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability. The City does not offer a post-employment benefit subsidy to employees hired on or after February 22, 1993. These employees can receive health care benefits on a pay-all basis. Life insurance for retirees is \$3,000 with no additional reductions. Retirees do not contribute for this coverage. Life insurance is not offered to dependents of retirees. The OPEB liability is generally liquidated by the general fund for governmental activities and the respective funds for business-type activities.

Retired Participants must be age 55 or older at retirement. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	116
Active employees	<u>8</u>
Total	<u>124</u>

Total OPEB Liability – The City's total OPEB liability of \$7,999,374 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2022)	2.50% per annum.
Rates of salary increase (effective June 30, 2022)	3.50% per annum, including inflation.
Discount rate (effective June 30, 2022)	3.54% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2022)	7.0% initial rate decreasing annually to an ultimate rate of 4.00%.

Discount Rate – The discount rate used to measure the total OPEB liability was 3.54% which reflects the S&P Municipal Bond 20 Year High-Grade Rate Index as of August 21, 2018.

Mortality rates are from the SOA RP2000 Mortality Table.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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

Changes in the Total OPEB Liability

		Total OPEB Liability
Total OPEB liability beginning of year	\$	<u>10,133,489</u>
Changes for the year:		
Service Cost		51,335
Interest		216,739
Difference between expected and actual experiences		(571,990)
Changes in assumptions		(1,344,908)
Benefit payments		<u>(485,291)</u>
Net changes		<u>(2,134,115)</u>
Total OPEB liability end of year	\$	<u>7,999,374</u>

Changes of assumptions reflect a change in the discount rate from 2.18% in fiscal year 2021 to 3.54% in fiscal year 2022.

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.54%) or 1% higher (4.54%) than the current discount rate.

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ <u>9,032,656</u>	\$ <u>7,999,374</u>	\$ <u>7,147,258</u>

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (6.00%) or 1% higher (8.00%) than the current healthcare cost trend rates.

	1% Decrease (6.00%)	Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Total OPEB liability	\$ <u>7,119,217</u>	\$ <u>7,999,374</u>	\$ <u>9,054,547</u>

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the City recognized OPEB expense (income) of (\$1,434,104). At June 30, 2022, the City reported deferred outflows and inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 241,268
Changes in assumptions	<u>708,176</u>	<u>211,475</u>
Total	\$ <u>708,176</u>	\$ <u>452,743</u>

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB (Continued)

The amount reported as deferred outflows and inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year ending</u> <u>June 30,</u>		<u>Amount</u>
2023	\$	122,808
2024		<u>132,625</u>
Total	\$	<u>255,433</u>

NOTE 7: CONSTRUCTION CONTRACT COMMITMENTS

Prior to June 30, 2022 the City had signed several construction contracts that are summarized below:

Total commitments	\$	34,107,929
Less amounts paid or accrued		<u>19,396,360</u>
Remaining commitments	\$	<u>14,711,569</u>

A significant portion of these commitments are for street, sewer and airport projects and are financed by general obligation bonds and grants. The remaining balance at June 30, 2022 will be paid as work on the projects progress.

NOTE 8: INTERNAL SERVICE FUNDS NET POSITION

The following is a summary of the changes in the internal service funds net position for the year ended June 30, 2022:

	<u>Equipment</u> <u>Purchasing</u>	<u>Employee</u> <u>Insurance</u>	<u>Total</u>
Net position - Beginning of year	\$ 1,320,439	\$ 4,319,121	\$ 5,639,560
Change in net position	<u>1,778,103</u>	<u>1,624,528</u>	<u>3,402,631</u>
Net position - End of year	\$ <u>3,098,542</u>	\$ <u>5,943,649</u>	\$ <u>9,042,191</u>

NOTE 9: DONOR RESTRICTED ENDOWMENTS

The City has received certain endowments for the maintenance of the Ottumwa Cemetery. The amount is reflected in net position as restricted for endowments. Investment income (including appreciation) is approved for expenditure by its individual Board. At June 30, 2022, net appreciation of \$25,968 was available to be spent, of which \$25,968 is restricted to specific purposes.

NOTE 10: RESERVED NET POSITION

Reserved net position for the business type activities consisted of the following at June 30, 2022:

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



CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 11: CLOSURE AND POST CLOSURE CARE COST

State and federal laws and regulations require the City to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The landfill is very large, and the City expects it to remain in operation for another 40 to 50 years. The state and federal regulations require individual cells to be monitored for 30 years after closure. The \$5,436,638 reported as landfill closure and post closure care liability at June 30, 2022, represents the cumulative amount reported to date based on the use of 95% of the estimated capacity of the cell the City is currently using (which was recently expanded). Actual costs may be higher or lower due to inflation, changes in technology, or changes in regulations. As future cells are developed in the landfill, the related closure and post closure costs will be accounted for and accrued over the respective operating lives of each cell. The following table summarizes the estimated liability and funds set aside for closure and post closure costs:

	<u>Closure</u>	<u>Post Closure</u>	<u>Total</u>
Balance, July 1, 2021	\$ 3,008,645	\$ 2,127,527	\$ 5,136,172
Fiscal year 2022 costs adjusted	<u>176,006</u>	<u>124,460</u>	<u>300,466</u>
Balance, June 30, 2022	\$ <u>3,184,651</u>	\$ <u>2,251,987</u>	\$ <u>5,436,638</u>

The City currently has funded \$764,937 for post closure and \$402,365 for closure cost. The unfunded portion of the closure and post closure liability of \$4,269,336 is provided by the City in the form of a local government guarantee.

NOTE 12: RELATED PARTY TRANSACTIONS

The City had business transactions between the City and City officials totaling \$19,200 during the year ended June 30, 2022.

NOTE 13: RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 794 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

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

The City's property and casualty contributions to Pool are recorded as expenditures from its operating funds at the time of payment to Pool. The City's contributions to the Pool for the year ended June 30, 2022 were \$589,187.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 13: RISK MANAGEMENT (Continued)

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event that a casualty claim, property loss or series of claims or losses exhausts total Pool's funds and any reinsurance and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The City does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2022, no liability has been recorded in the City's financial statements. As of June 30, 2022, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

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

NOTE 14: SELF INSURED HEALTH CARE

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

	<u>Year Ended</u> <u>June 30, 2022</u>
Liability - Beginning of year	\$ 737,413
Payments and accruals	(4,189,162)
Estimated claims incurred	<u>3,971,119</u>
Liability - End of year	\$ <u>519,370</u>

The above liabilities are included in accounts payable on the statement of net position.

CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**NOTE 15: SEWER UTILITY FUND**

The combining statement of net position for the Sewer Utility Fund as of June 30, 2022 is as follows:

	Sewer Utility	Sewer Sinking	Sewer Improvement	Sewer Construction	Total
<u>Assets</u>					
Cash, cash equivalents and pooled investments	\$ 1,546,718	\$ 1,377,000	\$ 4,050,000	\$ 7,059,915	\$ 14,033,633
Other assets	58,052,335	-	-	-	58,052,335
Total assets	59,599,053	1,377,000	4,050,000	7,059,915	72,085,968
<u>Deferred outflows of resources</u>	252,849	-	-	-	252,849
<u>Liabilities</u>	21,237,529	-	-	6,500	21,244,029
<u>Deferred inflows of resources</u>	1,008,557	-	-	-	1,008,557
<u>Net position:</u>					
Net investment in capital assets	37,482,304	-	-	7,053,415	44,535,719
Restricted:					
Debt service		95,000	-	-	95,000
Unrestricted	123,512	1,282,000	4,050,000	-	5,455,512
Total net position	\$ 37,605,816	\$ 1,377,000	\$ 4,050,000	\$ 7,053,415	\$ 50,086,231

The combining statement of revenues, expenses and changes in fund net position for the Sewer Utility Fund for the year ended June 30, 2022 is as follows:

	Sewer Utility	Sewer Sinking	Sewer Improvement	Sewer Construction	Total
Operating revenues	\$ 6,472,850	\$ -	\$ -	\$ -	\$ 6,472,850
Operating expenses	7,184,157	-	-	709,153	7,893,310
Operating loss	(711,307)	-	-	(709,153)	(1,420,460)
Nonoperating expense, net	(414,845)	-	-	-	(414,845)
Loss before transfers	(1,126,152)	-	-	(709,153)	(1,835,305)
Transfers in	326,746	-	-	3,762,188	4,088,934
Transfers out	-	-	-	(2,637,209)	(2,637,209)
	326,746	-	-	1,124,979	1,451,725
Change in net position	(799,406)	-	-	415,826	(383,580)
Net position - Beginning of year	38,489,396	1,377,000	3,550,000	7,053,415	50,469,811
Net position - End of year	\$ 37,689,990	\$ 1,377,000	\$ 3,550,000	\$ 7,469,241	\$ 50,086,231

Schedule of sewer rates/Customer census

Rate of Usage:	<u>Fiscal year 2022</u>
Base charge	\$15.65
Each 100 cubic foot unit	\$5.15

The Sewer Funds had 9,640 meters in service at June 30, 2022.

CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 16: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2022 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Employee Benefits	\$ 3,863,837
	Local Option Sales Tax	901,284
	Non-major Governmental funds	170,230
		<u>4,935,351</u>
Special Revenue:		
State Road Use Tax Fund	General	904,293
	Debt Service	275,179
	Internal Service	333,673
		<u>1,513,145</u>
Non-major Governmental Funds	Special Revenue:	
	Employee Benefits	550,207
		<u>550,207</u>
Proprietary:		
Solid Waste	Special Revenue:	
	Local Option Sales Tax	96,300
		<u>96,300</u>
Sewer Utility	Non-major Governmental Funds	804,802
	Special Revenue:	
	Employee Benefits	431,253
	Debt Service	215,670
		<u>1,451,725</u>
Events Center	General	159,543
	Debt Service	1,200,000
		<u>1,359,543</u>
Internal Service	Special Revenue:	
	State Road Use Tax	293,700
	Local Option Sales Tax	1,018,104
	Non-major Governmental Funds	2,248,586
		<u>3,560,390</u>
Total		\$ <u>13,466,661</u>

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



CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 17: DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2022 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue: Emergency	\$ 2,764
General	Special Revenue: Tax Increment Financing	83,438
Special Revenue: State Road Use Tax	Capital Projects: Sidewalks	80,048
		\$ <u>166,250</u>

This balances result from interfund loans to finance projects. Repayments will be made from future revenues.

NOTE 18: TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2022, the City abated \$7,210 of property tax under the urban renewal and economic development projects.

