

City of Ottumwa, Iowa
Annual Comprehensive Financial Report
For the Fiscal Year Ended June 30, 2023

City of Ottumwa, Iowa

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

Prepared by:
City of Ottumwa Finance Department
Philp Rath, City Administrator

**City of Ottumwa
Table of Contents**

INTRODUCTORY SECTION

List of Officials	2
Organizational Chart	3
Letter of Transmittal	5
Certificate of Achievement for Excellence in Financial Reporting	9

FINANCIAL SECTION

Independent Auditor's Report	11
Management's Discussion and Analysis	15
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	29
Statement of Activities	30
Fund Financial Statements	
Balance Sheet - Governmental Funds	32
Reconciliation of the Balance Sheet to the Statement of Net Position - Governmental Funds	35
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities - Governmental Funds	39
Statement of Net Position - Proprietary Funds	40
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	42
Statement of Cash Flows - Proprietary Funds Statement	44
Notes to Basic Financial Statements	47
Required Supplementary Information	
Budgetary Comparison Schedule - Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds	86
Schedule of Comparison - Funds Statements (GAAP) Basis to Budgetary Basis	88
Note to Required Supplementary Information - Budgetary Reporting	89
Schedule of City's Proportionate Share of Net Pension Liability - Iowa Public Employees' Retirement System	90
Schedule of City's Proportionate Share of Net Pension Liability - Municipal Fire And Police Retirement System of Iowa	90
Schedule of City Contributions - Iowa Public Employees' Retirement System	92
Schedule of City Contributions - Municipal Fire and Police Retirement System of Iowa	92
Schedule of Changes in Total OPEB Liability and Related Ratios	94
Notes to Schedule of Changes in the City's Total OPEB Liability and Related Ratios	94
Notes to Required Supplementary Information	96
Supplementary Information	
Combining Balance Sheet - Nonmajor Governmental Funds	100
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	101

**City of Ottumwa
Table of Contents**

FINANCIAL SECTION (CONTINUED)

Nonmajor Special Revenue Funds	103
Combining Balance Sheet - Nonmajor Special Revenue Funds	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Special Revenue Funds	108
Nonmajor Capital Project Funds	113
Combining Balance Sheet - Nonmajor Capital Projects Funds	114
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Project Funds	116
Nonmajor Permanent Funds	119
Combining Balance Sheet - Nonmajor Permanent Funds	120
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Permanent Funds	121
Nonmajor Proprietary Funds	123
Combining Statement of Net Position - Proprietary Funds	124
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	125
Combining Statement of Cash Flows - Proprietary Funds Statement	126
Internal Service Funds	127
Combining Statement of Net Position - Internal Service Funds	128
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position - Internal Service Funds	129
Combining Statement of Cash Flows - Internal Service Funds Statement	130

STATISTICAL SECTION (UNAUDITED)

	<u>Table</u>	<u>Page</u>
Net Position by Component	1	134
Changes in Net Position	2	136
Governmental Activities Tax Revenue by Source	3	141
Fund Balances, Governmental Funds	4	142
Changes in Fund Balances, Governmental Funds	5	144
Assessed and Taxable Value of Property	6	146
Direct and Overlapping Property Tax Rates	7	148
Principal Taxpayers	8	150
Property Tax Levies and Collections	9	151
Ratios of Outstanding Debt by Type	10	152
Ratios of General Bonded Debt Outstanding	11	153
Direct and Overlapping Governmental Activities Debt	12	155
Legal Debt Margin Information	13	156
Pledged-Revenue Coverage	14	159
Demographic and Economic Statistics	15	160
Principal Area Employers	16	162
Full-Time Equivalent City Government Employees by Function/Program	17	163
Operating Indicators by Function/Program	18	164
Capital Asset Statistics by Function/Program	19	166

INTRODUCTORY SECTION

**City of Ottumwa
Elected Officials and Administration
June 30, 2023**

Elected Officials

Name	Title	Term Expires
Richard Johnson	Mayor	January 1, 2026
Russ Hall	Council Member	November 20, 2023
Marc Roe	Council Member	January 1, 2024
Doug McAntire	Council Member	January 1, 2026
Sandra Pope	Council Member	January 1, 2026
Cara Galloway	Council Member	January 1, 2026

Appointed Officials

Chris Reinhard	City Clerk	Indefinite
Philip Rath	City Administrator	Indefinite

City of Ottumwa Organizational Chart



(THIS PAGE LEFT BLANK INTENTIONALLY)



March 11, 2024

To the Honorable Mayor, Members of the City Council,
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, 2023 (FY23) 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.

BerganKDV has issued an unmodified ("clean") opinion on the City of Ottumwa's financial statements for the year ended June 30, 2023. 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.

Profile of the Government (Continued)

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 also 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 but meet the requirements to be presented as discretely presented component units. The City has one fund that is presented on a 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.

Profile of the Government (Continued)

The city administrator presents the annual budget to the City Council for consideration. The City Council holds hearings with the public prior to the budget being adopted. By April 30, 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 workforce and is the manufacturing center for Southeast Iowa. JBS Live Pork, LLC and John Deere Ottumwa Works employ 2,550 and 550 respectively. Please refer to the statistical section for more information on major employers in the City.

Major Initiatives

The Ottumwa Sewer Separation Project has been a major project for years and the city continues to meet the terms of our long-term consent decree. Phase 8, Division 2 is nearing completion and the city is looking to bid the construction of Division 3, estimated to cost \$13.3 million.

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 experienced a major increase as a development of 108 units was completed along Bonita Avenue. Another thirty units split between two sites (Asbury Avenue and Sherwood Drive) was approved and is under construction. Additionally, the city is working with community partners to develop a site left vacant following the demolition of St. Joe's Hospital.

Aside from housing, the city has looked at ways to increase growth and economic development. The city has contracted with Retail Strategies to provide retail recruitment services as well as complete strategic plans for the Main Street and Church Street business districts. Additionally, construction of a hotel on the site of the city's event center - Bridge View was completed and is operational. Over the current period the city experienced taxable growth of 8.68%.

The city implemented a three percent franchise fee for gas and electric utilities. Although it was a minimal \$0.02 decrease, tax rates for the city were lowered for the fourth straight fiscal year. With revenue from the franchise fees and the growth rate, the initiative to lower rates is expected for the next fiscal year. The anticipated tax rate is below \$21.00 – marking the first time since 2018.

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, 2022. A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR 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 recognize we had a difficult year in the finance department due to staff turnover. I wish to express my appreciation to all members of the department who assisted with providing financial services and reporting throughout the year. I would also like to show appreciation for those past and current staff members who contributed to the preparation of this report. Finally, credit must be given to the Mayor and the City Council for their support in maintaining the highest standards of professionalism in the management of the City of Ottumwa's finances and their patience as we worked through the transitions in staffing.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Philip Rath". The signature is written in a cursive, flowing 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, 2022

Christopher P. Morrill

Executive Director/CEO

(THIS PAGE LEFT BLANK INTENTIONALLY)



Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Ottumwa
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 discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ottumwa, Iowa, as of and for the year ended June 30, 2023, 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 in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Ottumwa, Iowa, as of June 30, 2023, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component units, Ottumwa Water Works and Ottumwa Housing Authority, which collectively represent 100% of the assets, net position and revenues of these discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us and our opinions, insofar as it relates to the amounts included for the discretely presented component units, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the Financial Statements section of our report. We are required to be independent of the City of Ottumwa 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.

Responsibilities of Management for the Financial Statements

The management of the City of Ottumwa 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.

Responsibilities of Management for the Financial Statements (Continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the City'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 opinions. 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 judgment 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'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, which raise substantial doubt about the City'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, which follows this report letter, and Required Supplementary Information as listed in the Table of Contents 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 (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information identified in the Table of Contents 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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's internal control over financial reporting and compliance.

Bogenkoff, Ltd.

St. Cloud, Minnesota
April 29, 2024

City of Ottumwa, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2023

As management of the City of Ottumwa, we offer readers of the City of Ottumwa's financial statements this narrative overview and analysis of the financial activities of the City of Ottumwa for the fiscal year ended June 30, 2023. 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 at page 1 of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City of Ottumwa exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$138,660,962 (net position). Of this amount, the City's unrestricted net position is \$4,502,963.
- The City's total net position increased by \$316,796 compared to the 2022 ending net position of \$138,344,166.
- As of the close of this current fiscal year, the City of Ottumwa's governmental funds reported combined ending fund balances of \$26,486,135, a decrease of \$2,906,860 in comparison with the prior year. Approximately 7.6% of this total amount, \$2,008,315, is available for spending at the City's discretion (unassigned fund balance), although some funds are legally limited for specified purposes.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$3,820,664, or 22.9% of total General Fund expenditures.
- The City of Ottumwa's total long-term liabilities decreased by \$368,429 or 0.6% during the current fiscal year, due to current year principal payments that was offset by increased net pension liability due to changes in actuarial assumptions.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Ottumwa's basic financial statements. The City of Ottumwa's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Ottumwa's finances in a manner similar to a private-sector business.

The statement of net position presents information about all of the City of Ottumwa's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them 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 of Ottumwa is improving or deteriorating.

The statement of activities presents information illustrating 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).

Overview of the Financial Statements (Continued)

Government-wide financial statements. (Continued)

Both of the government-wide financial statements distinguish functions of the City of Ottumwa that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Ottumwa include public safety, public works, health and social services, culture and recreation, community and economic development and general government. The business-type activities of the City of Ottumwa include the sanitary sewer system, event center, golf course, transit and the solid waste system. The water utility and housing authority are operated as separate discretely presented component units of the City. For detailed information about the Ottumwa Housing Authority, or the Ottumwa Water Works, please see their separate audited financial statements.

The government-wide financial statements include only the City of Ottumwa itself (known as the primary government) and its discretely presented component units, the Ottumwa Water Works, Ottumwa Housing Authority and Hazardous Materials. The Ottumwa Community School District provides services to the citizens of Ottumwa but does not meet established criteria as a component unit of the City and thus is not included in this report.

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 of Ottumwa, 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 of Ottumwa can be divided into two categories: governmental funds, and proprietary 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, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial 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 may better understand the long-term impact of the government'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.

Overview of the Financial Statements (Continued)

Governmental funds - Continued

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, Road Use Tax, Local Option Sales Tax, Employee Benefits and Debt Service, all of which are considered to be major funds. Data from the other 23 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Proprietary funds. The City of Ottumwa maintains five proprietary funds, which are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Sewer, Solid Waste, Event Center, Transit and Golf Course funds. The Sewer, Solid Waste and Events Center funds are considered to be major funds of the City of Ottumwa.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. The City's budgetary comparison schedule pension schedules and the other postemployment benefit plan schedule of funding progress are presented as required supplementary information immediately following the notes to the financial statements. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Ottumwa, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$138,660,962 at the close of the fiscal year ended June 30, 2023.

By far the largest portion of the City of Ottumwa's net position (82%) reflects its investment in capital assets (e.g., land, buildings and improvements, infrastructure and vehicles and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Ottumwa uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Ottumwa's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Ottumwa, Iowa

Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2023

Overview of the Financial Statements (Continued)

Statement of Net Position

A condensed version of the Statement of Net Position as of June 30, 2023, and 2022 follows:

	Governmental Activities 2023	Governmental Activities 2022	Business-type Activities 2023	Business-type Activities 2022	Total 2023	Total 2022
Current and other assets	\$ 55,419,470	\$ 60,574,075	\$ 19,012,279	\$ 21,684,959	\$ 74,431,749	\$ 82,259,034
Capital assets	72,299,375	72,889,041	79,188,623	77,094,141	151,487,998	149,983,182
Total assets	<u>127,718,845</u>	<u>133,463,116</u>	<u>98,200,902</u>	<u>98,779,100</u>	<u>225,919,747</u>	<u>232,242,216</u>
Total deferred outflows of resources	2,733,999	2,791,678	214,959	349,602	2,948,958	3,141,280
Current liabilities	11,704,849	12,506,637	3,859,282	1,847,620	15,564,131	14,354,257
Long-term liabilities	31,301,622	29,181,477	26,388,404	26,365,734	57,690,026	55,547,211
Total liabilities	<u>43,006,471</u>	<u>41,688,114</u>	<u>30,247,686</u>	<u>28,213,354</u>	<u>73,254,157</u>	<u>69,901,468</u>
Total deferred inflows of resources	16,710,219	25,627,231	243,367	1,510,631	16,953,586	27,137,862
Net Position						
Net Investment in capital assets	55,730,636	50,905,062	57,518,573	56,418,139	113,249,209	107,323,201
Restricted	20,908,790	25,307,072	-	95,000	20,908,790	25,402,072
Unrestricted	(5,903,272)	(7,272,685)	10,406,235	12,891,578	4,502,963	5,618,893
Total net position	<u>\$ 70,736,154</u>	<u>\$ 68,939,449</u>	<u>\$ 67,924,808</u>	<u>\$ 69,404,717</u>	<u>\$ 138,660,962</u>	<u>\$ 138,344,166</u>

\$20,908,790 of the City of Ottumwa's net position (15%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$4,502,963 (3%) is available for spending.

The separate governmental activities had positive balances in the net investment in capital assets and fund balances restricted for specific purposes. Business-type activities also reported positive balances in all categories. The same situation held true for the prior fiscal year.

The City's total net position increased compared to the 2022 ending net position. Governmental-type activities' net position increased by \$1,796,705, from the 2022 net position of \$68,939,449. This increase was largely related to capital invested in City infrastructure projects. See page 39 for a reconciliation of this increase. The total business-type activities' net position decreased by \$1,479,909 from the 2022 net position of \$69,404,717, due to increases in the net pension liability as well as negative operations of the Event Center.

City of Ottumwa, Iowa

Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2023

Statement of Activities

A condensed version of the Statement of Activities as of June 30, 2023, and 2022 follows:

	Governmental Activities 2023	Governmental Activities 2022	Business-type Activities 2023	Business-type Activities 2022	Total 2023	Total 2022
Revenues						
Program revenues						
Charges for services	\$ 7,748,791	\$ 7,694,339	\$ 11,300,089	\$ 10,086,719	\$ 19,048,880	\$ 17,781,058
Operating grants & contributions	5,929,500	4,977,641	35,375	18,228	5,964,875	4,995,869
Capital grants & contributions	1,169,469	1,360,503	-	-	1,169,469	1,360,503
General revenues:						
Property taxes	16,703,384	15,134,582	-	9,680	16,703,384	15,144,262
Other taxes	5,300,962	5,360,133	-	-	5,300,962	5,360,133
Other	743,872	95,143	205,694	843,596	949,566	938,739
Total Revenues	37,595,978	34,622,341	11,541,158	10,958,223	49,137,136	45,580,564
Expenses						
General government	2,536,683	1,398,496	-	-	2,536,683	1,398,496
Public safety	10,085,014	9,309,704	-	-	10,085,014	9,309,704
Public works	13,493,021	9,889,525	-	-	13,493,021	9,889,525
Culture & recreation	3,973,711	2,777,337	-	-	3,973,711	2,777,337
Economic development	1,636,494	601,127	-	-	1,636,494	601,127
Health & social services	995,309	-	-	-	995,309	-
Interest on long-term debt	958,834	1,215,883	-	-	958,834	1,215,883
Solid waste	-	-	2,821,287	2,716,952	2,821,287	2,716,952
Sewer utility	-	-	7,477,329	8,358,649	7,477,329	8,358,649
Events Center	-	-	3,115,225	2,416,807	3,115,225	2,416,807
Other business-type activities	-	-	488,276	94,484	488,276	94,484
Total Expenses	33,679,066	25,192,072	13,902,117	13,586,892	47,581,183	38,778,964
Change in net position before transfers and contributions	3,916,912	9,430,269	(2,360,959)	(2,628,669)	1,555,953	6,801,600
Transfers and contributions	(1,558,955)	(2,907,568)	1,558,955	2,907,568	-	-
Change in net position	2,357,957	6,522,701	(802,004)	278,899	1,555,953	6,801,600
Net position - beginning	68,939,449	62,416,748	69,404,717	69,125,818	138,344,166	131,542,566
Prior Period Adjustment	(561,252)	-	(677,905)	-	(1,239,157)	-
Net position - ending	\$ 70,736,154	\$ 68,939,449	\$ 67,924,808	\$ 69,404,717	\$ 138,660,962	\$ 138,344,166

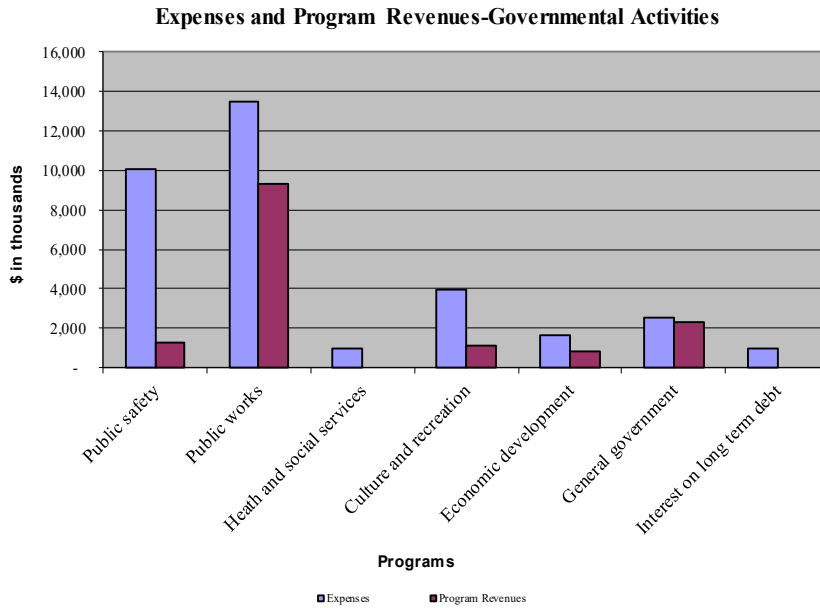
Total governmental activities revenue for the current fiscal year was \$37,595,978. The largest single revenue source for the City was property taxes of \$16,703,384. Property taxes increased by \$1,559,122 (10.3% during the year. This increase is a result of increased tax increment generated and increasing property values offset by a decreased tax rate. Operating grants and contributions increased \$969,006 due to increased grants received during the year. Charges for services increased \$1,267,828 primarily due to increased sewer rates and usage.