Tax Abatements of Other Entities

Property tax revenues of the City were reduced by the following amounts for the year ended June 30, 2022 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
Wapello County	Urban renewal and economic development projects	\$ 2,141
Ottumwa Community School District	Urban renewal and economic development projects	4,496
Wapello County Agricultural Extension	Urban renewal and economic development projects	65
Indian Hills Community College	Urban renewal and economic development projects	400
State Tuberculosis and Brucellosis Eradication Fund	Urban renewal and economic development projects	1
Wapello County Assessor	Urban renewal and economic development projects	107



CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

**NOTE 19: FUND BALANCE REPORTING**

The detail of the City's governmental funds modified accrual basis fund balances at June 30, 2022, is as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Permanent Funds</u>	<u>Total</u>
Nonspendable:						
Inventory	\$ 21,154	\$ -	\$ -	\$ 55,274	\$ -	\$ 76,428
Insurance	-	-	-	376,896	-	376,896
Cemetery perpetual care	-	-	-	-	750,696	750,696
Cemetery memorial	-	-	-	-	111,795	111,795
Total nonspendable	<u>21,154</u>	<u>-</u>	<u>-</u>	<u>432,170</u>	<u>862,491</u>	<u>1,315,815</u>
Restricted for:						
Debt service	-	590,739	-	-	-	590,739
Road improvements	-	-	-	5,806,022	-	5,806,022
Local option sales tax	-	-	-	6,920,221	-	6,920,221
Employee benefits	-	-	-	1,725,292	-	1,725,292
Airport	-	-	-	346,577	-	346,577
Emergency	-	-	-	2,958	-	2,958
Library/Library bequest	-	-	-	361,510	-	361,510
Cemetery	-	-	-	115,572	-	115,572
Block grants	-	-	-	323,306	-	323,306
Risk management	-	-	-	606,913	-	606,913
Fire	-	-	-	14,947	-	14,947
RAGBRAI	-	-	-	31,250	-	31,250
Retiree health insurance	-	-	-	106	-	106
Parks	-	-	-	934,938	-	934,938
Police	-	-	-	200,990	-	200,990
Tax increment financing	-	-	-	-	-	-
Historic preservation	-	-	-	1,446	-	1,446
Sidewalks	-	-	95,689	-	-	95,689
Airport projects	-	-	-	-	-	144,786
Street projects	-	-	2,479,956	-	-	2,479,956
Park projects	-	-	1,957,080	-	-	1,957,080
Other bond projects	-	-	2,838,670	-	-	2,838,670
Levee repairs	-	-	-	-	-	-
Downtown Streetscape	-	-	142,220	-	-	142,220
Cemetery perpetual care	-	-	-	-	74	74
Cemetery memorial	-	-	-	-	25,894	25,894
Total restricted	<u>-</u>	<u>590,739</u>	<u>7,513,615</u>	<u>17,392,048</u>	<u>25,968</u>	<u>25,667,156</u>
Unassigned	<u>3,626,329</u>	<u>-</u>	<u>(147,999)</u>	<u>(971,576)</u>	<u>-</u>	<u>2,361,968</u>
Total fund balances	\$ <u>3,647,483</u>	\$ <u>590,739</u>	\$ <u>7,365,616</u>	\$ <u>16,852,642</u>	\$ <u>888,459</u>	\$ <u>29,344,939</u>

**NOTE 20: LEASE RECEIVABLES**

The City owns land which it leases to a local company. The lease has been effective since 2015 for a twenty-five year period. The lease agreement has an optional twenty-five year renewal which the City is reasonably certain will be exercised. During the year ended June 30, 2022, the City earned principal of \$14,701 and interest of \$3,239 on the agreement.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 20: LEASE RECEIVABLES (Continued)

The City owns land which it leases to a local individual. The lease has been effective since 2019 and is in its two year renewal period. During the year ended June 30, 2022, the City earned principal of \$145,896 and interest of \$551 on the agreement.

The City owns land which it leases to a local individual. The lease has been effective since 2018 for a five year period. The lease agreement has an optional three year renewal which the City is reasonably certain will be exercised. During the year ended June 30, 2022, the City earned principal of \$3,993 and interest of \$7 on the agreement.

The City owns land which it leases to a local company. The lease has been effective since 2014 for a nine year period. The lease agreement has three optional five year renewals which the City is reasonably certain will be exercised. During the year ended June 30, 2022, the City earned principal of \$2,638 and interest of \$674 on the agreement.

The City owns land which it leases to a local company. The lease has been effective since 2009 and is in its second three-year renewal and has an additional renewal period of 3 years which the City is reasonably certain will be exercised. During the year ended June 30, 2022, the City earned principal of \$3,302 and interest of \$30 on the agreement.

The City owns office space which it leases to a local company. The lease has been effective since 2021 for a three year period. During the year ended June 30, 2022, the City earned principal of \$2,601 and interest of \$67 on the agreement.

The City has a lease agreement to rent out use of facilities at Beach Ottumwa. The lease has been effective since 2020 for a three year period. During the year ended June 30, 2022, the City earned principal of \$52,350 and interest of \$138 on the agreement.

The City owns land which it leases to a local company. The lease has been effective since 1987 and is in its seventh five year renewal and has three additional renewal periods of five years which the City is reasonable certain will be exercised. The agreement allows for an annual increase in lease payments of \$107. During the year ended June 30, 2022, the City earned principal of \$7,262 and interest of \$4 on the agreement.

The leases above have interest rates ranging from 0.19%-1.49% and require lease payments totaling the amounts reported in the table below annually. A summary of the remaining lease receivable principal and interest to maturity is as follows:

<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2023	\$ 252,391	\$ 8,508	\$ 260,899
2024	111,871	4,061	115,932
2025	14,226	3,714	17,940
2026	14,439	3,501	17,940
2027	14,655	3,285	17,940
2028 - 2032	76,629	13,071	89,700
2033 - 2037	82,533	7,167	89,700
2038 - 2041	<u>54,035</u>	<u>1,280</u>	<u>55,315</u>
	\$ <u>620,779</u>	\$ <u>44,587</u>	\$ <u>665,366</u>

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

NOTE 21: DEFICIT BALANCES

The Tax Increment Financing special revenue fund had a deficit balance of \$971,576 at June 30, 2022. This deficit is a result of ongoing economic development projects, which will be eliminated by a variety of sources including property taxes, intergovernmental funds, donations, and funds on hand. The Airport Projects fund had a deficit balance of \$7,252. This deficit is the result of ongoing projects, which will be eliminated by property taxes, intergovernmental funds, donations, and funds on hand. The Levee Repairs fund had a deficit balance of \$140,747. This deficit is the result of ongoing projects, which will be eliminated by property taxes, intergovernmental funds, donations, and funds on hand. The Solid Waste fund had deficit balance of \$479,592 at June 30, 2022. This deficit is a result of expenditures exceeding revenues, which will be eliminated by future charges for services.

NOTE 22: RECLASSIFICATIONS

Certain amounts for the year ended June 30, 2021 have been reclassified to conform with the June 30, 2022 presentation.

NOTE 23: ACCOUNTING CHANGE

Governmental Accounting Standards Board Statement No. 87, Leases was implemented during fiscal year 2022. The new requirements require reporting of certain lease assets and liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

	<u>Capital Assets</u>	<u>Long-term Liabilities Lease Agreements</u>
Balances June 30, 2021, As previously reported	\$ 152,979,891	\$ -
Change to implement GASBS No. 87	<u>47,203</u>	<u>47,203</u>
Balances July 1, 2021, As restated	\$ <u>153,027,094</u>	\$ <u>47,203</u>

CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022

NOTE 23: ACCOUNTING CHANGE (Continued)

	<u>Lease</u> <u>Receivable</u>	<u>Deferred</u> <u>Inflow of</u> <u>Resources</u>
Balances June 30, 2021, As previously reported	\$ -	\$ 15,945,533
Change to implement GASBS No. 87	<u>838,243</u>	<u>838,243</u>
Balances July 1, 2021, As restated	\$ <u>838,243</u>	\$ <u>16,783,776</u>

NOTE 24: SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 17, 2023, the date statements were available to be issued.

## REQUIRED SUPPLEMENTARY INFORMATION



CITY OF OTTUMWA, IOWA

BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN BALANCES - BUDGET AND ACTUAL (CASH BASIS) -  
GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2022

	Governmental Funds <u>Actual</u>	Proprietary Funds	Total <u>Actual</u>
<b><u>RECEIPTS:</u></b>			
Property tax	\$ 14,649,244	\$ -	\$ 14,649,244
Other city tax	5,844,244	-	5,844,244
Licenses and permits	-	-	-
Intergovernmental	5,297,072	18,229	5,315,301
Use of money and property	25,300	-	25,300
Charges for service	4,733,470	9,387,816	14,121,286
Other fines	74,982	-	74,982
Miscellaneous	2,351,774	-	2,351,774
Total receipts	<u>32,976,086</u>	<u>9,406,045</u>	<u>42,382,131</u>
<b><u>DISBURSEMENTS:</u></b>			
Current:			
Public safety	9,856,559	-	9,856,559
Public works	7,754,192	-	7,754,192
Health and social services	701,745	-	701,745
Culture and recreation	2,933,414	-	2,933,414
Community and economic development	543,100	-	543,100
General government	1,835,413	-	1,835,413
Capital projects	4,360,463	-	4,360,463
Debt service	3,750,576	-	3,750,576
Business-type activities	-	16,132,494	16,132,494
Total disbursements	<u>31,735,462</u>	<u>16,132,494</u>	<u>47,867,956</u>
Excess (deficiency) of revenues over (under) expenses	1,240,624	(6,726,449)	(5,485,825)
Other financing sources (uses), net	<u>564,866</u>	<u>6,134,285</u>	<u>6,699,151</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,805,490	(592,164)	1,213,326
Balances - Beginning of year	<u>31,515,057</u>	<u>18,118,353</u>	<u>49,633,410</u>
Balances - End of year	\$ <u>33,320,547</u>	\$ <u>17,526,189</u>	\$ <u>50,846,736</u>

See Accompanying Independent Auditor's Report

<u>Budgeted Amounts</u>		<u>Final to</u>
<u>Original</u>	<u>Final</u>	<u>Actual</u>
		<u>Variance</u>
\$ 13,550,095	\$ 13,550,095	\$ 1,099,149
4,615,803	4,615,803	1,228,441
329,164	364,164	(364,164)
4,217,453	6,862,857	(1,547,556)
1,124,395	1,156,095	(1,130,795)
18,476,740	19,175,527	(5,054,241)
35,000	62,500	12,482
1,099,834	1,206,934	1,144,840
<u>43,448,484</u>	<u>46,993,975</u>	<u>(4,611,844)</u>
9,333,186	9,678,497	(178,062)
8,294,224	7,798,461	44,269
806,094	806,094	104,349
2,448,640	2,449,640	(483,774)
335,671	414,725	(128,375)
1,821,541	1,993,141	157,728
11,061,602	12,580,371	8,219,908
3,812,387	4,576,025	825,449
<u>13,657,596</u>	<u>14,958,735</u>	<u>(1,173,759)</u>
<u>51,570,941</u>	<u>55,255,689</u>	<u>7,387,733</u>
(8,122,457)	(8,261,714)	2,775,889
<u>-</u>	<u>-</u>	<u>6,699,151</u>
(8,122,457)	(8,261,714)	9,475,040
<u>34,820,771</u>	<u>36,664,618</u>	<u>12,968,792</u>
\$ <u>26,698,314</u>	\$ <u>28,402,904</u>	\$ <u>22,443,832</u>

## CITY OF OTTUMWA, IOWA

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

YEAR ENDED JUNE 30, 2022

	Governmental Funds			Proprietary Funds		
	Cash Basis	Modified Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 32,976,086	\$ (1,492,908)	\$ 34,468,994	\$ 9,406,045	\$ 1,552,178	\$ 10,958,223
Expenditures/expenses	31,735,462	389,235	32,104,697	18,132,494	(2,521,574)	13,610,920
Net	1,240,624	(1,123,673)	2,364,297	(6,726,449)	(969,396)	(2,652,697)
Other financing sources (uses), net	564,866	(1,309,478)	1,874,344	6,134,285	3,226,717	2,907,568
Beginning fund balances/net position	31,515,057	6,408,758	25,106,299	18,118,353	(50,163,933)	68,282,286
Ending fund balances/net position	\$ 33,320,547	\$ 3,975,607	\$ 29,344,940	\$ 17,526,189	\$ (51,010,968)	\$ 68,537,157

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds, except the Internal Service Funds, as prescribed by Iowa statutes. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Project Funds, the Permanent Funds and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, one budget amendment increased budgeted disbursements by \$3,684,748. This budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2022, disbursements exceeded the amounts budgeted in the public safety, culture and recreation, community and economic development and business-type activity functions.