Certain revenues are generated that are specific to governmental program activities. These totaled \$14,847,760 during the fiscal year ended June 30, 2023. The graph below illustrates the comparison between the expenses by governmental activity type and the revenues generated that are specific to those activities.

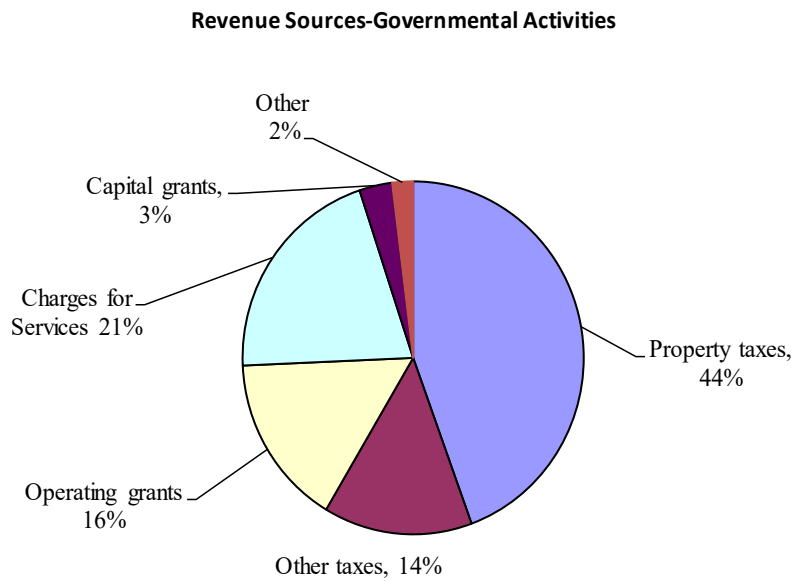
City of Ottumwa, Iowa

Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2023

Statement of Activities (Continued)



The graph below shows the percentage of the total governmental revenues allocated by each revenue type.

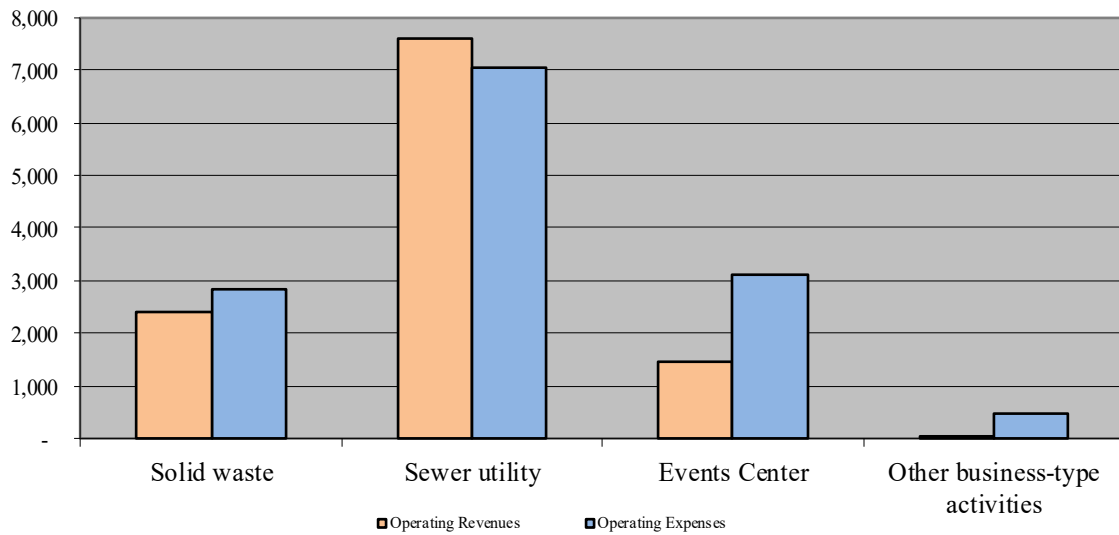


Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2023

Statement of Activities (Continued)

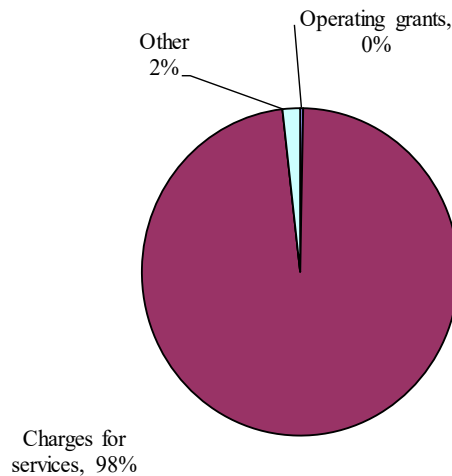
Total business-type activities' revenue for the fiscal year was \$11,541,158. \$11,335,464 of this revenue was generated for specific business-type activity expenses. The graph below shows a comparison between the business-type activity expenses and program revenues.

Operating Expenses and Operating Revenues - Business Type Activities



The graph below shows the breakdown of revenues by source for the business-type activities.

Revenue Sources-Governmental Activities



Business-type activities. Business-type activities decreased the City of Ottumwa's net position by \$1,479,909 from the 2022 net position of \$69,404,717.

City of Ottumwa, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2023

Financial Analysis of the Government's Funds

As noted earlier, the City of Ottumwa uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Ottumwa's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Ottumwa's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Ottumwa's governmental funds reported combined ending fund balances of \$26,486,135, a decrease of \$2,906,860 in comparison with the prior year. Fund balance in the amount of \$24,477,820 is not available for new spending because it represents amounts previously paid for items that were not exhausted at year-end (nonspendable) or has already been restricted, committed, or assigned to be used for a variety of purposes. Approximately 7.6% of total fund balance or \$2,008,315, constitutes unassigned fund balance.

The General Fund is the chief operating fund of the City of Ottumwa. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,820,664 while total fund balance was \$3,839,028. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 22.9% of total General Fund expenditures, while total fund balance represents 23.0% of that same amount.

Net general fund operations resulted in an increase in total general fund balance of \$191,545. A significant source of increased revenue was due to better market conditions resulting in increased interest revenue. There was also increased property tax revenue due to the general fund's property tax allocation increasing. The City started charging additional franchise fees in 2023. Expenditures increased due to increased salaries and benefits as well as increased fuel and garbage hauling costs.

Road Use Tax Fund - The net increase in fund balance of 1,050,209 during the current year is due primarily to transfers from the local option sales tax fund.

Local Option Sales Tax fund - The net decrease in fund balance during the current year was \$435,375 due to large amounts of transfers to other funds

Employee Benefit Fund - The net increase in fund balance of \$412,361 is due primarily to the property tax levy exceeding the amounts transferred to other funds.

Debt Service Fund - The net decrease in fund balance of \$2,129,568 is due to a large balloon principal payment that was due during 2023.

City of Ottumwa, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2023

Financial Analysis of the Government's Funds (Continued)

Governmental funds. (Continued)

Proprietary funds. The City of Ottumwa's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position of the sewer fund at the end of the year was \$51,156,333, an increase of \$1,070,102 from the 2022 net position of \$50,086,231. This increase was due to increased charges for services as well as fewer repair and maintenance costs.

Total net position of the solid waste fund at the end of the year was (\$1,031,186), a decrease of \$551,594 from the 2022 net position of (\$479,592). This decrease was due to an increased closure/post closure liability for the City's landfill.

Total net position of the event center fund at the end of the year was \$17,757,008, a decrease of \$1,179,153 from the 2022 net position of \$17,496,224. This increase was due to decreased intergovernmental due to receiving a one time grant in 2022.

Budgetary Highlights

In accordance with the Code of Iowa, the City Council annually adopts a budget on the modified cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business-type, and non-program. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital projects funds and permanent 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. The City did not amend its budget during 2023.

See pages 86 through 88 for the Budgetary Comparison Schedule - Budget and Actual (Modified Cash Basis) - All Governmental Funds and Proprietary Funds.

City of Ottumwa, Iowa

Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2023

Capital Asset and Debt Administration

Capital assets. The City of Ottumwa's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$151,487,998 (net of accumulated depreciation/amortization) as reflected in the following table. The total increase in the City of Ottumwa's investment in capital assets for the current fiscal year was 1.0% (a 0.8% decrease for governmental activities and a 2.7% increase for business-type activities).

This investment in capital assets includes land, buildings and improvements, park facilities, vehicles and equipment, and roads, highways, and bridges (also referred to as infrastructure assets) placed in service since July 1, 1980.

	2023 Governmental Activities	2022 Governmental Activities	2023 Business- Type Activities	2022 Business- Type Activities	2023 Total	2022 Total
Land	\$ 3,542,781	\$ 3,542,781	\$ 2,126,177	\$ 2,126,177	\$ 5,668,958	\$ 5,668,958
Building and improvements	2,795,613	1,971,332	17,370,629	18,706,841	20,166,242	20,678,173
Improvements other than buildings	3,091,926	3,626,847	3,960,356	4,495,542	7,052,282	8,122,389
Right-to-use leased equipment	28,331	39,337	-	-	28,331	39,337
Intangibles	-	-	37,458	43,147	37,458	43,147
Machinery and Equipment	4,211,956	2,885,473	1,512,681	1,423,552	5,724,637	4,309,025
Infrastructure	55,769,715	48,114,922	35,982,684	39,016,622	91,752,399	87,131,544
Construction in progress	2,859,053	12,708,349	18,198,638	11,300,652	21,057,691	24,009,001
Total assets	\$ 72,299,375	\$ 72,889,041	\$ 79,188,623	\$ 77,112,533	\$ 151,487,998	\$ 150,001,574

Major capital assets events during the current fiscal year included the following:

- Additional work was done on the Phase 8 - Blakes Branch, Pawnee Drive and Shower House projects.
- The Milner Street Reconstruction and 13/31 Runway Reconstruction projects were completed.
- The City sold the transit building.

Additional information about the City of Ottumwa's capital assets can be found in Note 5 of this report.

Long-term liabilities. At the end of the current fiscal year, the City of Ottumwa had total bonded debt outstanding, net of unamortized premiums of \$32.2 million. This entire amount is comprised of debt backed by the full faith and credit of the government. This was a decrease of \$6.3 million from the prior year, net of premiums and discounts.

City of Ottumwa, Iowa

Management's Discussion and Analysis For Fiscal Year Ended June 30, 2023

Capital Asset and Debt Administration (Continued)

Long-term liabilities. (Continued)

The City of Ottumwa's total long-term liabilities increased by \$0.4 million (0.6%) during the current fiscal year, due to an increase in the net pension liability offset by current year payments.

The City of Ottumwa maintains an A1 rating from Moody's Investor Services, Inc. for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total assessed valuation. The current debt limitation for the City of Ottumwa is \$59,963,000 which is significantly greater than the City of Ottumwa's outstanding general obligation debt (\$30,775,000), resulting in available debt margin of \$29,188,000.

Additional information about the City of Ottumwa's long-term liabilities can be found in Note 7 of this report.

Economic Factors and Next Year's Budgets and Rates

During the current fiscal year, the unassigned fund balance in the general fund increased to \$3,820,664, an increase of \$194,335 from last year.

Taxable values decreased by 5.4% percent which decreased the general fund revenue by \$284,950. Taxable rates were reduced by \$0.02, from \$21.22 to \$21.20.

These factors were considered in preparing the City of Ottumwa's budget for fiscal year 2024.

Requests for Information

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.

(THIS PAGE LEFT BLANK INTENTIONALLY)

BASIC FINANCIAL STATEMENTS

(THIS PAGE LEFT BLANK INTENTIONALLY)

City of Ottumwa
Statement of Net Position
June 30, 2023

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Ottumwa Water Works	Ottumwa Housing Authority	Hazardous Materials
Assets						
Cash and investments (including cash equivalents)	\$ 37,393,389	\$ 17,435,289	\$ 54,828,678	\$ 8,316,661	\$ 1,316,209	\$ 133,751
Restricted cash	-	-	-	584,002	-	-
Receivables						
Accounts receivable	638,325	436,317	1,074,642	1,479,734	232,564	-
Interest receivable	-	-	-	13,512	-	-
Taxes receivable	299,622	-	299,622	-	-	-
Taxes receivable - succeeding year	15,062,361	-	15,062,361	-	-	-
Lease receivable	170,048	-	170,048	-	-	-
Internal balances	18,952	(18,952)	-	-	-	-
Due from other governments	1,382,016	808,960	2,190,976	-	-	-
Inventories	62,864	30,294	93,158	579,553	26,105	-
Prepaid items	391,893	320,371	712,264	56,077	126,041	7,646
Capital assets not being depreciated	6,401,834	20,324,815	26,726,649	10,338,999	1,553,225	-
Capital assets, net of accumulated depreciation	65,897,541	58,863,808	124,761,349	42,223,510	3,918,572	75,754
Total assets	\$ 127,718,845	\$ 98,200,902	\$ 225,919,747	\$ 63,592,048	\$ 7,172,716	\$ 217,151
Deferred Outflows of Resources						
Deferred outflows of resources related to City pensions	2,593,553	190,796	2,784,349	142,046	158,701	-
Deferred outflows of resources related to OPEB	140,446	24,163	164,609	-	-	-
Total deferred outflows of resources	2,733,999	214,959	2,948,958	142,046	158,701	-
Total assets and deferred outflows of resources	\$ 130,452,844	\$ 98,415,861	\$ 228,868,705	\$ 63,734,094	\$ 7,331,417	\$ 217,151
Liabilities						
Accounts and contracts payable	\$ 2,026,063	\$ 1,841,533	\$ 3,867,596	\$ 3,930,514	\$ 364,335	\$ 1,210
Interest payable	41,723	17,018	58,741	22,355	-	-
Salaries and benefits payable	605,559	89,269	694,828	47,854	20,749	-
Due to other governments	5,971	7,199	13,170	1,055,008	-	-
Deposits payable	-	-	-	734,002	57,699	-
Unearned revenue	3,051,411	322,136	3,373,547	-	17,130	-
Bonds payable, net						
Payable within one year	4,940,602	579,000	5,519,602	-	-	-
Payable after one year	15,151,506	11,488,712	26,640,218	-	-	-
Revenue notes						
Payable within one year	-	834,398	834,398	-	-	-
Payable after one year	-	7,283,603	7,283,603	-	-	-
Leases payable						
Payable within one year	11,779	-	11,779	1,060,059	-	-
Payable after one year	15,518	-	15,518	9,802,125	594,180	-
Compensated absences payable						
Payable within one year	739,539	101,058	840,597	515,259	6,801	-
Payable after one year	-	-	-	-	79,516	-
Accrued landfill costs		5,779,146	5,779,146			
Net pension liability	9,910,724	766,151	10,676,875	866,068	597,412	-
Total other post employment benefits (OPEB) obligation						
Payable within one year	393,329	67,671	461,000	-	-	-
Payable after one year	6,223,874	1,070,792	7,294,666	591,781	-	-
Total liabilities	43,117,598	30,247,686	73,365,284	18,625,025	1,737,822	1,210
Deferred Inflows of Resources						
Deferred inflows of resources related to City pensions	1,339,395	238,673	1,578,068	156,673	63,281	-
Deferred inflows of resources related to lease receivable	170,048	-	170,048	-	-	-
Taxes and assessments for subsequent years	15,062,361	-	15,062,361	-	-	-
Deferred inflows of resources related to OPEB	27,288	4,694	31,982	-	-	-
Total deferred inflows of resources	16,599,092	243,367	16,842,459	156,673	63,281	-
Net Position						
Net investment in capital assets	55,730,636	57,518,573	113,249,209	41,500,805	4,877,617	75,754
Restricted for						
Cemetery - nonexpendable	892,694	-	892,694	-	-	-
State road use tax	6,911,505	-	6,911,505	-	-	-
Local option sales tax	6,484,846	-	6,484,846	-	-	-
Employee benefits	2,137,653	-	2,137,653	-	-	-
Capital projects	1,835,598	-	1,835,598	-	-	-
Other nonmajor special revenue funds	2,646,494	-	2,646,494	-	-	-
Unrestricted	(5,903,272)	10,406,235	4,502,963	3,451,591	652,697	140,187
Total net position	70,736,154	67,924,808	138,660,962	44,952,396	5,530,314	215,941
Total liabilities, deferred inflows of resources, and net position	\$ 130,452,844	\$ 98,415,861	\$ 228,868,705	\$ 63,734,094	\$ 7,331,417	\$ 217,151

See notes to basic financial statements.

**City of Ottumwa
Statement of Activities
Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 2,536,683	\$ 2,026,537	\$ 298,936	\$ -
Public safety	10,085,014	886,421	402,419	-
Public works	13,493,021	4,226,751	3,907,660	1,169,469
Health and social services	995,309	-	-	-
Culture and recreation	3,973,711	609,082	484,364	-
Economic development	1,636,494	-	836,121	-
Interest and fiscal charges	958,834	-	-	-
Total governmental activities	33,679,066	7,748,791	5,929,500	1,169,469
Business-type activities				
Sewer	7,477,329	7,487,180	-	-
Event Center	3,115,225	1,449,238	18,885	-
Transit	461,998	-	1,998	-
Solid waste	2,821,287	2,363,671	9,491	-
Golf	26,278	-	5,001	-
Total business-type activities	13,902,117	11,300,089	35,375	-
Total primary government	\$ 47,581,183	\$ 19,048,880	\$ 5,964,875	\$ 1,169,469
Component unit, Ottumwa Water Works	\$ 6,670,041	\$ 8,930,501	\$ 794,919	\$ -
Component unit, Ottumwa Housing Authority	\$ 3,795,359	\$ 1,133,733	\$ 2,498,918	\$ 352,136
Component unit, Hazardous Materials	\$ 194,475	\$ -	\$ 130,133	\$ -

General revenues

- Property taxes levied for general purposes
- Property taxes levied for debt service
- Tax increment financing
- Other taxes and payments in lieu of taxes
- Unrestricted investment earnings
- Gain on sale of asset

Transfers

- Total general revenues and transfers

Change in net position

- Net position - beginning
- Prior period adjustment (Note 16)
- Net position - beginning, restated

Net position - ending

Primary Government Net (Expense) Revenues and Changes in Net Position			Component Units		
Governmental Activities	Business-Type Activities	Total	Ottumwa Water Works	Ottumwa Housing Authority	Hazardous Materials
\$ (211,210)	\$ -	\$ (211,210)	\$ -	\$ -	\$ -
(8,796,174)	-	(8,796,174)	-	-	-
(4,189,141)	-	(4,189,141)	-	-	-
(995,309)	-	(995,309)	-	-	-
(2,880,265)	-	(2,880,265)	-	-	-
(800,373)	-	(800,373)	-	-	-
(958,834)	-	(958,834)	-	-	-
<u>(18,831,306)</u>	<u>-</u>	<u>(18,831,306)</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	9,851	9,851	-	-	-
-	(1,647,102)	(1,647,102)	-	-	-
-	(460,000)	(460,000)	-	-	-
-	(448,125)	(448,125)	-	-	-
-	(21,277)	(21,277)	-	-	-
<u>-</u>	<u>(2,566,653)</u>	<u>(2,566,653)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (18,831,306)</u>	<u>\$ (2,566,653)</u>	<u>\$ (21,397,959)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,055,379</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,428</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (64,342)</u>
\$ 10,980,065	\$ -	\$ 10,980,065	\$ -	\$ -	\$ -
3,155,335	-	3,155,335	-	-	-
2,567,984	-	2,567,984	-	-	-
5,300,962	-	5,300,962	-	-	-
494,945	205,694	700,639	42,202	1,022	1,684
248,927	-	248,927	-	-	-
(1,558,955)	1,558,955	-	-	-	-
<u>21,189,263</u>	<u>1,764,649</u>	<u>22,953,912</u>	<u>42,202</u>	<u>1,022</u>	<u>1,684</u>
2,357,957	(802,004)	1,555,953	3,097,581	190,450	(62,658)
68,939,449	69,404,717	138,344,166	41,854,815	5,339,864	278,599
(561,252)	(677,905)	(1,239,157)	-	-	-
<u>68,378,197</u>	<u>68,726,812</u>	<u>137,105,009</u>	<u>41,854,815</u>	<u>5,339,864</u>	<u>278,599</u>
<u>\$ 70,736,154</u>	<u>\$ 67,924,808</u>	<u>\$ 138,660,962</u>	<u>\$ 44,952,396</u>	<u>\$ 5,530,314</u>	<u>\$ 215,941</u>

City of Ottumwa
Balance Sheet - Governmental Funds
June 30, 2023

	General Fund (001,002, 003, 005)	Special Revenue		
		Road Use Tax (110)	Local Option Sales Tax (121)	Employee Benefits (112)
Assets				
Cash and investments	\$ 6,661,377	\$ 7,049,124	\$ 4,392,740	\$ 2,043,480
Due from other governments	374,915	286,907	348,517	-
Accounts receivable	375,921	17,753	-	-
Due from other funds	18,952	162,005	1,743,589	-
Property taxes receivable				
Current year	120,707	-	-	94,230
Succeeding year	5,671,556	-	-	4,499,666
Inventory	9,141	53,723	-	-
Prepaid items	9,223	44,347	-	-
Leases receivable	170,048	-	-	-
Total assets	\$ 13,411,840	\$ 7,613,859	\$ 6,484,846	\$ 6,637,376
Liabilities				
Accounts payable	\$ 457,197	\$ 647,210	\$ -	\$ 57
Due to other governments	5,963	-	-	-
Salaries and benefits payable	327,764	55,144	-	-
Due to other funds	-	-	-	-
Unearned revenues	2,940,284	-	-	-
Total liabilities	3,731,208	702,354	-	57
Deferred Inflows of Resources				
Taxes and assessments	5,671,556	-	-	4,499,666
Lease receivables	170,048	-	-	-
Total deferred inflows of resources	5,841,604	-	-	4,499,666
Fund Balances				
Nonspendable	18,364	98,070	-	-
Restricted	-	6,813,435	6,484,846	2,137,653
Unassigned	3,820,664	-	-	-
Total fund balances	3,839,028	6,911,505	6,484,846	2,137,653
Total liabilities, deferred inflows of resources, and fund balances	\$ 13,411,840	\$ 7,613,859	\$ 6,484,846	\$ 6,637,376

Debt Service (200)	Other Governmental Funds	Total Governmental Funds
\$ 148,805	\$ 8,475,724	\$ 28,771,250
-	371,677	1,382,016
-	244,651	638,325
-	177,250	2,101,796
55,955	28,730	299,622
2,929,786	1,961,353	15,062,361
-	-	62,864
-	338,323	391,893
-	-	170,048
<u>\$ 3,134,546</u>	<u>\$ 11,597,708</u>	<u>\$ 48,880,175</u>
\$ -	\$ 485,900	\$ 1,590,364
-	8	5,971
-	48,133	431,041
1,743,589	339,255	2,082,844
-	111,127	3,051,411
<u>1,743,589</u>	<u>984,423</u>	<u>7,161,631</u>
2,929,786	1,961,353	15,062,361
-	-	170,048
<u>2,929,786</u>	<u>1,961,353</u>	<u>15,232,409</u>
-	1,231,017	1,347,451
-	7,694,435	23,130,369
(1,538,829)	(273,520)	2,008,315
<u>(1,538,829)</u>	<u>8,651,932</u>	<u>26,486,135</u>
<u>\$ 3,134,546</u>	<u>\$ 11,597,708</u>	<u>\$ 48,880,175</u>

(THIS PAGE LEFT BLANK INTENTIONALLY)

**Reconciliation of the Balance Sheet to
the Statement of Net Position - Governmental Funds
June 30, 2023**

Total fund balances - governmental funds \$ 26,486,135

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds.

Cost of capital assets	179,944,665
Less accumulated depreciation	(107,645,290)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bonds payable	(19,593,828)
Bonds premium	(498,280)
Notes payable	(27,297)
Compensated absences payable	(739,539)
Total other post employment benefits obligation	(6,617,203)
Net pension liability	(9,910,724)

Deferred outflows of resources and deferred inflows of resources are created as a result of various differences related to pensions that are not recognized in the governmental funds.

Deferred inflows of resources related to other postemployment benefits	(27,288)
Deferred inflows of resources related to city pensions	(1,339,395)
Deferred outflows of resources related to other post employment benefits	140,446
Deferred outflows of resources related to city pensions	2,593,553

Governmental funds do not report a liability for accrued interest due and payable. (41,723)

Internal Service Funds are used by management to charge the costs of insurance and capital equipment to individual funds. These assets and liabilities of the Internal Service Funds are included in governmental activities in the Statement of Net Position.

8,011,922

Total net position - governmental activities \$ 70,736,154

**Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds
Year Ended June 30, 2023**

	General Fund (001,002, 003, 005)	Special Revenue	
		Road Use Tax (110)	Local Option Sales Tax (121)
Revenues			
General property taxes	\$ 5,674,051	\$ -	\$ -
Tax increment collections	-	-	-
Other city taxes	1,397,989	-	4,065,302
Licenses and permits	514,138	-	-
Intergovernmental	667,848	3,530,406	-
Charges for services	4,051,814	633,293	-
Fines and forfeitures	103,599	-	-
Use of money and property	299,116	-	-
Miscellaneous	75,717	-	-
Total revenues	<u>12,784,272</u>	<u>4,163,699</u>	<u>4,065,302</u>
Expenditures			
Current			
General government	2,121,168	-	-
Public safety	9,618,629	-	-
Public works	2,545,510	4,773,447	-
Health and social services	545,066	-	-
Culture and recreation	1,439,305	-	-
Community and economic development	329,519	-	-
Debt service			
Principal	11,690	-	-
Interest and fiscal charges	-	-	-
Capital outlay			
Public safety	10,624	-	-
Public works	23,560	-	-
Health and social services	30,900	-	-
Culture and recreation	-	-	-
Total expenditures	<u>16,675,971</u>	<u>4,773,447</u>	<u>-</u>
Excess of revenues over (under) expenditures	(3,891,699)	(609,748)	4,065,302
Other Financing Sources (Uses)			
Proceeds from sale of capital asset	258,873	1,342	-
Proceeds from insurance	71,131	-	-
Transfers in	4,379,172	1,952,315	-
Transfers out	(625,932)	(293,700)	(4,500,677)
Total other financing sources (uses)	<u>4,083,244</u>	<u>1,659,957</u>	<u>(4,500,677)</u>
Net change in fund balances	191,545	1,050,209	(435,375)
Fund Balances			
Beginning of year	<u>3,647,483</u>	<u>5,861,296</u>	<u>6,920,221</u>
End of year	<u>\$ 3,839,028</u>	<u>\$ 6,911,505</u>	<u>\$ 6,484,846</u>

See notes to basic financial statements.

Special Revenue			
Employee Benefits (112)	Debt Service (200)	Other Governmental Funds	Total Governmental Funds
\$ 5,112,124	\$ 3,155,335	\$ 914,879	\$ 14,856,389
-	-	1,849,323	1,849,323
-	-	-	5,463,291
-	-	-	514,138
-	-	1,665,256	5,863,510
-	-	210,682	4,895,789
-	-	87,823	191,422
19,038	-	657,610	975,764
-	-	1,928,692	2,004,409
<u>5,131,162</u>	<u>3,155,335</u>	<u>7,314,265</u>	<u>36,614,035</u>
176,000	-	530,725	2,827,893
-	-	355,956	9,974,585
-	-	1,635,700	8,954,657
-	-	479,747	1,024,813
-	-	1,855,574	3,294,879
-	-	1,057,545	1,387,064
-	5,282,170	-	5,293,860
-	1,061,057	-	1,061,057
-	-	140,970	151,594
-	-	2,420,490	2,444,050
-	-	-	30,900
-	-	1,350,830	1,350,830
<u>176,000</u>	<u>6,343,227</u>	<u>9,827,537</u>	<u>37,796,182</u>
4,955,162	(3,187,892)	(2,513,272)	(1,182,147)
-	-	36	260,251
-	-	-	71,131
-	1,058,324	1,636,693	9,026,504
(4,542,801)	-	(1,119,489)	(11,082,599)
<u>(4,542,801)</u>	<u>1,058,324</u>	<u>517,240</u>	<u>(1,724,713)</u>
412,361	(2,129,568)	(1,996,032)	(2,906,860)
<u>1,725,292</u>	<u>590,739</u>	<u>10,647,964</u>	<u>29,392,995</u>
<u>\$ 2,137,653</u>	<u>\$ (1,538,829)</u>	<u>\$ 8,651,932</u>	<u>\$ 26,486,135</u>

(THIS PAGE LEFT BLANK INTENTIONALLY)

City of Ottumwa
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances to
 the Statement of Activities - Governmental Funds
 Year Ended June 30, 2023

Net change in fund balances - governmental funds \$ (2,906,860)

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlays	6,499,670
Depreciation expense	(6,910,522)
Disposal of capital assets	(125,243)

Unfunded OPEB obligations are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities. (308,893)

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities 85,413

Governmental funds recognize pension contributions as expenditures at the time of payment in the funds whereas the Statement of Activities factors in items related to pensions on a full accrual perspective.

Pension expense	791,018
-----------------	---------

Principal payments on long-term debt are recognized as expenditures in the governmental funds but have no impact on net position in the Statement of Activities.