CITY OF OTTUMWA, IOWA

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-  
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA  
LAST EIGHT FISCAL YEARS\*

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2022</u>	<u>2021</u>
City's proportion of the net pension liability	1.374033 %	1.512544 %
City's proportionate share of the net pension liability	\$ 3,085,723	\$ 12,064,055
City's covered payroll	\$ 4,464,973	\$ 4,805,501
City's proportionate share of the net pension liability as a percentage of its covered payroll	69.11 %	251.05 %
Plan fiduciary net position as a percentage of the total pension liability	93.62 %	76.47 %

\* 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 the table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
1.423139 %	1.363209 %	1.443588 %	1.432455 %	1.459246 %	1.4834071 %
\$ 9,334,747	\$ 8,116,594	\$ 8,466,284	\$ 8,956,582	\$ 6,855,749	\$ 5,377,325
\$ 4,308,033	\$ 3,947,641	\$ 4,088,560	\$ 3,881,765	\$ 3,826,816	\$ 3,788,177
216.68 %	205.61 %	207.07 %	230.73 %	179.15 %	141.95 %
79.94 %	81.07 %	80.60 %	78.20 %	83.04 %	86.27 %



CITY OF OTTUMWA, IOWA

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST EIGHT FISCAL YEARS\*

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2022</u>	<u>2021</u>
City's proportion of the net pension liability	0.075026 %	0.084337 %
City's proportionate share of the net pension liability	\$ 105,180	\$ 5,131,728
City's covered payroll	\$ 6,088,678	\$ 6,647,592
City's proportionate share of the net pension liability as a percentage of its covered payroll	1.73 %	77.20 %
Plan fiduciary net position as a percentage of the total pension liability	100.81 %	82.90 %

\* 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 the table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.088029 %	0.088461 %	0.0907041 %	0.0894269 %	0.089854 %	0.0990751 %
\$ 5,131,728	\$ 5,596,287	\$ 6,042,040	\$ 5,627,919	\$ 4,467,061	\$ 3,929,225
\$ 6,736,161	\$ 6,646,619	\$ 6,769,832	\$ 6,404,793	\$ 6,202,374	\$ 6,508,707
76.18 %	84.20 %	88.37 %	87.87 %	72.02 %	60.37 %
85.45 %	83.62 %	82.21 %	81.82 %	85.19 %	87.61 %

CITY OF OTTUMWA, IOWA

SCHEDULE OF CITY'S CONTRIBUTIONS-  
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA  
LAST 10 FISCAL YEARS  
(IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Statutorily required contribution	\$ 1,231	\$ 1,130	\$ 1,163
Contributions in relation to the statutorily required contribution	<u>(1,231)</u>	<u>(1,130)</u>	<u>(1,163)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's covered payroll	\$ 4,703	\$ 4,465	\$ 4,805
Contributions as a percentage of covered payroll	26.18 %	25.31 %	24.20 %

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 1,121	\$ 1,014	\$ 1,078	\$ 1,078	\$ 1,164	\$ 1,141	\$ 970
<u>(1,121)</u>	<u>(1,014)</u>	<u>(1,078)</u>	<u>(1,078)</u>	<u>(1,164)</u>	<u>(1,141)</u>	<u>(970)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 4,308	\$ 3,948	\$ 3,882	\$ 3,882	\$ 3,827	\$ 3,788	\$ 3,715
26.02 %	25.68 %	27.77 %	27.77 %	30.41 %	30.12 %	26.12 %

CITY OF OTTUMWA, IOWA  
SCHEDULE OF CITY'S CONTRIBUTIONS-  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS  
(IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Statutorily required contribution	\$ 575	\$ 575	\$ 628
Contributions in relation to the statutorily required contribution	(575)	(575)	(628)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
City's covered payroll	\$ 6,091	\$ 6,089	\$ 6,648
Contributions as a percentage of covered payroll	9.44 %	9.44 %	9.44 %



<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 637	\$ 594	\$ 605	\$ 572	\$ 554	\$ 579	\$ 568
<u>(637)</u>	<u>(594)</u>	<u>(605)</u>	<u>(572)</u>	<u>(554)</u>	<u>(579)</u>	<u>(568)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 6,736	\$ 6,647	\$ 6,770	\$ 6,405	\$ 6,202	\$ 6,509	\$ 6,555
9.44 %	8.93 %	8.93 %	8.93 %	8.93 %	8.90 %	8.67 %

CITY OF OTTUMWA, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – MUNICIPAL FIRE AND  
POLICE RETIREMENT SYSTEM OF IOWA

YEAR END JUNE 30, 2022

*Changes of benefit terms:*

There were no significant changes of benefit terms.

*Changes of assumptions:*

The 2018 valuation changed postretirement mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Table with males set-forward zero years, females set-forward two years and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

The 2017 valuation added five years projection of future mortality improvement with Scale BB.

The 2016 valuation changed postretirement mortality rates to the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled individuals set-forward one year (male only rates), with no projection of future mortality improvement.

The 2015 valuation phased in the 1994 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 1/12 of the 1971 Group Annuity Mortality Table and 11/12 of the 1994 Group Annuity Mortality Table.

The 2014 valuation phased in the 1994 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

CITY OF OTTUMWA, IOWA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – IOWA PUBLIC  
EMPLOYEES' RETIREMENT SYSTEM

YEAR END JUNE 30, 2022

*Changes of benefit terms:*

There were no significant changes in benefit terms.

*Changes of assumptions:*

The 2018 implemented the following refinements as a result of the demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00 percent to 2.60 percent.
- Decreased the assumed rate of interest on member accounts from 3.75 percent to 3.50 percent per year.
- Decreased the discount rate from 7.50 percent to 7.00 percent.
- Decreased the wage growth assumption from 4.00 percent to 3.25 percent.
- Decreased the payroll growth assumption from 4.00 percent to 3.25 percent.

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 (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

CITY OF OTTUMWA, IOWA

SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES

FOR THE LAST FIVE YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 51,335	\$ 66,376	\$ 49,168	\$ 46,196	\$ 56,386
Interest cost	216,739	261,299	319,566	367,189	316,330
Difference between expected and actual experiences	(1,344,908)	-	(821,167)	(24,013)	(132,051)
Changes in assumptions	(571,990)	701,201	458,467	136,614	747,155
Benefit payments	(485,291)	(521,862)	(520,509)	(568,899)	(585,335)
Other changes	-	-	17,552	(384,736)	385,289
Net change in total OPEB liability	(2,134,115)	507,014	(496,923)	(427,649)	787,774
Total OPEB liability beginning of year	10,133,489	9,626,475	10,123,398	10,551,047	9,763,273
Total OPEB liability end of year	\$ 7,999,374	\$ 10,133,489	\$ 9,626,475	\$ 10,123,398	\$ 10,551,047
Covered-employee payroll	\$ 10,207,769	\$ 10,465,408	\$ 10,465,408	\$ 1,266,360	\$ 1,229,476
Total OPEB liability as a percentage of covered payroll	78.37%	96.83%	91.98%	799.41%	858.17%

Notes to Schedule of Changes in the City's Total OPEB Liability and Related Ratios

No assets are accumulated in a trust that meets the criteria of paragraph 4 of GASB No. 75.

*Changes in benefit terms:*

There were no significant changes in benefit terms.

*Changes in assumptions:*

Changes in assumptions and other inputs reflect the effects of changes in the discount rate and the healthcare cost trend rate each period. The following are the discount and healthcare cost trend rates used in each period.

	<u>Discount Rate</u>	<u>Healthcare Costs Trend Rate</u>
Year ended June 30, 2022	3.54%	7.00%
Year ended June 30, 2021	2.18%	6.50%
Year ended June 30, 2020	2.79%	6.50%
Year ended June 30, 2019	3.56%	8.00%
Year ended June 30, 2018	4.00%	9.00%
Year ended June 30, 2017	3.24%	8.00%

## OTHER SUPPLEMENTARY INFORMATION



## CITY OF OTTUMWA, IOWA

Schedule 1

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash, cash equivalents and pooled investments	\$ 2,854,930	\$ 5,282,525	\$ 888,459	\$ 9,025,914
Receivables:				
Property taxes:				
Delinquent	19,019	-	-	19,019
Succeeding year	1,223,161	-	-	1,223,161
Accounts	130,488	129,724	-	260,212
Prepays	376,896	-	-	376,896
Deposit	25,000	-	-	25,000
TOTAL ASSETS	\$ 4,629,494	\$ 5,412,249	\$ 888,459	\$ 10,930,202
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ 52,371	\$ 461,635	\$ -	\$ 514,006
Wages and benefits payable	33,741	-	-	33,741
Unearned revenue	-	127,174	-	127,174
Due to other funds	2,812	80,000	-	82,812
TOTAL LIABILITIES	88,924	668,809	-	757,733
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Unavailable revenues:				
Succeeding year property tax	1,223,161	-	-	1,223,161
TOTAL DEFERRED INFLOWS OF RESOURCES	1,223,161	-	-	1,223,161
<u>FUND BALANCES:</u>				
Nonspendable	376,896	-	862,491	1,239,387
Restricted	2,940,513	4,743,440	25,968	7,709,921
TOTAL FUND BALANCES	3,317,409	4,743,440	888,459	8,949,308
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,629,494	\$ 5,412,249	\$ 888,459	\$ 10,930,202

## CITY OF OTTUMWA, IOWA

Schedule 2

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN  
FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<u>REVENUES:</u>				
Property tax	\$ 1,168,251	\$ -	\$ -	\$ 1,168,251
Intergovernmental	131,094	252,449	-	383,543
Use of money and property	552,003	369,189	4,933	926,125
Charges for service	229,912	-	5,670	235,582
Miscellaneous	927,509	1,101,565	-	2,029,074
Total revenues	<u>3,008,769</u>	<u>1,723,203</u>	<u>10,603</u>	<u>4,742,575</u>
<u>EXPENDITURES:</u>				
Operating:				
Public safety	274,776	76,589	-	351,365
Public works	1,380,187	-	-	1,380,187
Health and social services	-	196,438	-	196,438
Culture and recreation	1,274,500	399,076	-	1,673,576
Community and economic development	6,711	125,591	-	132,302
General government	535,940	-	-	535,940
Capital projects	-	1,820,607	-	1,820,607
Total expenditures	<u>3,472,114</u>	<u>2,618,301</u>	<u>-</u>	<u>6,090,415</u>
Excess (deficiency) of revenues over (under) expenditures	(463,345)	(895,098)	10,603	(1,347,840)
Other financing sources (uses):				
Issuance of debt	1,155,000	3,938,375	-	5,093,375
Transfers in	538,761	-	-	538,761
Transfers out	(1,428,753)	(951,634)	-	(2,380,387)
Total other financing sources (uses)	<u>265,008</u>	<u>2,986,741</u>	<u>-</u>	<u>3,251,749</u>
Net change in fund balances	(198,337)	2,091,643	10,603	1,903,909
Fund balances - Beginning of year	<u>3,515,746</u>	<u>2,651,797</u>	<u>877,856</u>	<u>7,045,399</u>
Fund balances - End of year	\$ <u>3,317,409</u>	\$ <u>4,743,440</u>	\$ <u>888,459</u>	\$ <u>8,949,308</u>

CITY OF OTTUMWA, IOWA  
 COMBINING BALANCE SHEET  
 NONMAJOR SPECIAL REVENUE FUNDS  
 JUNE 30, 2022

<u>ASSETS</u>	<u>Airport</u>	<u>Emergency</u>	<u>Library</u>	<u>Cemetery</u>	<u>Block Grants</u>	<u>Risk Management</u>
Cash, cash equivalents and pooled investments	\$ 249,127	\$ 2,958	\$ 254,124	\$ 122,662	\$ 323,306	\$ 596,311
Receivables:						
Property taxes:						
Delinquent	-	2,812	6,144	2,252	-	7,811
Succeeding year	-	183,300	391,755	138,855	-	509,251
Accounts	130,457	-	31	-	-	-
Prepays	46,236	-	15,518	4,232	-	310,910
Deposit	-	-	-	-	-	25,000
<b>TOTAL ASSETS</b>	<b>\$ 425,820</b>	<b>\$ 189,070</b>	<b>\$ 667,572</b>	<b>\$ 268,001</b>	<b>\$ 323,306</b>	<b>\$ 1,449,283</b>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>						
<u>LIABILITIES:</u>						
Accounts payable	\$ 22,977	\$ -	\$ 3,646	\$ 3,775	\$ -	\$ 18,921
Wages and benefits payable	10,030	-	14,856	5,567	-	3,288
Due to other funds	-	2,812	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>33,007</b>	<b>2,812</b>	<b>18,502</b>	<b>9,342</b>	<b>-</b>	<b>22,209</b>
 <u>DEFERRED INFLOWS OF RESOURCES:</u>						
Unavailable resources:						
Succeeding year property tax	-	183,300	391,755	138,855	-	509,251
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>183,300</b>	<b>391,755</b>	<b>138,855</b>	<b>-</b>	<b>509,251</b>
 <u>FUND BALANCES:</u>						
Nonspendable	46,236	-	15,518	4,232	-	310,910
Restricted	346,577	2,958	241,797	115,572	323,306	606,913
<b>TOTAL FUND BALANCES</b>	<b>392,813</b>	<b>2,958</b>	<b>257,315</b>	<b>119,804</b>	<b>323,306</b>	<b>917,823</b>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 425,820</b>	<b>\$ 189,070</b>	<b>\$ 667,572</b>	<b>\$ 268,001</b>	<b>\$ 323,306</b>	<b>\$ 1,449,283</b>

## Schedule 3

<u>Fire Bequest</u>	<u>RAGBRAI</u>	<u>Retiree Health Insurance</u>	<u>Library Bequest</u>	<u>Park Bequest</u>	<u>Police Bequest</u>	<u>Historic Preservation</u>	<u>Total</u>
\$ 14,947	\$ 31,250	\$ 106	\$ 122,765	\$ 934,938	\$ 200,990	\$ 1,446	\$ 2,854,930
-	-	-	-	-	-	-	19,019
-	-	-	-	-	-	-	1,223,161
-	-	-	-	-	-	-	130,488
-	-	-	-	-	-	-	376,896
-	-	-	-	-	-	-	25,000
\$ 14,947	\$ 31,250	\$ 106	\$ 122,765	\$ 934,938	\$ 200,990	\$ 1,446	\$ 4,629,494
\$ -	\$ -	\$ -	\$ 3,052	\$ -	\$ -	\$ -	\$ 52,371
-	-	-	-	-	-	-	33,741
-	-	-	-	-	-	-	2,812
-	-	-	3,052	-	-	-	88,924
-	-	-	-	-	-	-	1,223,161
-	-	-	-	-	-	-	1,223,161
-	-	-	-	-	-	-	376,896
14,947	31,250	106	119,713	934,938	200,990	1,446	2,940,513
14,947	31,250	106	119,713	934,938	200,990	1,446	3,317,409
\$ 14,947	\$ 31,250	\$ 106	\$ 122,765	\$ 934,938	\$ 200,990	\$ 1,446	\$ 4,629,494

CITY OF OTTUMWA, IOWA

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2022

	<u>Airport</u>	<u>Emergency</u>	<u>Library</u>	<u>Cemetery</u>	<u>Block Grants</u>
<b>REVENUES:</b>					
Property tax	\$ -	\$ 173,188	\$ 375,129	\$ 138,855	\$ -
Intergovernmental	42,000	-	47,911	481	-
Use of money and property	532,758	-	969	13,410	-
Charges for service	85,501	-	12,123	132,288	-
Miscellaneous	733,526	-	111,457	1,443	-
Total revenues	<u>1,393,785</u>	<u>173,188</u>	<u>547,589</u>	<u>286,477</u>	<u>-</u>
<b>EXPENDITURES:</b>					
Operating:					
Public safety	-	-	-	-	-
Public works	1,380,187	-	-	-	-
Culture and recreation	-	-	793,807	348,686	2,400
Community and economic development	-	-	-	-	-
General government	-	-	-	-	-
Total expenditures	<u>1,380,187</u>	<u>-</u>	<u>793,807</u>	<u>348,686</u>	<u>2,400</u>
Excess (deficiency) of revenues over (under) expenditures	13,598	173,188	(246,218)	(62,209)	(2,400)
Other financing sources (uses):					
Issuance of debt	45,000	-	-	-	300,000
Transfers in	34,223	-	246,237	84,347	-
Transfers out	-	(170,230)	-	(10,817)	-
Total other financing sources (uses)	<u>79,223</u>	<u>(170,230)</u>	<u>246,237</u>	<u>73,530</u>	<u>300,000</u>
Net change in fund balances	92,821	2,958	19	11,321	297,600
Fund balances - Beginning of year	<u>299,992</u>	<u>-</u>	<u>257,296</u>	<u>108,483</u>	<u>25,706</u>
Fund balances - End of year	\$ <u>392,813</u>	\$ <u>2,958</u>	\$ <u>257,315</u>	\$ <u>119,804</u>	\$ <u>323,306</u>



<u>Risk Management</u>	<u>Fire Bequest</u>	<u>RAGBRAI</u>	<u>Retiree Health Insurance</u>	<u>Library Bequest</u>	<u>Park Bequest</u>	<u>Police Bequest</u>	<u>Historic Preservation</u>	<u>Total</u>
\$ 481,079	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,168,251
-	2,209	-	-	30,784	376	675	6,658	131,094
3,098	63	-	106	399	484	716	-	552,003
-	-	-	-	-	-	-	-	229,912
-	-	-	-	62,759	-	18,324	-	927,509
<u>484,177</u>	<u>2,272</u>	<u>-</u>	<u>106</u>	<u>93,942</u>	<u>860</u>	<u>19,715</u>	<u>6,658</u>	<u>3,008,769</u>
262,724	6,007	-	-	-	-	6,045	-	274,776
-	-	-	-	-	-	-	-	1,380,187
-	-	-	-	119,135	10,472	-	-	1,274,500
-	-	-	-	-	-	-	6,711	6,711
535,940	-	-	-	-	-	-	-	535,940
<u>798,664</u>	<u>6,007</u>	<u>-</u>	<u>-</u>	<u>119,135</u>	<u>10,472</u>	<u>6,045</u>	<u>6,711</u>	<u>3,472,114</u>
(314,487)	(3,735)	-	106	(25,193)	(9,612)	13,670	(53)	(463,345)
-	-	-	-	-	810,000	-	-	1,155,000
166,989	-	-	-	-	-	6,965	-	538,761
(14,000)	-	-	(1,233,706)	-	-	-	-	(1,428,753)
<u>152,989</u>	<u>-</u>	<u>-</u>	<u>(1,233,706)</u>	<u>-</u>	<u>810,000</u>	<u>6,965</u>	<u>-</u>	<u>265,008</u>
(161,498)	(3,735)	-	(1,233,600)	(25,193)	800,388	20,635	(53)	(198,337)
<u>1,079,321</u>	<u>18,682</u>	<u>31,250</u>	<u>1,233,706</u>	<u>144,906</u>	<u>134,550</u>	<u>180,355</u>	<u>1,499</u>	<u>3,515,746</u>
\$ <u>917,823</u>	\$ <u>14,947</u>	\$ <u>31,250</u>	\$ <u>106</u>	\$ <u>119,713</u>	\$ <u>934,938</u>	\$ <u>200,990</u>	\$ <u>1,446</u>	\$ <u>3,317,409</u>

CITY OF OTTUMWA, IOWA  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2022

<u>ASSETS</u>	<u>Sidewalks</u>	<u>Park Projects</u>
Cash, cash equivalents and pooled investments	\$ 175,689	\$ 1,984,862
Receivables:		
Accounts	<u>-</u>	<u>2,550</u>
TOTAL ASSETS	\$ <u>175,689</u>	\$ <u>1,987,412</u>
 <u>LIABILITIES AND FUND BALANCES</u>		
<u>LIABILITIES:</u>		
Accounts payable	\$ -	\$ 30,332
Due to other funds	80,000	-
Unearned revenue	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>80,000</u>	<u>30,332</u>
 <u>FUND BALANCES:</u>		
Restricted	<u>95,689</u>	<u>1,957,080</u>
TOTAL FUND BALANCES	<u>95,689</u>	<u>1,957,080</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>175,689</u>	\$ <u>1,987,412</u>

<u>Airport Projects</u>	<u>Other Bond Projects</u>	<u>Levee Repairs</u>	<u>Total</u>
\$ 265,121	\$ 2,856,853	\$ -	\$ 5,282,525
<u>-</u>	<u>127,174</u>	<u>-</u>	<u>129,724</u>
\$ <u>265,121</u>	\$ <u>2,984,027</u>	\$ <u>-</u>	\$ <u>5,412,249</u>
\$ 272,373	\$ 18,183	\$ 140,747	\$ 461,635
-	-	-	80,000
<u>-</u>	<u>127,174</u>	<u>-</u>	<u>127,174</u>
<u>272,373</u>	<u>145,357</u>	<u>140,747</u>	<u>668,809</u>
<u>(7,252)</u>	<u>2,838,670</u>	<u>(140,747)</u>	<u>4,743,440</u>
<u>(7,252)</u>	<u>2,838,670</u>	<u>(140,747)</u>	<u>4,743,440</u>
\$ <u>265,121</u>	\$ <u>2,984,027</u>	\$ <u>-</u>	\$ <u>5,412,249</u>

CITY OF OTTUMWA, IOWA

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
YEAR ENDED JUNE 30, 2022

	<u>Sidewalks</u>	<u>Park Projects</u>
<b><u>REVENUES:</u></b>		
Use of money and property	\$ 479	\$ 1,300
Intergovernmental	-	242,349
Miscellaneous	-	132,051
Total revenues	<u>479</u>	<u>375,700</u>
<b><u>EXPENDITURES:</u></b>		
Operating:		
Public safety	-	-
Health and social services	-	-
Culture and recreation	-	-
Community and economic development	-	-
Capital projects	<u>224,069</u>	<u>309,421</u>
Total expenditures	<u>224,069</u>	<u>309,421</u>
Excess (deficiency) of revenues over (under) expenditures	(223,590)	66,279
Other financing sources (uses):		
Transfers out	-	-
Issuance of debt	<u>175,000</u>	<u>1,530,000</u>
	<u>175,000</u>	<u>1,530,000</u>
Net change in fund balances	(48,590)	1,596,279
Fund balances - Beginning of year	<u>144,279</u>	<u>360,801</u>
Fund balances - End of year	\$ <u>95,689</u>	\$ <u>1,957,080</u>

<u>Airport Projects</u>	<u>Other Bond Projects</u>	<u>Levee Repairs</u>	<u>Total</u>
\$ 366,898	\$ -	\$ 512	\$ 369,189
-	10,100	-	252,449
-	513,618	455,896	1,101,565
<u>366,898</u>	<u>523,718</u>	<u>456,408</u>	<u>1,723,203</u>
-	76,589	-	76,589
-	196,438	-	196,438
-	399,076	-	399,076
-	125,591	-	125,591
<u>518,936</u>	<u>141,618</u>	<u>626,563</u>	<u>1,820,607</u>
<u>518,936</u>	<u>939,312</u>	<u>626,563</u>	<u>2,618,301</u>
(152,038)	(415,594)	(170,155)	(895,098)
-	(495,738)	(455,896)	(951,634)
-	2,233,375	-	3,938,375
-	1,737,637	(455,896)	2,986,741
(152,038)	1,322,043	(626,051)	2,091,643
<u>144,786</u>	<u>1,516,627</u>	<u>485,304</u>	<u>2,651,797</u>
\$ <u>(7,252)</u>	\$ <u>2,838,670</u>	\$ <u>(140,747)</u>	\$ <u>4,743,440</u>

## CITY OF OTTUMWA, IOWA

Schedule 7

COMBINING BALANCE SHEET  
NONMAJOR PERMANENT FUNDS  
JUNE 30, 2022

	Cemetery Perpetual Care	Cemetery Memorial	Total Nonmajor Permanent Funds
<u>ASSETS</u>			
Cash, cash equivalents and pooled investments	\$ 750,770	\$ 137,689	\$ 888,459
TOTAL ASSETS	\$ 750,770	\$ 137,689	\$ 888,459
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
None	\$ -	\$ -	\$ -
<u>FUND BALANCES:</u>			
Nonspendable	750,696	111,795	862,491
Restricted	74	25,894	25,968
TOTAL FUND BALANCES	750,770	137,689	888,459
TOTAL LIABILITIES AND FUND BALANCES	\$ 750,770	\$ 137,689	\$ 888,459



## CITY OF OTTUMWA, IOWA

Schedule 8

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS  
YEAR ENDED JUNE 30, 2022

	Cemetery Perpetual Care	Cemetery Memorial	Total Nonmajor Permanent Funds
<u>REVENUES:</u>			
Interest income	\$ 4,728	\$ 205	\$ 4,933
Charges for service	<u>5,670</u>	<u>-</u>	<u>5,670</u>
Total revenues	<u>10,398</u>	<u>205</u>	<u>10,603</u>
<u>EXPENSES:</u>			
None	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	10,398	205	10,603
Fund balances - Beginning of year	<u>740,372</u>	<u>137,484</u>	<u>877,856</u>
Fund balances - End of year	\$ <u>750,770</u>	\$ <u>137,689</u>	\$ <u>888,459</u>