Bonds, notes and leases payable	5,293,860
---------------------------------	-----------

Governmental funds report the effects of bond premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. 39,251

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 62,972

Internal Service Funds are used by management to charge the costs of insurance and capital equipment to individual funds. The net revenue of certain activities of Internal Service Funds is reported with governmental activities in the government-wide financial statements. (162,709)

Change in net position - governmental activities \$ 2,357,957

City of Ottumwa
Statement of Net Position - Proprietary Funds
June 30, 2023

	Business-Type Activities Enterprise Funds		
	Sewer (315, 610-613)	Solid Waste (670, 671, 673)	Event Center (313, 720, 721)
Assets			
Current assets			
Cash and cash equivalents	\$ 12,084,168	\$ 3,024,136	\$ 1,087,732
Due from other governments	808,960	-	-
Accounts receivable - net	80,738	301,831	53,748
Inventories	-	-	30,294
Prepaid items	111,871	39,616	162,378
Total current assets	<u>13,085,737</u>	<u>3,365,583</u>	<u>1,334,152</u>
Noncurrent assets			
Capital assets not being depreciated/amortized	18,364,861	207,500	1,672,454
Capital assets, net of accumulated depreciation/amortization	<u>42,103,244</u>	<u>2,735,627</u>	<u>13,827,706</u>
Net capital assets	<u>60,468,105</u>	<u>2,943,127</u>	<u>15,500,160</u>
Total noncurrent assets	<u>60,468,105</u>	<u>2,943,127</u>	<u>15,500,160</u>
Total assets	<u>73,553,842</u>	<u>6,308,710</u>	<u>16,834,312</u>
Deferred Outflows of Resources			
Deferred outflows of resources related to pensions	131,178	59,618	-
Deferred outflows of resources related to OPEB	16,631	7,532	-
Total deferred outflows of resources	<u>147,809</u>	<u>67,150</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 73,701,651</u>	<u>\$ 6,375,860</u>	<u>\$ 16,834,312</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 1,573,043	\$ 64,408	\$ 175,217
Due to other governments	-	7,199	-
Due to other funds	-	-	18,952
Interest payable	17,018	-	-
Salaries payable	52,244	24,554	936
Compensated absences	59,645	41,413	-
Unearned revenue	-	-	322,136
General obligation bonds/notes - current portion	444,000	135,000	-
Total OPEB obligation - current portion	46,576	21,095	-
Revenue notes payable - current portion	834,398	-	-
Total current liabilities	<u>3,026,924</u>	<u>293,669</u>	<u>517,241</u>
Noncurrent liabilities			
General obligation bonds/notes	11,247,712	820,000	-
Revenue notes payable	8,118,001	-	-
Accrued landfill costs			
Closure	-	3,385,284	-
Post closure	-	2,393,862	-
Total OPEB obligation	783,576	354,887	-
Net pension liability	526,753	239,398	-
Less amount due within one year	(1,324,974)	(156,095)	-
Total noncurrent liabilities	<u>19,351,068</u>	<u>7,037,336</u>	<u>-</u>
Total liabilities	<u>22,377,992</u>	<u>7,331,005</u>	<u>517,241</u>
Deferred Inflows of Resources			
Deferred inflows of resources related to pensions	164,095	74,578	-
Deferred inflows of resources related to OPEB	3,231	1,463	-
Total deferred inflows of resources	<u>167,326</u>	<u>76,041</u>	<u>-</u>
Net Position			
Net investment in capital assets	39,618,055	2,123,127	15,500,160
Unrestricted	11,538,278	(3,154,313)	816,911
Total net position	<u>51,156,333</u>	<u>(1,031,186)</u>	<u>16,317,071</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 73,701,651</u>	<u>\$ 6,375,860</u>	<u>\$ 16,834,312</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			
Total business-type activities net position			

Business-Type Activities Enterprise Funds		Governmental Activities
Nonmajor Proprietary Funds	Total	Internal Service Funds
\$ 669,346	\$ 16,865,382	\$ 9,192,046
-	808,960	-
-	436,317	-
-	30,294	-
6,506	320,371	-
<u>675,852</u>	<u>18,461,324</u>	<u>9,192,046</u>
80,000	20,324,815	-
197,231	58,863,808	-
<u>277,231</u>	<u>79,188,623</u>	-
<u>277,231</u>	<u>79,188,623</u>	-
<u>953,083</u>	<u>97,649,947</u>	<u>9,192,046</u>
-	190,796	-
-	24,163	-
-	214,959	-
<u>\$ 953,083</u>	<u>\$ 97,864,906</u>	<u>\$ 9,192,046</u>
\$ 66	1,812,734	\$ 464,498
-	7,199	-
-	18,952	-
-	17,018	-
-	77,734	186,053
-	101,058	-
-	322,136	-
-	579,000	-
-	67,671	-
-	834,398	-
<u>66</u>	<u>3,837,900</u>	<u>650,551</u>
-	12,067,712	-
-	8,118,001	-
-	3,385,284	-
-	2,393,862	-
-	1,138,463	-
-	766,151	-
-	(1,481,069)	-
-	26,388,404	-
<u>66</u>	<u>30,226,304</u>	<u>650,551</u>
-	238,673	-
-	4,694	-
-	243,367	-
277,231	57,518,573	-
675,786	9,876,662	8,541,495
<u>953,017</u>	<u>67,395,235</u>	<u>8,541,495</u>
<u>\$ 953,083</u>		<u>\$ 9,192,046</u>
	<u>529,573</u>	
	<u>\$ 67,924,808</u>	

City of Ottumwa
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Proprietary Funds
Year Ended June 30, 2023

	<u>Business-Type Activities Enterprise Funds</u>		
	<u>Sewer (315, 610-613)</u>	<u>Solid Waste (670, 671, 673)</u>	<u>Event Center (313, 720, 721)</u>
Operating Revenues			
Charges for services	\$ 7,448,810	\$ 2,350,969	\$ 1,096,592
Other income	-	7,442	352,646
Total operating revenues	<u>7,448,810</u>	<u>2,358,411</u>	<u>1,449,238</u>
Operating Expenses			
Personnel services	1,097,496	645,493	886,022
Supplies	611,433	247,931	-
Professional services	1,361,734	565,812	1,272,232
Repairs and maintenance	(47,543)	596,108	492,806
Depreciation	3,949,692	752,138	464,165
Total operating expenses	<u>6,972,812</u>	<u>2,807,482</u>	<u>3,115,225</u>
Operating income (loss)	475,998	(449,071)	(1,665,987)
Nonoperating Revenues (Expenses)			
Investment income	163,227	37,836	-
Intergovernmental	-	14,751	18,885
Gain (loss) on disposal of capital assets	(1,905)	-	-
Refunds and reimbursements	-	-	-
Interest expense	(88,764)	(13,805)	-
Total nonoperating revenues (expenses)	<u>72,558</u>	<u>38,782</u>	<u>18,885</u>
Income (loss) before transfers	548,556	(410,289)	(1,647,102)
Transfers in	1,538,748	7,500	207,165
Transfers out	<u>(78,513)</u>	<u>(148,805)</u>	<u>-</u>
Change in net position	2,008,791	(551,594)	(1,439,937)
Net Position			
Beginning of year	50,086,231	(479,592)	17,496,224
Prior Period Adjustment (Note 16)	(938,689)	-	260,784
Beginning of year, as restated	<u>49,147,542</u>	<u>(479,592)</u>	<u>17,757,008</u>
End of year	<u>\$ 51,156,333</u>	<u>\$ (1,031,186)</u>	<u>\$ 16,317,071</u>

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

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Change in net position-business-type activities

Enterprise Funds		Governmental Activities
Nonmajor Proprietary Funds	Total	Internal Service Funds
\$ -	\$ 10,896,371	\$ 5,992,221
6,999	367,087	-
<u>6,999</u>	<u>11,263,458</u>	<u>5,992,221</u>
-	2,629,011	5,247,048
-	859,364	54
20,078	3,219,856	127,568
-	1,041,371	1,724,258
68,408	5,234,403	-
<u>88,486</u>	<u>12,984,005</u>	<u>7,098,928</u>
(81,487)	(1,720,547)	(1,106,707)
-	201,063	74,686
-	33,636	-
(399,790)	(401,695)	-
-	-	1,325
-	(102,569)	-
<u>(399,790)</u>	<u>(269,565)</u>	<u>76,011</u>
(481,277)	(1,990,112)	(1,030,696)
-	1,753,413	530,000
-	(227,318)	-
(481,277)	(464,017)	(500,696)
1,434,294		9,042,191
-		-
<u>1,434,294</u>		<u>9,042,191</u>
<u>\$ 953,017</u>		<u>\$ 8,541,495</u>
	<u>(337,987)</u>	
	<u>\$ (802,004)</u>	

City of Ottumwa
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Sewer (315, 610- 613)	Solid Waste (670, 671, 673)	Event Center (313, 720, 721)
Cash Flows - Operating Activities			
Receipts from customers	\$ 7,363,614	\$ 2,316,857	\$ 1,364,980
Payments to suppliers for goods and services	(588,260)	(1,111,182)	(1,628,934)
Payments to employees for services	(1,734,515)	(768,882)	(642,695)
Other operating revenues	-	7,442	352,646
Net cash flows - operating activities	<u>5,040,839</u>	<u>444,235</u>	<u>(554,003)</u>
Cash Flows - Noncapital Financing Activities			
Refunds and reimbursements	-	-	-
Intergovernmental receipts	-	14,751	18,885
Increase (decrease) in due to other funds	-	-	18,952
Transfer to other funds	(630,787)	(648,805)	(207,165)
Transfer from other funds	2,091,022	507,500	414,330
Net cash flows - noncapital financing activities	<u>1,460,235</u>	<u>(126,554)</u>	<u>245,002</u>
Cash Flows - Capital and Related Financing Activities			
Principal paid on debt	(1,241,830)	(135,000)	-
Interest paid on debt	(149,041)	(13,805)	-
Acquisition of capital assets	(7,222,895)	(435,639)	(53,650)
Net cash flows - capital and related financing activities	<u>(8,613,766)</u>	<u>(584,444)</u>	<u>(53,650)</u>
Cash Flows - Investing Activities			
Investment income	163,227	37,836	-
Net change in cash and cash equivalents	(1,949,465)	(228,927)	(362,651)
Cash and Cash Equivalents (including restricted cash)			
July 1	<u>14,033,633</u>	<u>3,253,063</u>	<u>1,450,383</u>
June 30	<u>\$ 12,084,168</u>	<u>\$ 3,024,136</u>	<u>\$ 1,087,732</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities			
Operating income (loss)	\$ 475,998	\$ (449,071)	\$ (1,665,987)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities			
Depreciation	3,949,692	752,138	464,165
Pension expense	(255,385)	(81,087)	242,391
Accounts receivable	19,024	(34,526)	(53,748)
Due from other governments	(104,220)	414	-
Prepaid items	(60,844)	(17,417)	(8,819)
Inventories	-	-	(30,294)
Accounts payable	1,382,638	(29,442)	175,217
Salaries payable	-	8,472	936
Due to other governments	15,570	3,020	-
Landfill closure costs	-	342,508	-
Unearned revenue	-	-	322,136
OPEB obligation	(383,672)	(46,123)	-
Compensated absences payable	2,038	(4,651)	-
Total adjustments	<u>4,564,841</u>	<u>893,306</u>	<u>1,111,984</u>
Net cash flows - operating activities	<u>\$ 5,040,839</u>	<u>\$ 444,235</u>	<u>\$ (554,003)</u>

See notes to basic financial statements.

Business-Type Activities - Enterprise Funds		Governmental Activities
Nonmajor Proprietary Funds	Total	Internal Service Funds
\$ 21,678	\$ 11,067,129	\$ 6,033,933
(23,974)	(3,352,350)	(1,878,427)
-	(3,146,092)	(5,308,005)
-	360,088	
<u>(2,296)</u>	<u>4,928,775</u>	<u>(1,152,499)</u>
-	-	1,325
-	33,636	-
-	18,952	-
-	(1,486,757)	-
-	3,012,852	530,000
<u>-</u>	<u>1,578,683</u>	<u>531,325</u>
-	(1,376,830)	-
-	(162,846)	-
-	(7,712,184)	-
<u>-</u>	<u>(9,251,860)</u>	<u>-</u>
-	201,063	74,686
(2,296)	(2,543,339)	(546,488)
<u>671,642</u>	<u>19,408,721</u>	<u>9,738,534</u>
<u>\$ 669,346</u>	<u>\$ 16,865,382</u>	<u>\$ 9,192,046</u>
\$ (81,487)	\$ (1,720,547)	\$ (1,106,707)
68,408	5,234,403	-
-	(94,081)	-
4,999	(64,251)	87
9,680	(94,126)	41,625
(2,989)	(90,069)	-
-	(30,294)	-
(907)	1,527,506	(56,676)
-	9,408	-
-	18,590	(30,828)
-	342,508	-
-	322,136	-
-	(429,795)	-
-	(2,613)	-
<u>79,191</u>	<u>6,649,322</u>	<u>(45,792)</u>
<u>\$ (2,296)</u>	<u>\$ 4,928,775</u>	<u>\$ (1,152,499)</u>

(THIS PAGE LEFT BLANK INTENTIONALLY)

City of Ottumwa
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The City of Ottumwa, Iowa (City) is a political subdivision of the State of Iowa located in Wapello County. It was 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 City Council members elected on a nonpartisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. It also operated an airport, a water recreation park, a wide range of parks and recreational facilities and sewer and sanitation utilities. Through its component units, Ottumwa Water Works, water utility services are also provided and Ottumwa Housing Authority, housing services are also provided.

B. Reporting Entity

In accordance with Governmental Accounting and Financial Reporting Standards, the basic financial statements include all funds, organizations, agencies, boards, commissions, authorities, and material component units and have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The City has 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 GASB 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 (the primary government) and its discretely presented component units, the Ottumwa Water Works, Hazardous Materials, and Ottumwa Housing Authority.

1. Discretely Presented Component Units

Ottumwa Water Works

The Ottumwa Water Works is a component unit that is legally separate from the City but is financially accountable to the City. The Ottumwa Water Works is governed by a five member board appointed by the City Council and its operating budget is subject to the review of the City Council. The Ottumwa Water Works operates on a calendar year-end and prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Due to the different year-end, the amount reported by the Ottumwa Water Works as due to the primary government and the primary government's due from the Ottumwa Water Works do not agree. Separately issued financial reports of the Ottumwa Water Works may be obtained from 230 Turner Drive, Ottumwa, IA 52501.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

2. Discretely Presented Component Units

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 financial accountable for the organization. The City handles all of the accounting, budgeting, payroll, treasury management and administrative functions for the organization. This organization does not prepare separately issued financial statements.

Ottumwa Housing Authority

The Ottumwa Housing Authority is a component unit that is legally separate from the City but is financially accountable to the City. The Ottumwa Housing Authority is governed by a five member board appointed by the City Council and its operating budget is subject to the review of the City Council. The Ottumwa Housing Authority operates with a March 31st year end and prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. Separately issued financial reports of the Ottumwa Housing Authority may be obtained from 935 West Main Street, Ottumwa, Iowa, 52501.

C. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities report information on all of the activities of the City. 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 normally are supported by tax and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate Ottumwa Water Works, Hazardous Materials and Ottumwa Housing Authority component units.

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

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

City of Ottumwa
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus, Basis of Accounting, and Basic Financial Statement Presentation

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

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 of the end of the current period.

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

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

Separate basic financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Description of Funds:

Major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

Road Use Tax Fund - This fund is a special revenue fund required by the *Code of Iowa* to account for the City's share of fuel taxes collected and allocated by the State which is restricted for local street maintenance.

Local Option Sales Tax Fund - This fund is a special revenue fund required by the *Code of Iowa* to account for the City's share of 1% sales tax approved by the citizens of Ottumwa collected and allocated by the State which is restricted for the construction, reconstruction, and repair of local streets.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Measurement Focus, Basis of Accounting, and Basic Financial Statement Presentation
(Continued)**

Major Governmental Funds: (Continued)

Employee Benefits Special Revenue Fund - This fund is required by the *Code of Iowa* to account for property taxes levied for employee benefits. This fund either pays benefits as expenditures (primarily police and fire pension costs) or transfers cash to the General Fund to reimburse allowable benefits paid from that fund.

Debt Service Fund - This fund is a debt service fund to account for the payment of interest and principal on the City's general obligation long-term debt.

Proprietary Funds:

Solid Waste Fund - This fund accounts for the operation and maintenance of the recycling center and Ottumwa-Wapello County Landfill Facility.

Sewer Fund - This fund accounts for the operations and maintenance of the sanitary sewer treatment plant, collection lines and debt service on revenue bonds.

Events Center - This fund accounts for the operations and maintenance of the Bridge View Events Center facility (a Vision Iowa project).

Additionally, the government reports the following fund type:

Internal Service Funds - These funds accounts for Payroll Clearing, Equipment Purchasing and Employee Insurance services provided to other departments or agencies of the City or to other governments, on a cost-reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**D. Measurement Focus, Basis of Accounting, and Basic Financial Statement Presentation
(Continued)**

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants and general revenue. 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 and then apply general revenue.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1. Cash 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, 2023 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.

2. Receivables and Payables

Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors. Current year delinquent tax receivable represents unpaid taxes from the current year. 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 first day of the 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.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

2. Receivables and Payables (Continued)

Property tax revenue became due and collectible in September and March of the fiscal year with a 1.5% per month penalty for delinquent payments, and is based on January 1, 2021, assessed property valuations, and is for the tax accrual period July 1, 2022, through June 30, 2023, and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2022.

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services, including amounts owed for which billings have not been prepared.

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

3. Inventory and Prepaid Items

Inventories are valued at cost (first in, first out) for supplies and lower of cost (first in, first out) or net realizable value 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.

Prepays consist primarily of property and liability insurance payments paid in advance. Prepaid items are recorded as an expenditure at the time of consumption.

4. 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.

Asset Class	Amount
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

City of Ottumwa
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

4. Capital Assets

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:

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

5. 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.

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.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

5. Leases (Continued)

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.

6. Unearned 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
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

7. Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City presents deferred outflows of resources on the Statement(s) of Net Position for deferred outflows of resources related to pensions and OPEB for various estimate differences that will be amortized and recognized over future years.

8. 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, 2023. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

9. Long-Term Obligations

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Pensions

The net pension liability, deferred inflows and outflows of resources related to pensions, pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and the Municipal Fire and Police Retirement System of Iowa (MFPRSI) and additions to/deductions from IPERS' and MFPRSI's fiduciary net position have been determined on the same basis as they are reported by IPERS and MFPRSI. 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.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

11. Total OPEB Liability

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the City of Ottumwa GAAP City's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

12. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Although certain revenue is measurable, it is 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 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 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 consist of property taxes receivable and other receivables not collected within 60 days after year end. Deferred inflows of resources in the statement of net position consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied, and unrecognized items not yet charged to pension expense and amounts related to OPEB for various estimate differences that will be amortized and recognized over future years.