## CITY OF OTTUMWA, IOWA

Schedule 9

COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
JUNE 30, 2022

	<u>Transit</u>	<u>Golf Course</u>	<u>Total Nonmajor Proprietary Funds</u>
<u>ASSETS:</u>			
Current assets:			
Cash, cash equivalents and pooled investments	\$ 635,452	\$ 36,190	\$ 671,642
Receivables:			
Property taxes:			
Delinquent	9,680	-	9,680
Due from other governments	-	5,000	5,000
Prepaid expenses	3,517	-	3,517
Total current assets	<u>648,649</u>	<u>41,190</u>	<u>689,839</u>
Capital assets:			
Land	-	80,000	80,000
Buildings	1,295,718	174,855	1,470,573
Improvements other than buildings	-	893,561	893,561
Machinery and equipment	-	328,075	328,075
Less accumulated depreciation	(852,150)	(1,174,631)	(2,026,781)
Total capital assets	<u>443,568</u>	<u>301,860</u>	<u>745,428</u>
TOTAL ASSETS	<u>1,092,217</u>	<u>343,050</u>	<u>1,435,267</u>
<u>LIABILITIES:</u>			
Current liabilities:			
Accounts payable	973	-	973
Total current liabilities	<u>973</u>	<u>-</u>	<u>973</u>
TOTAL LIABILITIES	<u>973</u>	<u>-</u>	<u>973</u>
<u>NET POSITION:</u>			
Net investment in capital assets	443,568	301,860	745,428
Unrestricted	<u>647,676</u>	<u>41,190</u>	<u>688,866</u>
TOTAL NET POSITION \$	<u>1,091,244</u>	<u>\$ 343,050</u>	<u>\$ 1,434,294</u>

## CITY OF OTTUMWA, IOWA

Schedule 10

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2022

	Transit	Golf Course	Total Nonmajor Proprietary Funds
Operating revenues:			
Miscellaneous	-	15,000	15,000
Total operating revenues	-	15,000	15,000
Operating expenses:			
Operations	20,433	3,922	24,355
Depreciation	44,912	25,217	70,129
Total operating expenses	65,345	29,139	94,484
Operating loss	(65,345)	(14,139)	(79,484)
Nonoperating revenue:			
Other	1,275	-	1,275
Property taxes	9,680	-	9,680
Total nonoperating revenue	10,955	-	10,955
Change in net position	(54,390)	(14,139)	(68,529)
Net position - Beginning of year	1,145,634	357,189	1,502,823
Net position - End of year	\$ 1,091,244	\$ 343,050	\$ 1,434,294

## CITY OF OTTUMWA, IOWA

Schedule 11

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2022

	<u>Transit</u>	<u>Golf Course</u>	<u>Total Nonmajor Enterprise Funds</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from operations	\$ -	\$ 10,000	\$ 10,000
Cash paid to suppliers	<u>(19,400)</u>	<u>(3,922)</u>	<u>(23,322)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(19,400)</u>	<u>6,078</u>	<u>(13,322)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Property taxes	9,680	-	9,680
Intergovernmental	<u>1,277</u>	<u>-</u>	<u>1,277</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>10,957</u>	<u>-</u>	<u>10,957</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS	(8,443)	6,078	(2,365)
<u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS</u> - Beginning of year	<u>643,895</u>	<u>30,112</u>	<u>674,007</u>
<u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS</u> - End of year	\$ <u>635,452</u>	\$ <u>36,190</u>	\$ <u>671,642</u>
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</u>			
Operating loss	\$ (65,345)	\$ (14,139)	\$ (79,484)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	44,912	25,217	70,129
Changes in assets and liabilities:			
Increase in prepaid expenses	(573)	-	(573)
Decrease in accounts payable	(137)	-	(137)
Increase (decrease) in receivables	<u>1,743</u>	<u>(5,000)</u>	<u>(3,257)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u>(19,400)</u>	\$ <u>6,078</u>	\$ <u>(13,322)</u>

## CITY OF OTTUMWA, IOWA

Schedule 12

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2022

	<u>Payroll Clearing</u>	<u>Equipment Purchasing</u>	<u>Employee Insurance</u>	<u>Total</u>
<u>ASSETS</u>				
Cash, cash equivalents and pooled investments	\$ 218,685	\$ 3,098,542	\$ 6,421,307	\$ 9,738,534
Accounts receivable	-	-	87	87
Due from other governments	-	-	41,625	41,625
<b>TOTAL ASSETS</b>	<u>218,685</u>	<u>3,098,542</u>	<u>6,463,019</u>	<u>9,780,246</u>
<u>LIABILITIES AND NET POSITION</u>				
<u>CURRENT LIABILITIES:</u>				
Accounts payable	<u>218,685</u>	-	<u>519,370</u>	<u>738,055</u>
<b>TOTAL LIABILITIES</b>	<u>218,685</u>	-	<u>519,370</u>	<u>738,055</u>
<u>NET POSITION:</u>				
Restricted	-	-	5,943,649	5,943,649
Unrestricted	-	<u>3,098,542</u>	-	<u>3,098,542</u>
<b>TOTAL NET POSITION</b>	\$ <u>-</u>	\$ <u>3,098,542</u>	\$ <u>5,943,649</u>	\$ <u>9,042,191</u>

## CITY OF OTTUMWA, IOWA

Schedule 13

COMBINING STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN  
FUND NET POSITION  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2022

	<u>Equipment Purchasing</u>	<u>Employee Insurance</u>	<u>Total</u>
<b><u>OPERATING REVENUES:</u></b>			
Charges for service and other operating revenues	\$ 50,134	\$ 4,074,264	\$ 4,124,398
<b><u>EXPENSES:</u></b>			
Operations	-	3,971,119	3,971,119
Operating income	50,134	103,145	153,279
Nonoperating revenue:			
Interest income	-	22,635	22,635
Income before transfers	50,134	125,780	175,914
Transfers:			
Transfers in	2,061,642	1,498,748	3,560,390
Transfers out	(333,673)	-	(333,673)
Change in net position	1,778,103	1,624,528	3,402,631
Net position - Beginning of year	1,320,439	4,319,121	5,639,560
Net position - End of year	\$ 3,098,542	\$ 5,943,649	\$ 9,042,191



## CITY OF OTTUMWA, IOWA

Schedule 14

COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2022

	Payroll Clearing	Equipment Purchasing	Employee Insurance	Total Nonmajor Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Cash received from operations	\$ -	\$ 50,134	\$ 4,074,264	\$ 4,124,398
Cash paid to employees	(324)	-	-	(324)
Cash paid to suppliers	-	(75,523)	(4,230,874)	(4,306,397)
NET CASH USED IN NONCAPITAL OPERATING ACTIVITIES	(324)	(25,389)	(156,610)	(182,323)
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>				
Transfers from other funds	-	2,061,642	1,498,748	3,560,390
Transfers to other funds	-	(333,673)	-	(333,673)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	-	1,727,969	1,498,748	3,226,717
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Interest income received	-	-	22,635	22,635
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS	(324)	1,702,580	1,364,773	3,067,029
<u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - Beginning of year</u>	<u>219,009</u>	<u>1,395,962</u>	<u>5,056,534</u>	<u>6,671,505</u>
<u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - End of year</u>	<u>\$ 218,685</u>	<u>\$ 3,098,542</u>	<u>\$ 6,421,307</u>	<u>\$ 9,738,534</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH USED IN OPERATING ACTIVITIES:</u>				
Operating income	\$ -	\$ 50,134	\$ 103,145	\$ 153,279
Adjustments to reconcile operating income to net cash provided used in operating activities:				
Changes in assets and liabilities:				
Increase in accounts receivable	-	-	(87)	(87)
Increase in due from other governments	-	-	(41,625)	(41,625)
Decrease in prepaid expense	-	34,977	-	34,977
Decrease in accounts payable	(324)	(110,500)	(218,043)	(328,867)
NET CASH PROVIDED USED IN OPERATING ACTIVITIES	\$ (324)	\$ (25,389)	\$ (156,610)	\$ (182,323)

## CITY OF OTTUMWA, IOWA

Schedule 15

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2022

<u>Grantor/Program</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Direct Expenditures of Federal Awards</u>			
Department of Housing and Urban Development: Iowa Economic Development Authority: Community Development Block Grants/State's Program and Non-Entitlement Grants In Hawaii	14.228	-	\$ <u>41,692</u>
<u>Indirect:</u>			
Department of Treasury: Coronavirus State and Local Fiscal Recovery Funds	21.027	-	<u>562,117</u>
Department of Transportation: Iowa Department of Transportation: Airport Improvement Program	20.106	FAA-03-19-0073-0021-2017	<u>398,898</u>
State and Community Highway Safety	20.600	-	<u>7,645</u>
Department of Justice: Iowa Department of Justice: Edward Byrne Memorial Justice Assistance Grant Program	16.738	-	<u>98,040</u>
Department of Homeland Security: Iowa Department of Homeland Security and Emergency Management: Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	-	<u>29,728</u>
Total Expenditures of Federal Awards			\$ <u>1,138,120</u>

CITY OF OTTUMWA, IOWA

Schedule 15 (Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR END JUNE 30, 2022

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Ottumwa, Iowa under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Ottumwa, Iowa, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City of Ottumwa, Iowa.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City of Ottumwa, Iowa has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**STATISTICAL SECTION – UNAUDITED**

CITY OF OTTUMWA, IOWA

STATISTICAL SECTION - UNAUDITED

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

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	103
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	114
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the government's ability to issue additional debt in the future.	120
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	126
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	128

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

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Government Activities:			
Net investment in capital assets	\$ 37,229	\$ 33,537	\$ 41,673
Restricted	16,410	20,471	18,549
Unrestricted	3,370	3,363	(11,687)
Total governmental activities net position	\$ <u>57,009</u>	\$ <u>57,371</u>	\$ <u>48,535</u>
Business Type Activities:			
Net investment in capital assets	\$ 46,277	\$ 51,272	\$ 67,172
Restricted	95	95	95
Unrestricted	5,204	7,869	3,273
Total business type activities net position	\$ <u>51,576</u>	\$ <u>59,236</u>	\$ <u>70,540</u>
Primary Government:			
Net investment in capital assets	\$ 83,506	\$ 84,809	\$ 108,845
Restricted	16,505	20,566	18,644
Unrestricted	8,574	11,232	(8,414)
Total primary government net position	\$ <u>108,585</u>	\$ <u>116,607</u>	\$ <u>119,075</u>

\* GASB No. 68 was implemented during fiscal year 2015.

(1) GASB No. 75 was implemented during fiscal year 2018.



<u>*</u>	<u>*</u>	<u>*</u>	<u>*(1)</u>	<u>*(1)</u>	<u>*(1)</u>	<u>*(1)</u>
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 46,346	\$ 47,689	\$ 47,288	\$ 45,695	\$ 57,619	\$ 54,413	\$ 50,905
15,367	20,106	18,145	20,693	15,517	20,733	25,307
<u>(7,539)</u>	<u>(11,510)</u>	<u>(12,461)</u>	<u>(9,727)</u>	<u>(12,858)</u>	<u>(12,729)</u>	<u>(7,273)</u>
\$ <u>54,174</u>	\$ <u>56,285</u>	\$ <u>52,972</u>	\$ <u>56,661</u>	\$ <u>60,278</u>	\$ <u>62,417</u>	\$ <u>68,939</u>
\$ 70,598	\$ 69,783	\$ 67,570	\$ 64,465	\$ 66,252	\$ 57,604	\$ 59,310
95	95	95	95	95	95	95
<u>4,156</u>	<u>5,245</u>	<u>3,423</u>	<u>5,901</u>	<u>2,388</u>	<u>11,427</u>	<u>10,000</u>
\$ <u>74,849</u>	\$ <u>75,123</u>	\$ <u>71,088</u>	\$ <u>70,461</u>	\$ <u>68,735</u>	\$ <u>69,126</u>	\$ <u>69,405</u>
\$ 116,944	\$ 117,472	\$ 114,858	\$ 110,160	\$ 123,871	\$ 112,017	\$ 110,215
15,462	20,201	18,240	20,788	15,612	20,828	25,402
<u>(3,383)</u>	<u>(6,265)</u>	<u>(9,038)</u>	<u>(3,826)</u>	<u>(10,470)</u>	<u>(1,302)</u>	<u>2,727</u>
\$ <u>129,023</u>	\$ <u>131,408</u>	\$ <u>124,060</u>	\$ <u>127,122</u>	\$ <u>129,013</u>	\$ <u>131,543</u>	\$ <u>138,344</u>

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Expenses			
Governmental Activities:			
General government	\$ 2,022	\$ 3,160	\$ 2,619
Public safety	8,269	8,217	8,060
Public services	8,703	9,396	8,905
Culture and recreation	2,807	2,925	2,916
Community development	3,192	2,001	2,388
Interest on long-term debt	539	328	555
Total governmental activities expenses	<u>25,532</u>	<u>26,027</u>	<u>25,443</u>
Business Type Activities:			
Solid waste	2,269	3,112	2,215
Sewer utility	6,239	6,339	6,169
Events center	1,801	1,701	1,787
Other (Transit/Golf)	1,424	1,505	1,217
Total business type activities expenses	<u>11,733</u>	<u>12,657</u>	<u>11,388</u>
Total primary government expenses	<u>37,265</u>	<u>38,684</u>	<u>36,831</u>
Program Revenues			
Governmental Activities:			
Charges for services:			
General government	1,770	2,268	1,877
Public safety	704	763	765
Public services	3,966	3,996	3,648
Culture and recreation	836	964	1,056
Community development	19	455	91
Operating grants, contributions and restricted interest	2,144	1,897	3,027
Capital grants, contributions and restricted interest	3,565	3,017	1,756
Total governmental activities program revenues	<u>13,004</u>	<u>13,360</u>	<u>12,220</u>
Business Type Activities:			
Charges for services:			
Solid waste	2,542	2,545	2,083
Sewer utility	6,090	6,207	6,005
Events center	961	687	624
Other (Transit/Golf)	167	126	115
Operating grants, contributions and restricted interest	567	654	679
Capital grants, contributions and restricted interest	880	4,905	10,687
Total business type activities program revenues	<u>11,207</u>	<u>15,124</u>	<u>20,193</u>
Total primary government program revenues	<u>24,211</u>	<u>28,484</u>	<u>32,413</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 2,792	\$ 3,349	\$ 3,154	\$ 2,994	\$ 3,187	\$ 3,280	\$ 1,398
8,769	8,544	9,272	10,108	10,873	9,971	9,310
8,532	9,102	9,895	10,027	10,819	10,640	9,890
3,125	3,087	3,687	3,448	3,746	3,748	2,777
1,861	1,970	2,479	2,478	1,267	849	601
480	313	511	552	686	572	1,216
<u>25,559</u>	<u>26,365</u>	<u>28,998</u>	<u>29,607</u>	<u>30,578</u>	<u>29,060</u>	<u>25,192</u>
2,080	2,117	2,158	2,193	3,639	3,472	2,717
6,681	7,413	8,215	8,205	7,042	8,710	8,359
1,822	2,019	2,039	2,050	2,067	1,475	2,417
1,116	1,237	1,219	1,199	1,320	1,043	94
<u>11,699</u>	<u>12,786</u>	<u>13,631</u>	<u>13,647</u>	<u>14,068</u>	<u>14,700</u>	<u>13,587</u>
<u>37,258</u>	<u>39,151</u>	<u>42,629</u>	<u>43,254</u>	<u>44,646</u>	<u>43,760</u>	<u>38,779</u>
1,869	1,673	1,824	1,888	1,732	1,833	1,073
598	575	829	845	862	740	816
3,474	3,402	3,135	3,604	4,216	3,676	4,483
1,580	1,072	1,527	928	839	928	1,134
405	579	475	608	888	72	188
3,035	3,328	3,571	3,870	3,781	5,276	4,978
3,417	1,021	1,596	4,552	5,384	2,203	1,361
<u>14,378</u>	<u>11,650</u>	<u>12,957</u>	<u>16,295</u>	<u>17,702</u>	<u>14,728</u>	<u>14,033</u>
1,963	2,106	2,237	2,256	2,015	2,117	2,528
5,965	5,706	5,556	5,356	5,581	6,915	6,421
803	914	1,091	1,228	1,106	635	1,138
125	105	88	90	78	1	-
653	577	564	587	643	16	18
4,815	1,077	222	38	105	-	-
<u>14,324</u>	<u>10,485</u>	<u>9,758</u>	<u>9,555</u>	<u>9,528</u>	<u>9,684</u>	<u>10,105</u>
<u>28,702</u>	<u>22,135</u>	<u>22,715</u>	<u>25,850</u>	<u>27,230</u>	<u>24,412</u>	<u>24,138</u>

CITY OF OTTUMWA, IOWA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Net Expense:			
Governmental activities	(12,528)	(12,667)	(13,223)
Business type activities	<u>(526)</u>	<u>2,467</u>	<u>8,805</u>
Total primary government net expense	<u>(13,054)</u>	<u>(10,200)</u>	<u>(4,418)</u>
General Revenues and Other Changes In Net Position			
Governmental Activities:			
Taxes:			
Property taxes	12,912	13,004	13,304
Sales taxes	3,093	3,367	3,596
Other taxes	665	681	803
Investment earnings	101	54	53
Miscellaneous	49	53	48
Transfers	<u>(2,909)</u>	<u>(4,129)</u>	<u>(2,921)</u>
Total governmental activities	<u>13,911</u>	<u>13,030</u>	<u>14,883</u>
Business Type Activities:			
Property taxes	440	447	440
Investment earnings	79	99	91
Miscellaneous	-	517	798
Transfers	<u>2,909</u>	<u>4,129</u>	<u>2,921</u>
Total business type activities	<u>3,428</u>	<u>5,192</u>	<u>4,250</u>
Total primary government	<u>17,339</u>	<u>18,222</u>	<u>19,133</u>
Change in Net Position:			
Governmental activities	1,383	363	1,659
Business type activities	<u>2,902</u>	<u>7,659</u>	<u>13,056</u>
Total primary government	<u>\$ 4,285</u>	<u>\$ 8,022</u>	<u>\$ 14,715</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
(11,181)	(14,715)	(16,041)	(13,314)	(12,876)	(14,332)	(11,160)
<u>2,625</u>	<u>(2,300)</u>	<u>(3,872)</u>	<u>(4,092)</u>	<u>(4,541)</u>	<u>(5,016)</u>	<u>(3,482)</u>
<u>(8,556)</u>	<u>(17,015)</u>	<u>(19,913)</u>	<u>(17,406)</u>	<u>(17,417)</u>	<u>(19,348)</u>	<u>(14,642)</u>
13,402	13,868	14,692	13,911	14,189	14,792	15,135
3,284	3,654	3,244	3,169	3,232	4,451	4,661
742	763	693	734	595	689	699
55	92	180	298	367	119	80
30	69	14	22	42	33	15
<u>(2,064)</u>	<u>(1,620)</u>	<u>(744)</u>	<u>(1,132)</u>	<u>(1,932)</u>	<u>(3,613)</u>	<u>(2,908)</u>
<u>15,449</u>	<u>16,826</u>	<u>18,079</u>	<u>17,002</u>	<u>16,493</u>	<u>16,471</u>	<u>17,682</u>
445	529	543	499	499	485	10
57	60	108	195	218	127	77
489	365	1,024	1,639	166	1,182	766
<u>2,064</u>	<u>1,620</u>	<u>744</u>	<u>1,132</u>	<u>1,932</u>	<u>3,613</u>	<u>2,908</u>
<u>3,055</u>	<u>2,574</u>	<u>2,419</u>	<u>3,465</u>	<u>2,815</u>	<u>5,407</u>	<u>3,761</u>
<u>18,504</u>	<u>19,400</u>	<u>20,498</u>	<u>20,467</u>	<u>19,308</u>	<u>21,878</u>	<u>21,443</u>
4,269	2,111	2,037	3,688	3,617	2,139	6,522
<u>5,679</u>	<u>274</u>	<u>(1,453)</u>	<u>(627)</u>	<u>(1,726)</u>	<u>391</u>	<u>279</u>
\$ <u>9,948</u>	\$ <u>2,385</u>	\$ <u>584</u>	\$ <u>3,061</u>	\$ <u>1,891</u>	\$ <u>2,530</u>	\$ <u>6,801</u>

CITY OF OTTUMWA, IOWA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

<u>Fiscal Year</u>	<u>Utility Replacement</u>	<u>Property Taxes</u>	<u>Sales Taxes</u>	<u>Other Taxes</u>	<u>Total</u>
2013	394	12,957	3,093	665	17,109
2014	388	12,458	3,367	681	16,894
2015	397	12,492	3,596	803	17,288
2016	382	12,547	3,284	742	16,955
2017	327	13,281	3,654	92	17,354
2018	421	14,024	3,244	180	17,869
2019	625	13,211	3,169	504	17,509
2020	403	13,494	3,502	350	17,749
2021	411	14,303	4,451	451	19,616
2022	226	14,649	4,661	473	20,009



CITY OF OTTUMWA, IOWA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund:				
Nonspendable	\$ 6	\$ 4	\$ 3	\$ 34
Assigned	-	-	-	30
Unassigned	<u>3,225</u>	<u>3,316</u>	<u>3,293</u>	<u>3,101</u>
Total general fund	\$ <u>3,231</u>	\$ <u>3,320</u>	\$ <u>3,296</u>	\$ <u>3,165</u>
All Other Governmental Funds:				
Nonspendable	\$ 1,058	\$ 1,109	\$ 1,099	\$ 1,040
Restricted	15,352	19,362	17,540	14,327
Unassigned	<u>(311)</u>	<u>(242)</u>	<u>(216)</u>	<u>(200)</u>
Total all other governmental funds	\$ <u>16,099</u>	\$ <u>20,229</u>	\$ <u>18,423</u>	\$ <u>15,167</u>

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 7	\$ 4	\$ 4	\$ 4	\$ 6	\$ 21
-	-	-	-	-	-
<u>4,067</u>	<u>4,025</u>	<u>3,843</u>	<u>2,896</u>	<u>3,977</u>	<u>3,626</u>
\$ <u>4,074</u>	\$ <u>4,029</u>	\$ <u>3,847</u>	\$ <u>2,900</u>	\$ <u>3,983</u>	\$ <u>3,647</u>
\$ 1,088	\$ 1,043	\$ 1,058	\$ 1,116	\$ 1,242	\$ 1,295
19,018	17,068	19,809	15,515	19,881	25,374
<u>(189)</u>	<u>(187)</u>	<u>(153)</u>	<u>-</u>	<u>-</u>	<u>(972)</u>
\$ <u>19,917</u>	\$ <u>17,924</u>	\$ <u>20,714</u>	\$ <u>16,631</u>	\$ <u>21,123</u>	\$ <u>25,697</u>

CITY OF OTTUMWA, IOWA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Revenues</b>				
Taxes	\$ 16,670	\$ 17,052	\$ 17,702	\$ 17,428
Licenses and permits	324	353	292	308
Intergovernmental	5,709	4,914	4,783	6,451
Money and property	534	902	642	567
Charges for services	4,590	4,579	4,527	4,634
Fines	303	280	286	275
Miscellaneous	1,538	2,241	1,450	2,254
<b>Total revenues</b>	<u>29,668</u>	<u>30,321</u>	<u>29,682</u>	<u>31,917</u>
<b>Expenditures</b>				
Public safety	7,179	7,474	8,810	7,919
Public works	7,280	8,253	6,914	7,163
Health and social services	622	750	780	655
Culture and recreation	2,411	2,563	2,594	2,953
Community and economic development	2,619	1,460	1,847	1,350
General government	2,449	3,090	2,655	3,093
Capital outlay	2,213	3,527	7,238	6,681
Debt service:				
Principal	2,691	2,345	2,780	2,757
Interest	442	327	500	480
<b>Total expenditures</b>	<u>27,906</u>	<u>29,789</u>	<u>34,118</u>	<u>33,051</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,762</u>	<u>1,762</u>	<u>(4,436)</u>	<u>(1,134)</u>
Other financing sources (uses):				
Transfers in	15,216	8,534	7,494	8,926
Transfers out	(18,322)	(12,463)	(10,431)	(11,088)
Proceeds from sale	-	-	-	-
Bond proceeds	7,540	7,493	5,340	-
Bond issue premium (discount)	(5)	122	115	-
Refunding bond payments	(2,245)	-	-	-
<b>Total other financing sources (uses)</b>	<u>2,184</u>	<u>3,686</u>	<u>2,518</u>	<u>(2,162)</u>
<b>Changes in fund balances</b>	<u>\$ 3,946</u>	<u>\$ 5,448</u>	<u>\$ (1,918)</u>	<u>\$ (3,296)</u>
 Debt service as a percentage of noncapital expenditures	 15.0 %	 10.2 %	 12.2 %	 11.8 %