13. Fund Equity

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- ◆ **Nonspendable Fund Balance** - These are amounts that cannot be spent because they are not in spendable form.
- ◆ **Restricted Fund Balance** - These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments or b) imposed by law through enabling legislation.
- ◆ **Unassigned Fund Balance** - These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted, and committed fund balances exceed the total net resources of that fund.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

13. Fund Equity

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

14. Net Position

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

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

15. Estimates and Assumptions

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. Estimates also affect the reported amounts of revenue and expenditures/expense during the reporting period. Actual results could differ from those estimates.

16. Budgetary Information

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 for agency funds. The annual budget may be amended during the year utilizing similar statutorily prescribe procedures. The City did not amend its budget during the year ended June 30, 2023.

The cash basis reports cash receipts and disbursements rather than revenue and expenditures/expenses. Receivables, payables, accruals, and deferrals do not apply to the cash basis budget. The Budgetary comparison and related disclosures are reported as required supplementary information.

The City follows these procedures in the adoption of or amendment of the annual budget:

1. Department supervisors submit preliminary budget requests during October and November. These requests are reviewed by the City Administrator and City Finance Officer, who present a proposed budget to the City Council. The City Council prepares a proposed budget based on their recommendations.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(Continued)**

16. Budgetary Information (Continued)

2. The City Clerk provides the projected budget to interested citizens during February, and public hearings are conducted to obtain taxpayer comments.
3. Prior to April 30, the budget is legally enacted through passage of a resolution and is submitted to the County Auditor and State of Iowa.
4. Amendments to the budget may be considered and reviewed throughout the fiscal year. Amendments are subject to council review and by justification to the City Administrator. The budget is formally amended by the City Council after the process of public hearings.

State law mandates that the control of the level of classification at which expenditures may not legally exceed appropriations is based upon ten major classes of disbursements, known as functions, not by fund or fund type. It is permissible, therefore, to overspend the budget within a particular fund so long as the expenditures within a function are not exceeded. The ten functions are Public Safety, Public Works, Health and Social Services, Culture and Recreation, Community and Economic Development, General Government, Debt Service, Capital Projects, Business-Type Activities and Nonprogram. As of June 30, 2023, disbursements exceeded budgeted amounts in the general government, public safety, public works, health and social services and community and economic development functions.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance

These deficits will be eliminated as financing under grants or bonds is received and from other revenue sources during future years. The following funds had a deficit fund balance at June 30, 2023:

Nonmajor Special Revenue	
Tax Increment Financing	\$ 96,082
Nonmajor Capital Project	
Levee Repairs	177,438
Debt Service	1,538,829
Enterprise Funds	
Solid Waste	1,031,186

NOTE 3 - LEASE RECEIVABLE

The City has recognized a Lease Receivable of \$170,048 and Deferred Inflow of Resources of \$170,048. The leases have varied term lengths and interest rates. The most significant leases are for the use of City owned land. The City recognized lease revenue of \$149,350 during the fiscal year.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 4 - INTERFUND ACTIVITY

A. Transfers

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources or are for other legal purposes.

	Transfers In									Total
	General	Road Use Tax	Debt Service	Other Governmental Funds	Sewer	Solid Waste	Event Center	Equipment Purchasing	Employee Insurance	
Transfers Out										
General	\$ -	\$ 21,000	\$ -	\$ 374,767	\$ 11,500	\$ 7,500	\$ 207,165	\$ 4,000	\$ -	\$ 625,932
Road use tax	-	-	-	-	-	-	-	293,700	-	293,700
Local option sales tax	450,000	1,923,429	-	600,000	1,527,248	-	-	-	-	4,500,677
Employee benefits	3,740,830	-	-	625,971	-	-	-	-	176,000	4,542,801
Other governmental funds	188,342	7,886	831,006	35,955	-	-	-	56,300	-	1,119,489
Sewer	-	-	78,513	-	-	-	-	-	-	78,513
Solid waste	-	-	148,805	-	-	-	-	-	-	148,805
Total	\$ 4,379,172	\$ 1,952,315	\$ 1,058,324	\$ 1,636,693	\$ 1,538,748	\$ 7,500	\$ 207,165	\$ 354,000	\$ 176,000	\$ 11,309,917

B. Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2023, is as follows:

	Interfund Receivables	Interfund Payable
General Fund	\$ 18,952	\$ -
Road use tax	162,005	-
Local option sales tax	1,743,589	-
Debt service	-	1,743,589
Other nonmajor funds	177,250	339,255
Proprietary funds		
Event Center	-	18,952
Total	\$ 2,101,796	\$ 2,101,796

These balances result from projects and other uses which resulted in negative cash balances in certain funds at year end. Repayments will be made from future revenue (including grant revenue), debt proceeds and transfers.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated/amortized				
Land	\$ 3,542,781	\$ -	\$ -	\$ 3,542,781
Construction in progress	12,708,349	3,882,464	13,731,760	2,859,053
Total capital assets not being depreciated/amortized	<u>16,251,130</u>	<u>3,882,464</u>	<u>13,731,760</u>	<u>6,401,834</u>
Capital assets being depreciated/amortized				
Buildings and improvements	13,910,152	1,106,141	-	15,016,293
Improvements other than buildings	7,798,295	-	-	7,798,295
Right-to-use lease equipment	50,343	-	-	50,343
Machinery and equipment	15,549,901	2,275,654	259,722	17,565,833
Infrastructure	120,315,196	12,796,871	-	133,112,067
Total capital assets being depreciated/amortized	<u>157,623,887</u>	<u>16,178,666</u>	<u>259,722</u>	<u>173,542,831</u>
Less accumulated depreciation/amortization for				
Buildings and improvements	11,938,820	281,860	-	12,220,680
Improvements other than buildings	4,171,448	534,921	-	4,706,369
Right-to-use lease equipment	11,006	11,006	-	22,012
Machinery and equipment	12,664,428	940,657	251,208	13,353,877
Infrastructure	72,200,274	5,142,078	-	77,342,352
Total accumulated depreciation/amortization	<u>100,985,976</u>	<u>6,910,522</u>	<u>251,208</u>	<u>107,645,290</u>
Governmental activities capital assets, being depreciated/amortized, net	<u>56,637,911</u>	<u>9,268,144</u>	<u>8,514</u>	<u>65,897,541</u>
Governmental activities capital assets, net	<u>\$ 72,889,041</u>	<u>\$ 13,150,608</u>	<u>\$ 13,740,274</u>	<u>\$ 72,299,375</u>

Depreciation/amortization expense was charged to functions/programs of the City as follows:

Governmental activities	
Public safety	\$ 418,468
Public works	5,378,957
Culture and recreation	752,653
Community and economic development	260,691
General government	<u>99,753</u>
Total governmental activities depreciation expense	<u>\$ 6,910,522</u>

City of Ottumwa
Notes to Basic Financial Statements

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Capital assets not being depreciated/amortized				
Land	\$ 2,126,177	\$ -	\$ -	\$ 2,126,177
Construction in progress	11,300,652	6,897,986	-	18,198,638
Total capital assets not being depreciated/amortized	<u>13,426,829</u>	<u>6,897,986</u>	<u>-</u>	<u>20,324,815</u>
Capital assets being depreciated/amortized				
Buildings	47,582,042	-	1,295,718	46,286,324
Improvements other than buildings	15,176,800	173,311	-	15,350,111
Machinery and equipment	10,848,156	640,889	196,904	11,292,141
Infrastructure	64,642,106	-	-	64,642,106
Intangibles	513,785	-	-	513,785
Total capital assets being depreciated/amortized	<u>138,762,889</u>	<u>814,200</u>	<u>1,492,622</u>	<u>138,084,467</u>
Less accumulated depreciation/amortization for				
Buildings	28,875,201	936,422	895,928	28,915,695
Improvements other than buildings	10,681,258	708,497	-	11,389,755
Machinery and equipment	9,424,604	549,857	195,001	9,779,460
Infrastructure	25,625,484	3,033,938	-	28,659,422
Intangibles	470,638	5,689	-	476,327
Total accumulated depreciation/amortization	<u>75,077,185</u>	<u>5,234,403</u>	<u>1,090,929</u>	<u>79,220,659</u>
Business-type activities capital assets, being depreciated/amortized, net	<u>63,685,704</u>	<u>(4,420,203)</u>	<u>401,693</u>	<u>58,863,808</u>
Business-type activities capital assets, net	<u>\$ 77,112,533</u>	<u>\$ 2,477,783</u>	<u>\$ 401,693</u>	<u>\$ 79,188,623</u>

Depreciation/Amortization expense was charged to functions/programs of the City as follows:

Business-Type Activities

Solid waste	\$ 752,138
Sewer utility	3,949,692
Events center	464,165
Transit	43,778
Golf course	<u>24,630</u>
Total business-type activities depreciation/amortization expense	<u>\$ 5,234,403</u>

City of Ottumwa
Notes to Basic Financial Statements

NOTE 5 - CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Discretely Presented Component Unit Hazardous Materials				
Capital assets being depreciated				
Buildings	\$ 204,082	\$ -	\$ -	\$ 204,082
Machinery and equipment	392,143	-	-	392,143
Total capital assets being depreciated	<u>596,225</u>	<u>-</u>	<u>-</u>	<u>596,225</u>
Less accumulated depreciated for				
Buildings	165,816	10,204	-	176,020
Machinery and equipment	302,559	41,892	-	344,451
Total accumulated depreciation	<u>468,375</u>	<u>52,096</u>	<u>-</u>	<u>520,471</u>
Component unit capital assets, net	<u>\$ 127,850</u>	<u>\$ (52,096)</u>	<u>\$ -</u>	<u>\$ 75,754</u>

NOTE 6 - COMPENSATED ABSENCES

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.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT

A. Components of Long-Term Liabilities

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2023.

	Beginning Balance Restated	Additions	Maturities	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 8,000,000	\$ -	\$ 1,965,000	\$ 6,035,000	\$ 1,815,000
General obligation notes	16,875,998	-	3,317,170	13,558,828	3,125,602
Unamortized bond premium	561,252	-	62,972	498,280	-
Lease agreements	38,987	-	11,690	27,297	11,779
Compensated absences	824,952	-	85,413	739,539	739,539
Net pension liability	3,160,853	6,749,871	-	9,910,724	-
Total OPEB liability	<u>6,399,499</u>	<u>217,704</u>	<u>-</u>	<u>6,617,203</u>	<u>393,329</u>
Total governmental-type activities	<u>35,861,541</u>	<u>6,967,575</u>	<u>5,442,245</u>	<u>37,386,871</u>	<u>6,085,249</u>
Business-type activities					
General obligation bonds	\$ 955,000	\$ -	\$ 135,000	\$ 820,000	\$ 135,000
General obligation notes	11,169,002	-	807,830	10,361,172	834,398
Unamortized bond premium	938,689	-	52,149	886,540	-
Revenue notes	8,552,000	-	433,999	8,118,001	444,000
Compensated absences	103,671	-	2,613	101,058	101,058
Net pension liability	30,049	736,102	-	766,151	-
Total OPEB liability	<u>1,599,875</u>	<u>-</u>	<u>461,412</u>	<u>1,138,463</u>	<u>67,671</u>
Total business-type activities	<u>\$ 23,348,286</u>	<u>\$ 736,102</u>	<u>\$ 1,893,003</u>	<u>\$ 22,191,385</u>	<u>\$ 1,582,127</u>

Compensated absences and net pension and OPEB liabilities attributable to governmental activities are generally liquidated by the General Fund.

General obligation bonds and notes are direct obligations and pledge the full faith and credit of the City. Bonds are generally issued for the purpose of financing the acquisition and construction of major capital facilities or infrastructure.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

B. General Obligation Bonds and Notes and Revenue Notes

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

Year Ending June 30,	Governmental Activities					
	General Obligation Bonds		General Obligation Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,815,000	\$ 160,668	\$ 3,125,602	\$ 340,011	\$ 4,940,602	\$ 500,679
2025	1,520,000	114,803	258,226	244,359	1,778,226	359,162
2026	1,475,000	74,670	265,000	238,362	1,740,000	313,032
2027	1,015,000	35,670	265,000	232,008	1,280,000	267,678
2028	210,000	5,880	715,000	225,382	925,000	231,262
2029-2033	-	-	4,265,000	842,568	4,265,000	842,568
2034-2038	-	-	3,545,000	344,173	3,545,000	344,173
2039-2043	-	-	1,120,000	33,700	1,120,000	33,700
Total	6,035,000	391,691	13,558,828	2,500,563	19,593,828	2,892,254
Net unamortized bond premium/(discount)	192,505	-	305,775	-	498,280	-
Total	<u>\$ 6,227,505</u>	<u>\$ 391,691</u>	<u>\$ 13,864,603</u>	<u>\$ 2,500,563</u>	<u>\$ 20,092,108</u>	<u>\$ 2,892,254</u>
Year Ending June 30,	Business-Type Activities					
	General Obligation Bonds and Notes		Revenue Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 969,399	\$ 404,546	\$ 444,000	\$ 121,805	\$ 1,413,399	\$ 526,351
2025	751,773	367,120	455,000	115,786	1,206,773	482,906
2026	775,000	338,400	467,000	109,593	1,242,000	447,993
2027	590,000	308,750	476,000	103,211	1,066,000	411,961
2028	615,000	309,900	488,000	96,681	1,103,000	406,581
Total	11,181,172	3,421,316	8,118,001	1,152,115	19,299,173	4,573,431
Net unamortized bond premium/(discount)	886,540	-	-	-	886,540	-
Total	<u>\$ 12,067,712</u>	<u>\$ 3,421,316</u>	<u>\$ 8,118,001</u>	<u>\$ 1,152,115</u>	<u>\$ 20,185,713</u>	<u>\$ 4,573,431</u>

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.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

B. General Obligation Bonds and Notes and Revenue Notes (Continued)

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, 2023, the City's legal debt margin was \$59,963,066.

Revenue Notes

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 \$9,270,116. 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 \$561,670 and \$3,692,651, respectively.

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

1. 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.
2. 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.
3. 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.
4. 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, 2023, the City was in compliance with the revenue note provisions.

Details of revenue notes payable at June 30, 2023 are as follows:

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 (Wastewater 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.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 7 - LONG-TERM DEBT (CONTINUED)

B. General Obligation Bonds and Notes and Revenue Notes (Continued)

Revenue Notes (Continued)

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.

C. 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.

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.

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.

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.

Year Ending June 30,	Leases		
	Principal	Interest	Total
2024	\$ 11,779	\$ 109	\$ 11,888
2025	11,800	54	11,854
2026	3,434	8	3,442
2027	284	1	285
Total	<u>\$ 27,297</u>	<u>\$ 172</u>	<u>\$ 27,469</u>

City of Ottumwa
Notes to Basic Financial Statements

NOTE 8 - PENSION PLAN

The City participates in various pension plans. Total pension expense for the year ended June 30, 2023, was \$381,480. The components of pension expense are noted in the following plan summaries. The General fund, Sewer Fund and Solid Waste typically liquidate the liability related to pensions.

Iowa Public Employees Retirement Plan

A. 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 employers defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

B. Pension Benefits

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

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

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

City of Ottumwa
Notes to Basic Financial Statements

NOTE 8 - PENSION PLAN (CONTINUED)

Iowa Public Employees Retirement Plan (Continued)

C. 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.

D. 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 payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2023, 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 of 15.73%.

The City's contributions to IPERS for the year ended June 30, 2023, totaled \$582,723.

E. Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the City reported a liability of \$2,858,550, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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 contribution to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the City's proportion was 0.072020%, which was a decrease of 0.00303% from its proportion measured as of June 30, 2021.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 8 - PENSION PLAN (CONTINUED)

Iowa Public Employees Retirement Plan (Continued)

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

For the year ended June 30, 2023, the City recognized pension expense of (\$357,670). As of June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 126,719	\$ 39,157
Changes of assumptions	2,427	68
Net collective difference between projected and actual earnings on IPER's investments	-	305,999
Changes in proportion and differences between City contributions and proportionate share of contributions	-	545,276
City contributions subsequent to the measurement date	582,723	-
Total	\$ 711,869	\$ 890,500

The \$582,723 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 ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown on the next page:

Year Ending June 30,	Amount
2024	\$ (449,774)
2025	(370,614)
2026	(514,570)
2027	567,781
2028	5,823
Total	\$ (761,354)

There were no non-employer contributing entities to IPERS.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 8 - PENSION PLAN (CONTINUED)

Iowa Public Employees Retirement Plan (Continued)

F. Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum
Rate 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, 2022, valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 8 - PENSION PLAN (CONTINUED)

Iowa Public Employees Retirement Plan (Continued)

F. Actuarial Assumptions (Continued)

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 table below.

<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
	<hr/>	
Total	<u>100.0 %</u>	

G. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed 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 IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 8 - PENSION PLAN (CONTINUED)

Iowa Public Employees Retirement Plan (Continued)

H. 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.

Proportionate share of the net pension liability	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
City	\$ 5,325,822	\$ 2,858,550	\$ 684,205

I. IPERS Fiduciary Net Position

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

J. Payables to the Pension Plan

All legally required City contributions and legally required employee contributions which have been withheld from employee wages were remitted by the City to IPERS by June 30, 2023.

Municipal Fire and Police Retirement System of Iowa

A. 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 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.

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.

B. 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
Notes to Basic Financial Statements

NOTE 8 - PENSION PLAN (CONTINUED)

Municipal Fire and Police Retirement System of Iowa (Continued)

B. 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.

C. Death Benefits

Disability benefits may be either accidental or ordinary. Accidental disability is defined as a 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.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 8 - PENSION PLAN (CONTINUED)

Municipal Fire and Police Retirement System of Iowa (Continued)

D. Contributions

Member contribution rates are set by state statute. In accordance with Chapter 411 of the *Code of Iowa*, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2023.

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 City's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 23.90% for the year ended June 30, 2023.

The City's contributions to MFPRSI for the year ended June 30, 2023, 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 non-employer contributing entity in accordance with the provisions of 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, 2023.

**City of Ottumwa
Notes to Basic Financial Statements**

NOTE 8 - PENSION PLAN (CONTINUED)

Municipal Fire and Police Retirement System of Iowa (Continued)

E. Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the City reported a liability of \$7,818,325 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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 MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2022, the City's proportion was 1.392225%, which was an increase of 0.018192% from its proportion measured as of June 30, 2021. For the year ended June 30, 2023, the City recognized pension expense of \$739,150. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 485,500	\$ 10,053
Changes of assumptions	21,931	-
Net collective difference between projected and actual earnings on IPER's investments	-	92,634
Changes in proportion and differences between City contributions and proportionate share of contributions	381,528	584,881
City contributions subsequent to the measurement date	1,183,521	-
Total	\$ 2,072,480	\$ 687,568

City of Ottumwa
Notes to Basic Financial Statements

NOTE 8 - PENSION PLAN (CONTINUED)

Municipal Fire and Police Retirement System of Iowa (Continued)

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

The \$1,183,521 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2024	\$ 8,238
2025	(188,823)
2026	(674,045)
2027	1,033,217
2028	22,804
Total	\$ 201,391

F. Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00% per annum
Rate of salary increase	3.75% to 15.11%, including inflation
Investment rate of return	7.50% net of investment expense including inflation

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2020.

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 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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

City of Ottumwa
Notes to Basic Financial Statements

NOTE 8 - PENSION PLAN (CONTINUED)

Municipal Fire and Police Retirement System of Iowa (Continued)

F. Actuarial Assumptions (Continued)

Asset Class	Long-Term Expected Real Rate of Return
Broad fixed income	3.5 %
Broad U.S. equity	6.7
Global equity	6.8
Broad Non-US Equity	7.0
Managed futures	5.1
Emerging markets	7.2
Real estate - Core	6.4
Opportunistic real estate	11.0
Global infrastructure	6.8
Private credit	8.6
Private equity	12.0

G. 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 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 to current plan members. Therefore, the long-term expected rate of return on MFPRSI's investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. 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 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

Proportionate share of the net pension liability	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
City	\$ 14,149,710	\$ 7,818,325	\$ 2,572,685

City of Ottumwa
Notes to Basic Financial Statements

NOTE 8 - PENSION PLAN (CONTINUED)

Municipal Fire and Police Retirement System of Iowa (Continued)

I. MFPRSI's 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.

J. Payables to MFPRSI

All legally required City contributions and legally required employee contributions which had been withheld from employee wages were remitted by the City to MFPRSI by June 30, 2023.

NOTE 9 - COMMITMENTS

A. Construction

The City is involved in construction of capital assets, mainly streets, riverfront improvements and Brownfields reconstruction. Much of the construction is partially funded through federal, state, and local grants and donations. City participation in the programs is generally funded through proceeds of debt issues and local option taxes. As of June 30, 2023, the City was committed to approximately \$0.4 million of construction contracts.

NOTE 10 - POST EMPLOYMENT HEALTH CARE PLAN

A. Plan Description

The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees, spouses, and their dependents. Group insurance benefits are established under *Iowa Code* Chapter 509A.13. As of June 30, 2023, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a stand-alone financial report.

B. Benefits Provided

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 OPES 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.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 10 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

C. Members

As of June 30, 2022, the following were covered by the benefit terms:

Retirees receiving payments	8
Active employees	116
	116
Total	124

E. Total OPEB Liability

The City's total OPEB liability of \$7,755,666 was measured as of June 30, 2023, and was determined by an actuarial valuation dated June 30, 2022.

F. 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 measurements.

Salary increases	3.50% per annum
Discount rate	3.65%
Health care cost trend rates	
Pre-Medicare	6.75% reduced 0.25% per annum to ultimate of 4.00%
Post-Medicare	5.75% reduced 0.25% per annum to ultimate of 4.00%
Mortality rates	Pub-2010 projected generationally using Scale MP-2021

The discount rate was based on Bond Buyer 20-Bond GO index.

The actuarial assumptions used in the June 30, 2022, valuation was based on the results of actuarial experiences studies with dates corresponding to those listed above.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 10 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

G. Changes in the Total OPEB Liability

	Total OPEB Liability
Balances at July 1, 2022	\$ 7,999,374
Changes for the year	
Service cost	41,683
Interest	276,450
Changes of assumptions	(98,376)
Benefit payments	(463,465)
Net changes	(243,708)
Balances at June 30, 2023	\$ 7,755,666

The General Fund, Sewer Utility Fund and Solid Waste Utility Fund typically liquidate the Liability related to OPEB.

H. OPEB Liability Sensitivity

The following presents the City's total OPEB liability calculated using the discount rate of 3.65% as well as the liability measured using 1% lower and 1% higher than the current discount rate.

Total OPEB Liability		
1% Decrease in Discount Rate (2.65%)	Current Discount Rate (3.65%)	1% Increase in Discount Rate (4.65%)
\$ 6,903,000	\$ 7,755,666	\$ 8,799,000

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 and 1% higher than the current healthcare cost trend rates.

Total OPEB Liability		
1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
\$ 6,930,000	\$ 7,755,666	\$ 8,758,000

City of Ottumwa
Notes to Basic Financial Statements

NOTE 10 - POST EMPLOYMENT HEALTH CARE PLAN (CONTINUED)

I. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the City recognized OPEB expense of \$342,565. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 31,982
Changes of assumptions	164,609	-
Total	\$ 164,609	\$ 31,982

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

Year Ending June 30,	Amount
2024	\$ 132,627

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 \$5,779,146 reported as landfill closure and post closure care liability at June 30, 2023, 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:

	Closure	Post Closure	Total
Balance, July 1, 2022	\$ 3,184,651	\$ 2,251,987	\$ 5,436,638
Fiscal year 2023 costs adjusted	9,062	333,446	342,508
Balance, June 30, 2023	\$ 3,193,713	\$ 2,585,433	\$ 5,779,146

City of Ottumwa
Notes to Basic Financial Statements

NOTE 12 - 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, 2023 were \$714,268.

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, 2023, no liability has been recorded in the City's financial statements. As of June 30, 2023, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 12 - RISK MANAGEMENT (CONTINUED)

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 13 - SELF FUNDED 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.

	2023
Liability - Beginning of year	\$ 519,370
Payments and accruals	(5,308,005)
Estimated claims incurred	5,247,048
Liability - End of year	\$ 458,413

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

NOTE 14 - TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenue that results from an agreement between one or more governments and an individual entity in which (a) one or more governments promise to forego tax revenue 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 with developers which require the City, after developers meet the terms of the 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, 2023, the City abated \$887,714 of property tax under the urban renewal and economic development projects.

City of Ottumwa
Notes to Basic Financial Statements

NOTE 15 - FUND BALANCES

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes criteria for classifying fund balances into specifically defined classifications and clarifies definitions for governmental fund types. The details for the City's fund balances are as follows:

	General	Road Use Tax	Local Option Sales Tax	Employee Benefits	Debt Service	Other Governmental Funds	Total
Nonspendable							
Inventory	\$ 9,141	\$ 53,723	\$ -	\$ -	\$ -	\$ -	\$ 62,864
Perpetual care cemetery	-	-	-	-	-	892,694	892,694
Prepaid	9,223	44,347	-	-	-	338,323	391,893
Total nonspendable	<u>18,364</u>	<u>98,070</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,231,017</u>	<u>1,347,451</u>
Restricted							
Airport	-	-	-	-	-	310,450	310,450
Emergency levy	-	-	-	-	-	1,111	1,111
Library	-	-	-	-	-	184,094	184,094
Cemetery	-	-	-	-	-	84,134	84,134
Block grant	-	-	-	-	-	226,117	226,117
Risk management	-	-	-	-	-	641,901	641,901
Street maintenance	-	6,813,435	-	-	-	-	6,813,435
Bequests	-	-	-	-	-	751,409	751,409
Employee benefits	-	-	-	2,137,653	-	-	2,137,653
Local option sales tax	-	-	6,484,846	-	-	-	6,484,846
RAGBRAI	-	-	-	-	-	31,250	31,250
Capital projects	-	-	-	-	-	5,386,264	5,386,264
Historic Preservation	-	-	-	-	-	26,446	26,446
SSMID	-	-	-	-	-	51,153	51,153
Retiree health insurance	-	-	-	-	-	106	106
Total restricted	<u>-</u>	<u>6,813,435</u>	<u>6,484,846</u>	<u>2,137,653</u>	<u>-</u>	<u>7,694,435</u>	<u>23,130,369</u>
Unassigned	<u>3,820,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,538,829)</u>	<u>(273,520)</u>	<u>2,008,315</u>
Total	<u>\$ 3,839,028</u>	<u>\$ 6,911,505</u>	<u>\$ 6,484,846</u>	<u>\$ 2,137,653</u>	<u>\$ (1,538,829)</u>	<u>\$ 8,651,932</u>	<u>\$ 26,486,135</u>

NOTE 16 - PRIOR PERIOD ADJUSTMENT

A. Government-Wide Statements

The City corrected errors related to the enterprise fund statements that decreased beginning Business-Type Net Position by \$677,905. The City corrected an error related to unrecorded bond premium that decreased beginning Governmental Net Position by \$561,252.

B. Fund Statements

The City corrected an error related to an unrecorded bond premium that decreased beginning Sewer Fund net position by \$938,689. The City corrected an error related to accrual recording that increased Events Center net position by \$260,784.

REQUIRED SUPPLEMENTARY INFORMATION

City of Ottumwa
Budgetary Comparison Schedule
of Receipts, Disbursements, and Changes in Balances-
Budget and Actual (Cash basis) - All Governmental Funds and Proprietary Funds
Year Ended June 30, 2023

	Governmental Funds Actual	Proprietary Funds Actual	Total
Receipts			
Property tax	\$ 14,466,475	\$ -	\$ 14,466,475
Tax increment financing	1,841,610	-	1,841,610
Other city tax	5,332,122	-	5,332,122
Licenses and permits	535,133	-	535,133
Use of money and property	833,716	201,806	1,035,522
Intergovernmental	7,655,741	15,088	7,670,829
Charges for services	3,161,107	9,407,190	12,568,297
Special assessments	56,404	-	56,404
Miscellaneous	4,413,834	346,419	4,760,253
Total receipts	38,296,142	9,970,503	48,266,645
Disbursements			
General government	3,500,774	-	3,500,774
Public safety	10,459,504	-	10,459,504
Public works	9,472,320	-	9,472,320
Health and social services	1,056,481	-	1,056,481
Culture and recreation	3,492,251	-	3,492,251
Community and economic development	1,549,576	-	1,549,576
Debt service	7,299,861	-	7,299,861
Capital outlay	3,175,837	-	3,175,837
Business type activities	-	14,286,062	14,286,062
Total disbursements	40,006,604	14,286,062	54,292,666
Excess (deficiency) of receipts over (under) disbursements	(1,710,462)	(4,315,559)	(6,026,021)
Other financing sources (uses), net	521,200	(281,735)	239,465
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(1,189,262)	(4,597,294)	(5,786,556)
Balances beginning of year	32,444,070	3,509,857	35,953,927
Balances end of year	\$ 31,254,808	\$ (1,087,437)	\$ 30,167,371

Budgeted Amounts	Final to Total Variance
Original and Final	
\$ 14,502,687	\$ (36,212)
1,892,449	(50,839)
5,396,366	(64,244)
390,000	145,133
403,816	631,706
6,091,504	1,579,325
19,685,053	(7,116,756)
87,000	(30,596)
1,610,812	3,149,441
<u>50,059,687</u>	<u>(1,793,042)</u>
2,039,674	1,461,100
10,311,445	148,059
9,160,742	311,578
954,545	101,936
4,429,151	(936,900)
863,978	685,598
4,975,049	2,324,812
5,441,212	(2,265,375)
16,146,184	(1,860,122)
<u>54,321,980</u>	<u>(29,314)</u>
(4,262,293)	(1,763,728)
8,400,420	(8,160,955)
4,138,127	(9,924,683)
<u>41,896,515</u>	<u>(5,942,588)</u>
<u>\$ 46,034,642</u>	<u>\$ (15,867,271)</u>

City of Ottumwa
 Budgetary Comparison Schedule
 Budget to GAAP Reconciliation
 Year Ended June 30, 2023

	Governmental Fund Types		
	Cash Basis	Accrual Adjustments	GAAP Basis
Revenues	\$ 38,296,142	\$ (1,682,107)	\$ 36,614,035
Expenditures	40,006,604	(2,210,422)	37,796,182
Net	(1,710,462)	528,315	(1,182,147)
Other sources (uses)	521,200	(2,245,913)	(1,724,713)
Beginning fund balances	32,444,070	(3,051,075)	29,392,995
Ending Fund Balances/Net Position	<u>\$ 31,254,808</u>	<u>\$ (4,768,673)</u>	<u>\$ 26,486,135</u>

	Proprietary Fund Types		
	Cash Basis	Accrual Adjustments	GAAP Basis
Revenues	\$ 9,970,503	\$ 1,527,654	\$ 11,498,157
Expenditures	14,286,062	(797,793)	13,488,269
Net	(4,315,559)	2,325,447	(1,990,112)
Other sources (uses)	(281,735)	1,807,830	1,526,095
Beginning fund balances/net position	3,509,857	65,027,300	68,537,157
Prior period adjustment (Note 16)	-	(677,905)	(677,905)
Beginning fund balances, restated	3,509,857	64,349,395	67,859,252
Ending Fund Balances/Net Position	<u>\$ (1,087,437)</u>	<u>\$ 68,482,672</u>	<u>\$ 67,395,235</u>

City of Ottumwa
Notes to Required Supplementary Information - Budgetary Reporting
Year Ended June 30, 2023

The budgetary comparison is presented as required supplementary information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major special revenue fund.

In accordance with the *Code of Iowa*, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. 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. 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, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund.

During the year ended June 30, 2023, disbursements exceeded budgeted amounts in the general government, public safety, public works, health and social services and community and economic development functions.