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 18,286	\$ 18,629	\$ 17,814	\$ 18,016	\$ 19,931	\$ 20,495
297	332	322	360	161	364
4,348	5,168	8,422	8,621	6,663	5,394
587	850	921	905	636	1,102
4,642	4,572	4,687	4,639	5,318	4,643
242	209	228	192	165	122
1,710	1,514	1,509	2,792	1,511	2,349
<u>30,112</u>	<u>31,274</u>	<u>33,903</u>	<u>35,525</u>	<u>34,385</u>	<u>34,469</u>
7,737	8,150	9,146	9,616	9,267	9,757
7,167	7,921	7,304	7,176	7,613	7,481
538	858	871	689	783	701
2,652	3,290	2,485	2,554	2,652	2,973
1,454	1,985	1,985	758	436	568
3,176	3,063	2,815	2,855	3,037	2,142
3,459	4,827	8,054	11,125	5,730	4,727
3,181	3,425	2,955	4,378	3,908	3,659
516	511	504	686	531	97
<u>29,880</u>	<u>34,030</u>	<u>36,119</u>	<u>39,837</u>	<u>33,957</u>	<u>32,105</u>
<u>232</u>	<u>(2,756)</u>	<u>(2,216)</u>	<u>(4,312)</u>	<u>428</u>	<u>2,364</u>
9,153	11,170	7,608	9,611	9,205	6,998
(10,926)	(11,953)	(8,949)	(11,611)	(12,569)	(13,133)
-	-	-	-	1	9
7,200	1,500	6,165	1,370	8,420	8,000
-	-	-	-	-	-
-	-	-	-	-	-
<u>5,427</u>	<u>717</u>	<u>4,824</u>	<u>(630)</u>	<u>5,057</u>	<u>1,874</u>
\$ <u>5,659</u>	\$ <u>(2,039)</u>	\$ <u>2,608</u>	\$ <u>(4,942)</u>	\$ <u>5,485</u>	\$ <u>4,238</u>
17.5 %	15.4 %	16.5 %	15.4 %	16.3 %	13.2 %

CITY OF OTTUMWA, IOWA

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

Fiscal Year Ended June 30	Real Property			Total Assessed Value	Less: (2) Tax Exempt Real Property
	Residential Property	Commercial Property	Other Property (1)		
2013	631,214	250,868	80,623	962,705	354,217
2014	635,438	242,249	81,538	959,225	340,349
2015	632,177	223,653	83,396	939,226	329,091
2016	628,594	226,730 (3)	88,082	943,406	332,866
2017	617,167	234,736 (3)	125,663	977,566	343,488
2018	638,571	231,448 (3)	140,969 (4)	1,010,988	349,199
2019	632,662	194,364 (3)	151,091 (4)	978,117	365,866
2020	635,099	200,960 (3)	177,491 (4)	1,013,550	380,800
2021	643,710	205,207 (3)	181,620 (4)	1,030,537	363,117
2022	646,431	204,788 (3)	182,815 (4)	1,034,034	364,652

(1) Utilities, industrial and railroad property.

(2) Residential property is subject to a statewide formula that "rolls back" the assessed value. The formula has ranged from 52.82% in FY 2011 to 56.41% in FY 2022.

(3) State ordered 5% decrease to commercial property values in 2015 and an additional 5% decrease to commercial property values in 2016. For 2017 and on commercial property values have been reduced by 10%.

(4) Includes multi-residential property previously included in the commercial category.

<u>Total Taxable Value</u>	<u>Total Direct Tax Rate</u>	<u>Taxable Value to Assessed Value</u>
622,356	20.034	62.3
630,134	20.340	64.7
606,360	20.304	65.7
599,918	20.896	64.5
628,367	20.530	63.6
645,182	20.727	64.3
597,317	21.445	63.8
613,484	22.456	60.5
667,420	22.457	64.8
669,382	22.200	64.7

CITY OF OTTUMWA, IOWA  
PROPERTY TAX RATES  
DIRECT AND OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS  
 UNAUDITED

<u>Fiscal Year</u>	<u>City of Ottumwa</u>			<u>Wapello County</u>	
	<u>Operating Levy</u>	<u>Debt Service Levy</u>	<u>Total Levy</u>	<u>Operating Levy</u>	<u>Debt Service Levy</u>
2013	17.108	3.231	20.339	8.104	0.276
2014	17.109	3.195	20.304	7.455	0.650
2015	17.553	3.343	20.896	7.474	0.645
2016	17.344	3.186	20.530	7.296	0.618
2017	17.289	3.438	20.727	7.296	0.618
2018	17.897	3.548	21.445	7.379	0.596
2019	18.397	3.548	21.945	6.964	0.661
2020	19.400	3.056	22.456	6.913	0.354
2021	19.091	3.366	22.457	7.892	0.351
2022	18.005	4.195	22.200	7.042	0.341

Source: Wapello County Auditor's Office



<u>Overlapping Rates</u>		<u>Ottumwa Community School District</u>			<u>Total Direct and Overlapping Rates</u>
<u>Total Levy</u>	<u>Operating Levy</u>	<u>Debt Service Levy</u>	<u>Total Levy</u>	<u>Other Levies</u>	
8.380	13.547	1.142	14.689	1.466	44.874
8.105	13.444	1.125	14.569	1.499	44.477
8.119	13.884	0.854	14.738	1.734	45.487
7.914	14.669	-	14.669	1.626	44.739
7.914	14.669	-	14.669	1.626	44.936
7.975	14.664	-	14.664	1.571	45.655
7.625	14.688	-	14.688	1.557	45.815
7.267	14.747	-	14.747	1.653	46.123
8.243	14.717	-	14.717	1.615	47.032
7.383	14.223	-	14.223	1.615	45.421

CITY OF OTTUMWA, IOWA

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
 UNAUDITED  
 (Amounts Expressed in Thousands)

<u>Taxpayer</u>	<u>2022</u>			<u>2013</u>		
	<u>January 1, 2020 Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Value</u>	<u>January 1, 2011 Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Value</u>
IES Electric/ Interstate Power and Light	\$ 85,643	1	12.79 %	\$ 29,139	2	4.78 %
MPT of Ottumwa - Lima LLC	36,689	2	5.48	48,490	1	6.13
Mid American Energy	13,961	3	2.09	8,608	7	1.48
JBS Pork Company LLC f/k/a Cargill Meat Solutions	12,568	4	1.88	15,991	3	2.78
Prairie Hills at Penn Place LLC f/k/a Regional Retirement Living - Ottumwa LLC	10,831	5	1.62	12,986	4	2.26
Wal-Mart	10,384	6	1.55	11,263	5	1.96
Menards	10,248	7	1.53	9,621	6	1.67
John Deere Ottumwa Works	7,475	8	1.12	7,194	9	1.24
CHTC Iowa LLC f/k/a Ottumwa Medical Clinic	6,816	9	1.02	7,377	8	1.25
Evangelical Lutheran Good Samaritan	6,813	10	1.02	-	-	-
Developer Diversified Realty	-	-	-	7,150	10	1.27
Totals	\$ <u>201,428</u>		<u>32.83 %</u>	\$ <u>157,819</u>		<u>24.82 %</u>

Source: Wapello County Auditor's Office

CITY OF OTTUMWA, IOWA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

UNAUDITED

(Amounts Expressed in Thousands)

Fiscal Year Ended June 30	Total Tax Levy for (1) Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	13,428	13,333	99.3	13	13,346	99.4
2014	13,415	13,403	99.9	12	13,415	100.0
2015	13,427	13,337	99.0	6	13,343	99.3
2016	13,960	13,817	99.0	5	13,822	99.0
2017	14,417	14,383	99.7	7	14,390	99.8
2018	15,230	15,223	99.9	11	15,234	100.0
2019	14,493	14,483	99.9	-	14,483	99.9
2020	14,688	14,479	98.6	-	14,479	98.6
2021	15,277	15,140	99.1	-	15,140	99.1
2022	13,955	14,649	105.0	-	14,649	105.0

(1) Includes TIF and Utility Replacement Taxes

CITY OF OTTUMWA, IOWA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

UNAUDITED

(Amounts Expressed in Thousands, Except Per Capita Amount)

<u>Fiscal Year</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
	<u>General Obligation Bonds/Notes</u>	<u>Sewer Bonds</u>	<u>General Obligation Bonds/Notes</u>			
2013	9,639	11,280	6,601	27,520	3.64	1,100
2014	14,817	10,053	6,562	31,432	4.09	1,256
2015	17,433	12,831	5,018	35,281	4.52	1,410
2016	13,305	12,887	4,555	30,747	4.10	1,228
2017	17,228	12,524	3,768	33,520	4.45	1,340
2018	14,703	12,020	3,452	30,175	N/A	1,205
2019	17,913	10,141	4,253	32,307	N/A	1,291
2020	14,905	9,723	14,120	38,748	N/A	1,605
2021	19,416	8,978	13,064	41,458	N/A	1,624
2022	24,876	8,552	12,124	45,552	N/A	1,797

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

(1) See the Schedule of Demographic and Economic Statistics on page 126 for personal income and population data.

CITY OF OTTUMWA, IOWA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
UNAUDITED

(Amounts Expressed in Thousands, Except Per Capita Amount)

<u>Fiscal Year</u>	<u>General Obligation Bonds/Notes</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
2013	16,240	279	15,596	1.62	623
2014	21,380	371	21,009	2.19	840
2015	22,450	423	22,027	3.63	880
2016	17,860	722	17,138	2.86	686
2017	20,995	841	20,154	3.21	805
2018	18,155	948	17,207	2.67	689
2019	22,166	894	21,272	3.47	850
2020	29,025	516	28,509	4.27	1,181
2021	32,480	353	32,127	4.80	1,258
2022	37,000	591	36,409	5.44	1,436

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

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on pages 114 and 115 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 126.

CITY OF OTTUMWA, IOWA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

JUNE 30, 2022

UNAUDITED

(Amounts Expressed in Thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Wapello County	\$ 1,080,000	56.43 %	\$ 609,493
Ottumwa Community Schools	-	-	-
Subtotal, overlapping debt			609,493
City of Ottumwa direct debt			24,876
Total direct and overlapping debt			\$ 634,369

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

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

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

CITY OF OTTUMWA, IOWA

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>
Debt Limit	\$ 49,091	\$ 48,775	\$ 48,108
Total net debt applicable to limit	<u>15,961</u>	<u>21,009</u>	<u>22,027</u>
Legal debt margin	\$ <u>33,130</u>	\$ <u>27,766</u>	\$ <u>26,081</u>
Total net debt applicable to the limit as a percentage of debt limit	32.50 %	32.51 %	43.07 %

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2022

Total assessed value	\$ <u>1,042,981</u>
Debt limit (5% of total assessed value)	\$ <u>52,149</u>
Debt applicable to limit:	
General obligation bonds/notes	37,000
Less: Amount set aside for repayment of general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>37,000</u>
Legal debt margin	\$ <u>15,149</u>

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



<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 48,545	\$ 50,101	\$ 51,540	\$ 49,915	\$ 51,537	\$ 52,054	\$ 52,149
<u>17,138</u>	<u>20,154</u>	<u>17,207</u>	<u>21,271</u>	<u>28,509</u>	<u>32,480</u>	<u>37,000</u>
\$ <u>31,407</u>	\$ <u>29,947</u>	\$ <u>34,333</u>	\$ <u>28,644</u>	\$ <u>51,021</u>	\$ <u>19,574</u>	\$ <u>15,149</u>
45.79 %	35.30 %	40.23 %	33.40 %	42.61 %	62.40 %	70.95 %

CITY OF OTTUMWA, IOWA

PLEDGED-REVENUE COVERAGE

LAST TEN FISCAL YEARS

UNAUDITED

(Amounts Expressed in Thousands)