City of Ottumwa
Schedule of the City's Proportionate Share
of the Net Pension Liability
For the Last Nine Years*
Other Information

Iowa Public Employees' Retirement System	Fiscal Year			
	2023	2022	2021	2020
City's Proportion of the net pension liability (asset)				
Regular	0.072020%	0.075026%	0.084337%	0.088029%
City's Proportionate share of the net pension liability (asset)				
Regular	\$ 2,858,550	\$ 105,180	\$ 5,131,728	\$ 5,131,728
City's Covered employee payroll	6,091,102	6,641,949	6,747,881	6,292,373
Proportionate share of the net pension liability (assets) as a percentage of covered payroll	46.93%	1.58%	76.05%	81.55%
Plan fiduciary net position as a percentage of the total pension liability (asset)	91.41%	100.81%	82.92%	85.45%
Municipal Fire and Police Retirement System of Iowa				
	2023	2022	2021	2020
City's Proportion of the net pension liability (asset)	0.139223%	1.374033%	1.512544%	1.423139%
City's Proportionate share of the net pension liability (asset)	\$ 7,818,325	\$ 3,085,723	\$ 12,064,055	\$ 9,334,747
City's Covered employee payroll	4,702,063	4,464,973	4,805,501	4,308,033
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	166.27%	69.11%	251.05%	216.68%
Plan fiduciary net position as a percentage of the total pension liability (asset)	84.62%	93.62%	76.47%	79.94%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

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

Fiscal Year				
2019	2018	2017	2016	2015
0.088461%	0.090704%	0.089427%	0.089854%	0.099075%
\$ 5,596,287	\$ 6,042,040	\$ 5,627,919	\$ 4,467,061	\$ 3,929,225
6,774,916	6,416,573	6,192,609	6,483,763	6,325,167
82.60%	94.16%	90.88%	68.90%	62.12%
83.62%	82.21%	81.82%	85.19%	87.61%
2019	2018	2017	2016	2015
1.363209%	1.443588%	1.432455%	1.459246%	1.483407%
\$ 8,116,594	\$ 8,466,284	\$ 8,956,582	\$ 6,855,749	\$ 5,377,325
3,947,641	4,088,560	3,881,765	3,826,816	3,788,177
205.61%	207.07%	230.73%	179.15%	141.95%
81.07%	80.60%	78.20%	83.04%	86.27%

City of Ottumwa
Schedule of the Primary Government's Contributions
Last Ten Fiscal Years (In Thousands)
Other Information

Iowa Public Employees' Retirement System

	Fiscal Year			
	2023	2022	2021	2020
Primary government (city)				
Statutorily required contribution				
Regular	\$ 583	\$ 575	\$ 627	\$ 637
Contributions in relation to the				
Statutorily required contribution	(583)	(575)	(627)	(637)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 6,175,847	\$ 6,091,102	\$ 6,641,949	\$ 6,747,881
Contributions as a percentage of				
covered employee payroll	9.44%	9.44%	9.44%	9.44%

Municipal Fire and Police Retirement System of Iowa

	Fiscal Year			
	2023	2022	2021	2020
Primary government (city)				
Statutorily required contribution	\$ 1,183	\$ 1,231	\$ 1,130	\$ 1,163
Contributions in relation to the				
Statutorily required contribution	(1,183)	(1,231)	(1,130)	(1,163)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 4,949,791	\$ 4,702,063	\$ 4,464,638	\$ 4,764,441
Contributions as a percentage of				
covered employee payroll	23.90%	26.18%	25.31%	24.41%

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 594	\$ 605	\$ 573	\$ 553	\$ 579	\$ 568
<u>(594)</u>	<u>(605)</u>	<u>(573)</u>	<u>(553)</u>	<u>(579)</u>	<u>(568)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,292,373	\$ 6,774,916	\$ 6,416,573	\$ 6,192,609	\$ 6,483,763	\$ 6,325,167
9.44%	8.93%	8.93%	8.93%	8.93%	8.98%

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 1,121	\$ 1,014	\$ 1,078	\$ 1,078	\$ 1,164	\$ 1,141
<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>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,308,224	\$ 3,948,598	\$ 4,135,021	\$ 3,869,347	\$ 3,827,688	\$ 3,771,901
26.02%	25.68%	26.07%	27.86%	30.41%	30.25%

City of Ottunwa
Schedule of Changes in Total OPEB Liability
and Related Ratios

	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021
Total OPEB Liability				
Service cost	\$ 56,386	\$ 46,196	\$ 49,168	\$ 66,376
Interest	316,330	367,189	319,566	261,299
Difference between expected and actual experience	(132,051)	(24,013)	(821,167)	-
Changes of assumptions	747,155	136,614	458,467	701,201
Benefit payments	(585,335)	(568,899)	(520,509)	(521,862)
Other changes	385,289	(384,736)	17,552	-
Net change in total OPEB liability	<u>787,774</u>	<u>(427,649)</u>	<u>(496,923)</u>	<u>507,014</u>
Beginning of year	<u>9,763,273</u>	<u>10,551,047</u>	<u>10,123,398</u>	<u>9,626,475</u>
Net OPEB liability	<u>\$ 10,551,047</u>	<u>\$ 10,123,398</u>	<u>\$ 9,626,475</u>	<u>\$ 10,133,489</u>
Covered-employee payroll	\$ 1,229,476	\$ 1,266,360	\$ 10,465,408	\$ 10,465,408
Net OPEB liability as a percentage of covered-employee payroll	858.17%	799.41%	91.98%	96.83%

Note: Schedule is intended to show ten year trend. Additional years will be reported as they become available.

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

Changes of 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.

Year Ended June 30,	Discount Rate	Healthcare Costs Trend Rate
2023	3.65%	6.75%
2022	3.54%	7.00%
2021	2.18%	6.50%
2020	2.79%	6.50%
2019	3.56%	8.00%
2018	1.00%	9.00%
2017	3.24%	8.00%

No assets are accumulated in a trust.

June 30, 2022	June 30, 2023
\$ 51,335	\$ 41,683
216,739	276,450
(1,344,908)	(98,376)
(571,990)	-
(485,291)	(463,465)
-	-
<u>(2,134,115)</u>	<u>(243,708)</u>
<u>10,133,489</u>	<u>7,999,374</u>
<u>\$ 7,999,374</u>	<u>\$ 7,755,666</u>
\$ 10,207,769	\$ 10,514,000
78.37%	73.77%

City of Ottumwa
Notes to Required Supplementary Information - IPERS

Changes of Benefit Terms

- ◆ There are no significant changes in benefit terms.

Changes of Assumptions

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- ◆ Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- ◆ Adjusted retirement rates for Regular members.
- ◆ Lowered disability rates for Regular members.
- ◆ Adjusted termination rates for all membership groups.

The 2018 valuation implemented the following refinements as a result of a 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% to 2.60%.
- ◆ Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- ◆ Decreased the discount rate from 7.50% to 7.00%.
- ◆ Decreased the wage growth assumption from 4.00% to 3.25%.
- ◆ Decreased the payroll growth assumption from 4.00% to 3.25%.

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

- ◆ Decreased the inflation assumption from 3.25% to 3.00%.
- ◆ Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- ◆ Adjusted male mortality rates for retirees in the regular membership group.
- ◆ Moved from an open 30-year amortization period to a closed 30-year amortization period for the unfunded actuarial liability (UAL) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

City of Ottumwa
Notes to Required Supplementary Information - MPFSRI

Changes of Benefit Terms

- ◆ There are no significant changes in 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.

(THIS PAGE LEFT BLANK INTENTIONALLY)

SUPPLEMENTARY INFORMATION

City of Ottumwa
Combining Balance Sheet -
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue	Capital Project	Permanent	Total Nonmajor Governmental Funds
Assets				
Cash and investments	\$ 2,197,955	\$ 5,384,930	\$ 892,839	\$ 8,475,724
Due from other governments	176,463	195,214	-	371,677
Accounts receivable	131,424	113,227	-	244,651
Due from other funds	-	177,250	-	177,250
Property taxes receivable				
Current year	28,730	-	-	28,730
Succeeding year	1,961,353	-	-	1,961,353
Prepaid items	338,323	-	-	338,323
	<u>4,834,248</u>	<u>5,870,621</u>	<u>892,839</u>	<u>11,597,708</u>
Total assets				
Liabilities				
Accounts payable	\$ 115,453	\$ 370,302	\$ 145	\$ 485,900
Due to other governments	8	-	-	8
Salaries and benefits payable	45,017	3,116	-	48,133
Compensated absences	-	-	-	-
Interest payable	-	-	-	-
Unearned revenue	-	111,127	-	111,127
Due to other funds	162,005	177,250	-	339,255
Total liabilities	<u>322,483</u>	<u>661,795</u>	<u>145</u>	<u>984,423</u>
Deferred Inflows of Resources				
Unavailable revenue - taxes and assessments	1,961,353	-	-	1,961,353
Total deferred inflows of resources	<u>1,961,353</u>	<u>-</u>	<u>-</u>	<u>1,961,353</u>
Fund Balances				
Nonspendable	338,323	-	892,694	1,231,017
Restricted	2,308,171	5,386,264	-	7,694,435
Unassigned	(96,082)	(177,438)	-	(273,520)
Total fund balances	<u>2,550,412</u>	<u>5,208,826</u>	<u>892,694</u>	<u>8,651,932</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,834,248</u>	<u>\$ 5,870,621</u>	<u>\$ 892,839</u>	<u>\$ 11,597,708</u>

City of Ottumwa
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances - Nonmajor Governmental Funds
Year Ended June 30, 2023

	Special Revenue	Capital Projects	Permanent	Total Nonmajor Governmental Funds
Revenues				
General property taxes	\$ 914,879	\$ -	\$ -	\$ 914,879
Tax increment	1,849,323	-	-	1,849,323
Intergovernmental	766,923	898,333	-	1,665,256
Charges for services	205,377	69	5,236	210,682
Fines and forfeitures	87,823	-	-	87,823
Use of money and property	548,116	100,414	9,080	657,610
Miscellaneous	1,251,783	676,909	-	1,928,692
Total revenues	<u>5,624,224</u>	<u>1,675,725</u>	<u>14,316</u>	<u>7,314,265</u>
Expenditures				
Current				
General government	530,725	-	-	530,725
Public safety	336,091	19,865	-	355,956
Public works	1,635,700	-	-	1,635,700
Culture and recreation	1,460,324	395,250	-	1,855,574
Economic development	785,458	272,087	-	1,057,545
Health and social services	-	479,747	-	479,747
Capital outlay				
Public safety	-	140,970	-	140,970
Public works	130,484	2,290,006	-	2,420,490
Culture and recreation	516,240	834,590	-	1,350,830
Total expenditures	<u>5,395,022</u>	<u>4,432,515</u>	<u>-</u>	<u>9,827,537</u>
Excess of revenues over expenditures	229,202	(2,756,790)	14,316	(2,513,272)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	36	-	-	36
Transfers in	1,036,693	600,000	-	1,636,693
Transfers out	(1,109,408)	-	(10,081)	(1,119,489)
Total other financing sources (uses)	<u>(72,679)</u>	<u>600,000</u>	<u>(10,081)</u>	<u>517,240</u>
Net change in fund balances	156,523	(2,156,790)	4,235	(1,996,032)
Fund Balances				
Beginning of year	<u>2,393,889</u>	<u>7,365,616</u>	<u>888,459</u>	<u>10,647,964</u>
End of year	<u>\$ 2,550,412</u>	<u>\$ 5,208,826</u>	<u>\$ 892,694</u>	<u>\$ 8,651,932</u>

(THIS PAGE LEFT BLANK INTENTIONALLY)

City of Ottumwa, Iowa
Nonmajor Special Revenue Funds
June 30, 2023

Special Revenue Funds account for the proceeds of specific revenue sources that are legally or contractually restricted for particular purposes. The proceeds are segregated into individual funds to ensure that expenditures are made exclusively for qualified purposes, as follows:

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.

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.

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 Grant - to account for monies received to rehabilitate and maintain declining areas.

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

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

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.

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.

SSMID - to account for taxes and related items with or concerning the Self-Supported Municipal Improvement Districts.

**Combining Balance Sheet -
Nonmajor Special Revenue Funds
June 30, 2023**

	Special Revenue			
	Airport (131)	Emergency (119)	Tax Increment Financing (125, 126, 128)	Library (133)
Assets				
Cash and investments	\$ 250,387	\$ -	\$ 98,982	\$ 205,538
Due from other governments	-	-	-	-
Accounts receivable	83,131	-	-	-
Property taxes receivable				
Current year	-	3,438	11,541	3,483
Succeeding year	-	168,852	1,602,468	168,852
Prepaid items	42,161	-	-	13,081
	<u>42,161</u>	<u>-</u>	<u>-</u>	<u>13,081</u>
Total assets	<u>\$ 375,679</u>	<u>\$ 172,290</u>	<u>\$ 1,712,991</u>	<u>\$ 390,954</u>
Liabilities				
Accounts payable	\$ 8,359	\$ -	\$ 71,132	\$ 3,661
Due to other governments	8	-	-	-
Salaries payable	14,701	-	-	21,266
Due to other funds	-	2,327	135,473	-
Total liabilities	<u>23,068</u>	<u>2,327</u>	<u>206,605</u>	<u>24,927</u>
Deferred Inflows of Resources				
Unavailable revenue - taxes and assessments	-	168,852	1,602,468	168,852
	<u>-</u>	<u>168,852</u>	<u>1,602,468</u>	<u>168,852</u>
Fund Balances				
Nonspendable	42,161	-	-	13,081
Restricted	310,450	1,111	-	184,094
Unassigned	-	-	(96,082)	-
Total fund balances	<u>352,611</u>	<u>1,111</u>	<u>(96,082)</u>	<u>197,175</u>
	<u>352,611</u>	<u>1,111</u>	<u>(96,082)</u>	<u>197,175</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 375,679</u>	<u>\$ 172,290</u>	<u>\$ 1,712,991</u>	<u>\$ 390,954</u>

(Continued)

Special Revenue

Cemetary (135)	Block Grant (141, 147, 176)	Risk Management (129)	Fire Bequest (167)	RAGBRAI (169)	Retiree Health Insurance (171)	Library Bequest (173)
\$ 99,102	\$ 79,176	\$ 651,300	\$ 12,826	\$ 31,250	\$ 106	\$ 75,766
-	176,463	-	-	-	-	-
-	-	-	-	-	-	48,293
-	-	9,550	-	-	-	-
-	-	-	-	-	-	-
5,288	-	277,793	-	-	-	-
<u>\$ 104,390</u>	<u>\$ 255,639</u>	<u>\$ 938,643</u>	<u>\$ 12,826</u>	<u>\$ 31,250</u>	<u>\$ 106</u>	<u>\$ 124,059</u>
\$ 7,383	\$ 5,317	\$ 17,484	\$ -	\$ -	\$ -	\$ 1,804
-	-	-	-	-	-	-
7,585	-	1,465	-	-	-	-
-	24,205	-	-	-	-	-
<u>14,968</u>	<u>29,522</u>	<u>18,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,804</u>
-	-	-	-	-	-	-
5,288	-	277,793	-	-	-	-
84,134	226,117	641,901	12,826	31,250	106	122,255
-	-	-	-	-	-	-
<u>89,422</u>	<u>226,117</u>	<u>919,694</u>	<u>12,826</u>	<u>31,250</u>	<u>106</u>	<u>122,255</u>
<u>\$ 104,390</u>	<u>\$ 255,639</u>	<u>\$ 938,643</u>	<u>\$ 12,826</u>	<u>\$ 31,250</u>	<u>\$ 106</u>	<u>\$ 124,059</u>

Combining Balance Sheet -
Nonmajor Special Revenue Funds
June 30, 2023

	Special Revenue		
	Park Bequest (174)	Police Bequest (175)	Historic Preservation (177)
Assets			
Cash and investments	\$ 437,147	\$ 179,494	\$ 26,446
Due from other governments	-	-	-
Accounts receivable	-	-	-
Property taxes receivable			
Current year	-	-	-
Succeeding year	-	-	-
Prepaid items	-	-	-
	<u>\$ 437,147</u>	<u>\$ 179,494</u>	<u>\$ 26,446</u>
Total assets	<u>\$ 437,147</u>	<u>\$ 179,494</u>	<u>\$ 26,446</u>
Liabilities			
Accounts payable	\$ -	\$ 313	\$ -
Due to other governments	-	-	-
Salaries payable	-	-	-
Due to other funds	-	-	-
Total liabilities	<u>-</u>	<u>313</u>	<u>-</u>
Deferred Inflows of Resources			
Unavailable revenue - taxes and assessments	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances			
Nonspendable	-	-	-
Restricted	437,147	179,181	26,446
Unassigned	-	-	-
Total fund balances	<u>437,147</u>	<u>179,181</u>	<u>26,446</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 437,147</u>	<u>\$ 179,494</u>	<u>\$ 26,446</u>

(Continued)

Special Revenue

<u>SSMID (162)</u>	<u>Total</u>
\$ 50,435	\$ 2,197,955
-	176,463
-	131,424
718	28,730
21,181	1,961,353
-	338,323
<u>\$ 72,334</u>	<u>\$ 4,834,248</u>
\$ -	\$ 115,453
-	8
-	45,017
-	162,005
<u>-</u>	<u>322,483</u>
<u>21,181</u>	<u>1,961,353</u>
-	338,323
51,153	2,308,171
-	(96,082)
<u>51,153</u>	<u>2,550,412</u>
<u>\$ 72,334</u>	<u>\$ 4,834,248</u>

City of Ottumwa
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
Year Ended June 30, 2023