<u>Fiscal Year</u>	<u>Sewer Revenue Bonds</u>					
	<u>Sewer Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
2013	5,919	2,978	2,914	1,214	334	1.88
2014	6,173	3,290	2,883	1,237	376	1.78
2015	5,934	3,042	2,892	1,053	272	2.18
2016	5,852	3,205	2,647	861	337	2.21
2017	5,614	3,493	2,121	493	301	2.67
2018	5,478	3,634	1,844	504	299	2.30
2019	5,477	3,637	1,840	506	259	2.41
2020	5,898	2,601	3,297	418	248	4.95
2021	7,197	4,108	3,089	745	235	3.15
2022	6,539	3,817	2,722	426	133	4.87

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

CITY OF OTTUMWA, IOWA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
UNAUDITED

<u>Fiscal Year</u>	<u>Population</u>		<u>Personal Income</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (1)</u>	<u>Education Level in Years of Formal Schooling (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
	<u>City</u>	<u>County</u>	<u>(In Thousands)</u>					
2013	25,023	35,625	756,319	21,230	39.8	12.7	4,675	7.7
2014	25,023	35,625	767,327	21,539	39.9	12.7	4,577	5.4
2015	25,023	35,625	780,508	21,909	37.4	12.7	4,598	5.0
2016	25,023	35,625	749,978	21,052	37.4	12.7	4,598	7.8
2017	25,023	35,625	753,291	21,145	37.4	12.7	4,645	4.0
2018	25,023	35,625	754,003	21,165	36.4	12.7	4,612	4.0
2019	25,023	35,625	N/A	N/A	37.4	12.7	4,655	3.2
2020	24,148	35,401	N/A	24,916	35.6	12.7	4,763	9.4
2021	25,529	34,925	N/A	26,424	37.3	12.7	4,784	5.2
2022	25,350	35,256	N/A	26,972	38.1	12.7	4,861	3.7

Data Sources:

(1) Bureau of Census

(2) School District

(3) Iowa Workforce Development

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

CITY OF OTTUMWA, IOWA

PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
UNAUDITED

<u>Employer</u>	<u>2022</u>			<u>2013</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
JBS Live Pork, LLC	2,400	1	21.33 %	2,000	1	12.54 %
John Deere Ottumwa Works	950	2	8.44	895	2	4.49
Ottumwa Regional Health Center	825	3	7.33	825	3	4.14
Ottumwa Community School District	700	4	6.22	700	4	3.51
Indian Hills Community College	420	5	3.73	420	5	2.11
Walmart Super Center	365	6	3.24	383	6	1.92
Winger Companies	315	7	2.80	220	10	1.10
City of Ottumwa	250	8	2.22	265	8	1.33
Keurig Dr. Pepper (Cadbury Schweppes)	200	9	1.78	-	-	-
Hy-Vee	190	10	1.69	334	7	1.68
Winbco	-	-	-	235	9	1.18
	<u>6,615</u>		<u>58.78 %</u>	<u>6,277</u>		<u>34.00 %</u>

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

CITY OF OTTUMWA, IOWA

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

<u>Function</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
General Government	11	11	11	11	11	11	11	9	9	9
Public Safety:										
Police:										
Officers	40	41	40	38	39	39	41	40	40	40
Civilians	10	10	10	10	9	11	11	11	11	11
Firefighters	32	32	32	32	32	32	32	32	26	26
Public Services:										
Engineering	9	9	10	10	10	10	10	9	9	9
Maintenance	28	27	27	27	27	26	26	22	22	22
Health and Social Services	6	7	7	7	7	7	7	6	6	6
Culture and Recreation:										
Parks/Beach	23	21	21	13	11	11	10	8	8	8
Cemetery	3	3	3	3	3	3	3	2	2	2
Library	11	11	11	11	11	10	10	11	11	11
Community Development	5	5	4	4	4	4	3	2	2	2
Solid Waste	12	12	11	11	11	10	10	9	9	9
Sewer	21	21	21	22	22	22	22	23	23	23
Transit/Golf	17	17	19	19	20	20	18	18	-	-
Total	<u>228</u>	<u>227</u>	<u>227</u>	<u>218</u>	<u>217</u>	<u>216</u>	<u>214</u>	<u>202</u>	<u>178</u>	<u>178</u>

Source: City Personnel Budget

\* Unable to obtain 2022 figures, used 2021 figures

CITY OF OTTUMWA, IOWA  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS  
UNAUDITED

Function	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Police: (1)										
Physical arrests	3,775	3,899	3,597	3,414	3,554	3,007	4,648	4,695	4,960	4,960
Traffic tickets	4,554	3,041	3,010	3,057	2,772	1,996	2,251	2,207	1,958	1,958
Parking citations	479	1,508	1,446	1,163	1,048	2,282	2,888	1,847	2,060	2,060
Fire: (1)										
Number of calls answered	2,999	2,954	3,195	3,199	3,397	3,902	3,677	3,752	4,169	4,169
Fire prevention activities	210	319	302	256	344	385	250	189	138	138
Highways and Streets: (1)										
Street resurfacing (miles)	3.39	2.60	1.59	11.3	4.3	4.4	4.2	3	4	4
Pot holes repaired	12,246	16,000	14,800	7,187	7,343	8,401	7,810	8,027	8,091	8,091
Utility patches repaired	(2)	(2)	(2)	(2)	(2)	(2)	(2)	-	-	-
City Sanitation:										
Refuse collected (tons)	5,895	7,255	7,480	7,620	7,764	7,706	8,090	8,508	8,695	8,695
Recyclables collected (tons)	1,046	1,031	1,014	993	936	840	822	804	786	786
Solid Waste:										
Landfill tonnage	39,732	39,864	28,740	34,714	33,459	37,775	35,712	37,052	33,649	33,649
Recycling tonnage	2,844	2,310	2,732	2,200	2,534	2,339	2,290	2,220	2,251	2,251
Health Department:										
Number of inspections	4,872	6,971	11,081	7,068	7,041	7,003	7,076	6,204	5,744	5,744
Nuisance complaints	2,097	3,882	1,756	3,904	5,605	2,195	2,157	2,464	2,114	2,114
Culture and Recreation:										
Beach Ottumwa admissions	22,183	22,094	22,491	21,850	35,960	33,415	32,391	25,103	28,332	28,332
Golf rounds played (1)	26,280	22,205	23,000	23,452	23,622	22,672	20,138	19,360	19,650	19,650
Wastewater: (1)										
Average sewage treatment (thousands of gallons)	4,250	5,044	5,005	5,575	4,689	3,889	5,145	4,850	4,330	4,330

Sources: Various City Departments.

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

\* Unable to obtain 2022 figures, used 2021 figures

CITY OF OTTUMWA, IOWA  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS  
UNAUDITED

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Function:				
Public Safety:				
Police:				
Stations	1	1	1	1
Patrol units	10	10	10	10
Fire stations	2	2	2	2
Public Works:				
Highways and Streets:				
Streets (miles)	156.2	156.2	156.2	156.2
Streetlights	2,359	2,359	2,359	2,359
Traffic signals	26	26	26	26
Culture and Recreation: (1)				
Parks acreage	533	533	533	533
Parks	22	22	22	22
Playgrounds	13	14	14	14
Tennis courts	10	10	10	10
Softball/baseball diamonds	20	20	20	20
Library:				
Items in collection	65,123	62,905	62,905	59,722
Cemeteries:				
Facilities	3	3	3	3
Acreage	88	88	88	88
Sewer:				
Sanitary sewers (miles)	48.8	48.8	48.8	48.8
Storm sewers (miles)	27.5	29.9	31.6	33.7
Combined sewers	52.88	50.48	48.78	46.68
Maximum daily treatment capacity (thousands of gallons)	10,000	10,000	10,000	10,000

Sources: Various City departments.

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

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



<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
1	1	1	1	1	1
10	10	10	12	12	12
2	2	2	2	2	2
156.2	156.2	156.2	156.2	156.2	156.2
2,359	2,359	2,359	2,359	2,359	2,359
26	26	26	26	26	26
533	533	533	533	533	533
22	22	22	22	22	22
14	14	14	14	14	14
10	10	10	10	10	10
20	20	20	20	20	20
61,695	64,162	63,970	62,969	62,506	62,432
3	3	3	3	3	3
88	88	88	88	88	88
48.8	48.8	48.8	48.8	48.8	48.8
33.9	34.7	34.7	42.0	42.0	42
46.48	45.68	45.65	45.7	45.7	45.7
10,000	10,000	10,000	10,000	10,000	10,000

## COMPLIANCE SECTION



ANDERSON, LARKIN & CO., P.C.  
Certified Public Accountants  
"Your Success Is Our Business."

Kenneth E. Crosser, CPA  
April D. Crosser, CPA  
Michael J. Podliska, CPA  
Alexander T. Barr, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ottumwa, Iowa, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City of Ottumwa, Iowa's basic financial statements and have issued our report thereon dated March 17, 2023.

Internal Control over Financial Reporting

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

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

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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Ottumwa, Iowa's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

#### The City of Ottumwa, Iowa's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Ottumwa, Iowa's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City of Ottumwa, Iowa's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

#### Purpose of this Report

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

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

ANDERSON, LARKIN & CO., P.C.

*Anderson, Larkin, & Co., P.C.*

Ottumwa, Iowa  
March 17, 2023





ANDERSON, LARKIN & CO., P.C.  
Certified Public Accountants  
*"Your Success Is Our Business."*

Kenneth E. Crosser, CPA  
April D. Crosser, CPA  
Michael J. Podliska, CPA  
Alexander T. Barr, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on each Major Federal Program

We have audited the City of Ottumwa, Iowa's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City of Ottumwa, Iowa's major federal program for the year ended June 30, 2022. The City of Ottumwa, Iowa's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Ottumwa, Iowa complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of *Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Ottumwa, Iowa and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Ottumwa, Iowa's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Ottumwa, Iowa's federal programs.

### Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Ottumwa, Iowa's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgement made by a reasonable user of the report on compliance about the City of Ottumwa, Iowa's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Ottumwa, Iowa's compliance with the compliance requirements referred to above and performing other such procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Ottumwa, Iowa's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Ottumwa, Iowa's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance we identified during the audit.

### Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

ANDERSON, LARKIN & CO., P.C.

*Anderson, Larkin, & Co., P.C.*

Ottumwa, Iowa  
March 17, 2023



CITY OF OTTUMWA, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022

Part I: Summary of the Independent Auditor's Results

- a. Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- b. No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c. The audit did not disclose any non-compliance which is material to the financial statements.
- d. No material weaknesses in internal control over the major program were noted.
- e. An unmodified opinion was issued on compliance with requirements applicable to the major program.
- f. The audit disclosed no audit findings which were required to be reported in accordance with the Uniform Guidance Section 200.516.
- g. Major programs were as follows:

CFDA Numbers

21.027            Coronavirus State and Local Fiscal Recovery Funds

- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i. The City of Ottumwa, Iowa qualifies as a low-risk auditee.

Part II: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES

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

INSTANCES OF NON-COMPLIANCE

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES

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

CITY OF OTTUMWA, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-22 Certified Budget – Disbursements during the year ended June 30, 2022 exceeded the amount budgeted in the public safety, culture and recreation, community and economic development and business-type activities functions. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

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

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

Conclusion – Response accepted.

- IV-B-22 Questionable Expenditures – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-C-22 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- IV-D-22 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Larry Seals, Public Works Director Dixies Cleaning Service (Spouse is Owner)	Cleaning	\$ <u>19,200</u>

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

- IV-E-22 Restricted Donor Activity – No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- IV-F-22 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- IV-G-22 City Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- IV-H-22 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- IV-I-22 Revenue Bonds/Notes – No instances of non-compliance with the revenue bond/note provisions were noted.
- IV-J-22 Annual Urban Renewal Report – The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1.

CITY OF OTTUMWA, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022

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

IV-K-22 Financial Condition – Note 21 to the financial statements reported deficit fund balances at June 30, 2022.

Recommendation – The City should investigate alternatives to eliminate the fund deficits in order to return the accounts to sound financial position.

Response – We are aware of the deficit balances. See Note 21 for further explanation.

Conclusion – Response accepted.

IV-L-22 Annual Financial Report – The annual financial report was not certified timely to the Iowa Department of Management.

Recommendation – Future annual financial reports should be certified to the Iowa Department of Management by the City before December 1<sup>st</sup> of each fiscal year in accordance with the Code of Iowa.

Response – Future annual financial reports will be certified to the Iowa Department of Management by the City by December 1<sup>st</sup> of each fiscal year in accordance with the Code of Iowa.

Conclusion – Response accepted.