	Special Revenue			
	Airport (131)	Emergency (119)	Tax Increment Financing (125, 126, 128)	Library (133)
Revenues				
General property taxes	\$ -	\$ 186,495	\$ -	\$ 183,235
Tax increments	-	-	1,849,323	-
Intergovernmental	225,250	-	-	42,893
Charges for services	83,699	-	-	11,476
Fines and forfeitures	-	-	-	-
Use of money and property	515,949	-	-	2,952
Miscellaneous	819,048	-	-	154,189
Total revenues	<u>1,643,946</u>	<u>186,495</u>	<u>1,849,323</u>	<u>394,745</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	1,635,700	-	-	-
Culture and recreation	-	-	-	884,764
Economic development	-	-	142,823	-
Capital outlay				
Public works	130,484	-	-	-
Culture and recreation	-	-	-	-
Total expenditures	<u>1,766,184</u>	<u>-</u>	<u>142,823</u>	<u>884,764</u>
Excess of revenues over (under) expenditures	(122,238)	186,495	1,706,500	(490,019)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	36	-	-	-
Transfers in	126,500	-	-	429,879
Transfers out	(44,500)	(188,342)	(831,006)	-
Total other financing sources (uses)	<u>82,036</u>	<u>(188,342)</u>	<u>(831,006)</u>	<u>429,879</u>
Net change in fund balances	(40,202)	(1,847)	875,494	(60,140)
Fund Balances				
Beginning of year	<u>392,813</u>	<u>2,958</u>	<u>(971,576)</u>	<u>257,315</u>
End of year	<u>\$ 352,611</u>	<u>\$ 1,111</u>	<u>\$ (96,082)</u>	<u>\$ 197,175</u>

(Continued)

Special Revenue

Cemetary (135)	Block Grant (141, 147, 176)	Risk Management (129)	Fire Bequest (167)	RAGBRAI (169)	Retiree Health Insurance (171)	Library Bequest (173)
\$ (2,252)	\$ -	\$ 518,119	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	498,780	-	-	-	-	-
110,187	-	-	-	-	-	15
-	-	-	-	-	-	-
6,929	-	6,937	174	-	-	1,428
3,577	27,809	10,000	3,347	-	-	181,778
<u>118,441</u>	<u>526,589</u>	<u>535,056</u>	<u>3,521</u>	<u>-</u>	<u>-</u>	<u>183,221</u>
-	-	530,725	-	-	-	-
-	-	211,557	5,642	-	-	-
-	-	-	-	-	-	-
382,366	-	-	-	-	-	180,679
-	623,778	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>382,366</u>	<u>623,778</u>	<u>742,282</u>	<u>5,642</u>	<u>-</u>	<u>-</u>	<u>180,679</u>
(263,925)	(97,189)	(207,226)	(2,121)	-	-	2,542
-	-	-	-	-	-	-
245,343	-	234,971	-	-	-	-
(11,800)	-	(25,874)	-	-	-	-
<u>233,543</u>	<u>-</u>	<u>209,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(30,382)	(97,189)	1,871	(2,121)	-	-	2,542
<u>119,804</u>	<u>323,306</u>	<u>917,823</u>	<u>14,947</u>	<u>31,250</u>	<u>106</u>	<u>119,713</u>
<u>\$ 89,422</u>	<u>\$ 226,117</u>	<u>\$ 919,694</u>	<u>\$ 12,826</u>	<u>\$ 31,250</u>	<u>\$ 106</u>	<u>\$ 122,255</u>

City of Ottumwa
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
Year Ended June 30, 2023

	Special Revenue		
	Park Bequest (174)	Police Bequest (175)	Historic Preservation (177)
Revenues			
General property taxes	\$ -	\$ -	\$ -
Tax increments	-	-	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Fines and forfeitures	-	87,823	-
Use of money and property	10,874	2,315	-
Miscellaneous	20,090	6,945	25,000
Total revenues	30,964	97,083	25,000
Expenditures			
Current			
General government	-	-	-
Public safety	-	118,892	-
Public works	-	-	-
Culture and recreation	12,515	-	-
Economic development	-	-	-
Capital outlay			
Public works	-	-	-
Culture and recreation	516,240	-	-
Total expenditures	528,755	118,892	-
Excess of revenues over (under) expenditures	(497,791)	(21,809)	25,000
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	-	-	-
Net change in fund balances	(497,791)	(21,809)	25,000
Fund Balances			
Beginning of year	934,938	200,990	1,446
End of year	\$ 437,147	\$ 179,181	\$ 26,446

(Continued)

Special Revenue

<u>SSMID (162)</u>	<u>Total</u>
\$ 29,282	\$ 914,879
-	1,849,323
-	766,923
-	205,377
-	87,823
558	548,116
-	1,251,783
<u>29,840</u>	<u>5,624,224</u>
-	530,725
-	336,091
-	1,635,700
-	1,460,324
18,857	785,458
-	130,484
-	516,240
<u>18,857</u>	<u>5,395,022</u>
10,983	229,202
-	36
-	1,036,693
<u>(7,886)</u>	<u>(1,109,408)</u>
<u>(7,886)</u>	<u>(72,679)</u>
3,097	156,523
<u>48,056</u>	<u>2,393,889</u>
<u>\$ 51,153</u>	<u>\$ 2,550,412</u>

(THIS PAGE LEFT BLANK INTENTIONALLY)

City of Ottumwa, Iowa
Nonmajor Capital Projects Funds
June 30, 2023

Capital Projects Funds account for the City's financial resources used for the acquisition or construction of major nonproprietary capital facilities. The City of Ottumwa has capital projects funds as follows:

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

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

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

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

Airport Projects - to account for airport improvements.

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

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

City of Ottumwa
Combining Balance Sheet -
Nonmajor Capital Project Funds
June 30, 2023

	Capital Project			
	Sidewalks (307)	Street Projects (301)	Downtown Streetscape (146)	Park Projects (309)
Assets				
Cash and investments	\$ 46,247	\$ 1,833,690	\$ 142,220	\$ 1,077,968
Due from other governments	-	81,475	-	-
Accounts receivable	-	2,100	-	-
Due from other funds	-	177,250	-	-
	<u>46,247</u>	<u>1,833,690</u>	<u>142,220</u>	<u>1,077,968</u>
Total assets	<u>\$ 46,247</u>	<u>\$ 2,094,515</u>	<u>\$ 142,220</u>	<u>\$ 1,077,968</u>
Liabilities				
Accounts payable	\$ 22,584	\$ 299,315	\$ -	\$ 3,666
Salaries payable	70	2,817	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
	<u>22,584</u>	<u>302,132</u>	<u>-</u>	<u>3,666</u>
Total liabilities	<u>22,584</u>	<u>302,132</u>	<u>-</u>	<u>3,666</u>
Fund Balances				
Restricted	23,593	1,792,383	142,220	1,074,302
Unassigned	-	-	-	-
	<u>23,593</u>	<u>1,792,383</u>	<u>142,220</u>	<u>1,074,302</u>
Total fund balances	<u>23,593</u>	<u>1,792,383</u>	<u>142,220</u>	<u>1,074,302</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 46,247</u>	<u>\$ 2,094,515</u>	<u>\$ 142,220</u>	<u>\$ 1,077,968</u>

Capital Project

Airport Projects (303)	Other Bond Projects (151)	Levee Repairs (311)	Total
\$ 411,705	\$ 1,873,100	\$ -	\$ 5,384,930
-	113,739	-	195,214
-	111,127	-	113,227
-	-	-	177,250
<u>\$ 411,705</u>	<u>\$ 2,097,966</u>	<u>\$ -</u>	<u>\$ 5,870,621</u>
\$ -	\$ 44,737	\$ -	\$ 370,302
-	41	188	3,116
-	-	177,250	177,250
-	111,127	-	111,127
<u>-</u>	<u>155,905</u>	<u>177,438</u>	<u>661,795</u>
411,705	1,942,061	-	5,386,264
-	-	(177,438)	(177,438)
<u>411,705</u>	<u>1,942,061</u>	<u>(177,438)</u>	<u>5,208,826</u>
<u>\$ 411,705</u>	<u>\$ 2,364,998</u>	<u>\$ -</u>	<u>\$ 5,870,621</u>

City of Ottumwa
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Capital Project Funds
Year Ended June 30, 2023

	Capital Project			
	Sidewalks (307)	Street Projects (301)	Downtown Streetscape (146)	Park Projects (309)
Revenues				
Intergovernmental	\$ -	\$ 132,871	\$ -	\$ -
Charges for services	69	-	-	-
Use of money and property	2,044	72,202	-	23,085
Miscellaneous	-	600,471	-	42,271
Total revenues	<u>2,113</u>	<u>805,544</u>	<u>-</u>	<u>65,356</u>
Expenditures				
Current				
Public safety	-	-	-	-
Culture and recreation	-	-	-	300,765
Economic development	-	-	-	-
Health and social services	-	-	-	-
Capital outlay				
Public safety	-	-	-	-
Public works	74,209	2,093,117	-	-
Culture and recreation	-	-	-	647,369
Total expenditures	<u>74,209</u>	<u>2,093,117</u>	<u>-</u>	<u>948,134</u>
Excess of revenues over (under) expenditures	(72,096)	(1,287,573)	-	(882,778)
Other Financing Sources (Uses)				
Transfers in	-	600,000	-	-
Net change in fund balances	(72,096)	(687,573)	-	(882,778)
Fund Balances				
Beginning of year	<u>95,689</u>	<u>2,479,956</u>	<u>142,220</u>	<u>1,957,080</u>
End of year	<u>\$ 23,593</u>	<u>\$ 1,792,383</u>	<u>\$ 142,220</u>	<u>\$ 1,074,302</u>

Capital Project

Airport Projects (303)	Other Bond Projects (151)	Levee Repairs (311)	Total
\$ 501,863	\$ 263,599	\$ -	\$ 898,333
-	-	-	69
3,083	-	-	100,414
-	34,167	-	676,909
<u>504,946</u>	<u>297,766</u>	<u>-</u>	<u>1,675,725</u>
-	19,865	-	19,865
-	94,485	-	395,250
-	272,087	-	272,087
-	479,747	-	479,747
-	140,970	-	140,970
85,989	-	36,691	2,290,006
-	187,221	-	834,590
<u>85,989</u>	<u>1,194,375</u>	<u>36,691</u>	<u>4,432,515</u>
418,957	(896,609)	(36,691)	(2,756,790)
-	-	-	600,000
418,957	(896,609)	(36,691)	(2,156,790)
<u>(7,252)</u>	<u>2,838,670</u>	<u>(140,747)</u>	<u>7,365,616</u>
<u>\$ 411,705</u>	<u>\$ 1,942,061</u>	<u>\$ (177,438)</u>	<u>\$ 5,208,826</u>

(THIS PAGE LEFT BLANK INTENTIONALLY)

**City of Ottumwa, Iowa
Nonmajor Permanent Funds
June 30, 2023**

Permanent Funds account for the City's financial resources that are legally restricted to the extent that only earnings may be expended. The City of Ottumwa has permanent funds as follows:

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.

City of Ottumwa
Combining Balance Sheet -
Nonmajor Permanent Funds
June 30, 2023

	Permanent		Total
	Cemetary Perpetual Care (503)	Cemetery Memorial (501)	
Assets			
Cash and investments	\$ 756,151	\$ 136,688	\$ 892,839
Liabilities			
Accounts payable	\$ 145	\$ -	\$ 145
Fund Balances			
Nonspendable	756,006	136,688	892,694
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 756,151</u>	<u>\$ 136,688</u>	<u>\$ 892,839</u>

City of Ottumwa
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Permanent Funds
Year Ended June 30, 2023

	Permanent		Total
	Cemetary Perpetual Care (503)	Cemetery Memorial (501)	
Revenues			
Charges for services	\$ 5,236	\$ -	\$ 5,236
Use of money and property	10,081	(1,001)	9,080
Total revenues	<u>15,317</u>	<u>(1,001)</u>	<u>14,316</u>
Excess of revenues over (under) expenditures	15,317	(1,001)	14,316
Other Financing Sources (Uses)			
Transfers out	<u>(10,081)</u>	-	<u>(10,081)</u>
Net change in fund balances	5,236	(1,001)	4,235
Fund Balances			
Beginning of year	<u>750,770</u>	<u>137,689</u>	<u>888,459</u>
End of year	<u>\$ 756,006</u>	<u>\$ 136,688</u>	<u>\$ 892,694</u>

(THIS PAGE LEFT BLANK INTENTIONALLY)

City of Ottumwa, Iowa
Nonmajor Proprietary Funds
June 30, 2023

Nonmajor Proprietary Funds account for the City's financial resources are used to account for operations which are intended to be self-supporting primarily through user charges. The City of Ottumwa has nonmajor proprietary funds as follows:

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.

City of Ottumwa
Statement of Net Position - Nonmajor Proprietary Funds
June 30, 2023

	Business-Type Activities Enterprise Funds		
	Transit (690)	Golf Course (750)	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 628,426	\$ 40,920	\$ 669,346
Prepaid items	2,884	3,622	6,506
Total current assets	631,310	44,542	675,852
Noncurrent assets			
Capital assets not be depreciated	-	80,000	80,000
Capital assets , net of accumulated depreciation	-	197,231	197,231
Net capital assets	-	277,231	197,231
Total noncurrent assets	-	277,231	277,231
Total assets	631,310	321,773	953,083
Liabilities			
Current liabilities			
Accounts payable	\$ 66	\$ -	\$ 66
Net Position			
Net investment in capital assets	-	277,231	277,231
Unrestricted	631,244	44,542	675,786
Total net position	631,244	321,773	953,017
Total liabilities, deferred inflows of resources, and net position	\$ 631,310	\$ 321,773	\$ 953,083

City of Ottumwa
Statement of Revenues, Expenses, and Changes
in Fund Net Position - Nonmajor Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities Enterprise Funds		
	Transit (690)	Golf Course (750)	Total
Operating Revenues			
Other income	\$ 1,998	\$ 5,001	\$ 6,999
Operating Expenses			
Professional services	18,430	1,648	20,078
Depreciation	43,778	24,630	68,408
Total operating expenses	<u>62,208</u>	<u>26,278</u>	<u>88,486</u>
Operating income (loss)	(60,210)	(21,277)	(81,487)
Nonoperating revenues (expenses)			
Gain (loss) on disposal of capital assets	<u>(399,790)</u>	<u>-</u>	<u>(399,790)</u>
Income (loss) before transfers	(460,000)	(21,277)	(481,277)
Change in net position	(460,000)	(21,277)	(481,277)
Net Position			
Beginning of year	<u>1,091,244</u>	<u>343,050</u>	<u>1,434,294</u>
End of year	<u>\$ 631,244</u>	<u>\$ 321,773</u>	<u>\$ 953,017</u>

City of Ottumwa
Statement of Cash Flows - Nonmajor Proprietary Funds
Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds		
	Transit (690)	Golf Course (750)	Total
Cash Flows - Operating Activities			
Receipts from customers	\$ 11,678	\$ 10,000	\$ 21,678
Interfund services provided and used	-	-	-
Payments to suppliers for goods and services	(18,704)	(5,270)	(23,974)
Net cash flows - operating activities	<u>(7,026)</u>	<u>4,730</u>	<u>(2,296)</u>
Cash and Cash Equivalents			
July 1	<u>635,452</u>	<u>36,190</u>	<u>671,642</u>
June 30	<u>\$ 628,426</u>	<u>\$ 40,920</u>	<u>\$ 669,346</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities			
Operating income (loss)	\$ (60,210)	\$ (21,277)	\$ (81,487)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities			
Depreciation	43,778	24,630	68,408
Accounts receivable	-	4,999	4,999
Due from other governments	9,680	-	9,680
Prepaid items	633	(3,622)	(2,989)
Accounts payable	(907)	-	(907)
Total adjustments	<u>53,184</u>	<u>26,007</u>	<u>79,191</u>
Net cash flows - operating activities	<u>\$ (7,026)</u>	<u>\$ 4,730</u>	<u>\$ (2,296)</u>

**City of Ottumwa, Iowa
Internal Service Funds
June 30, 2023**

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.

City of Ottumwa
Combining Statement of Net Position - Internal Service Funds
June 30, 2023

	Payroll Clearing (820)	Equipment Purchasing (840)	Employee Insurance (860- 863)	Total
Assets				
Current assets				
Cash and cash equivalents	\$ 192,138	\$ 1,729,609	\$ 7,270,299	\$ 9,192,046
Liabilities				
Current liabilities				
Accounts payable	\$ 6,085	\$ -	\$ 458,413	464,498
Salaries payable	186,053	-	-	186,053
Total liabilities	<u>192,138</u>	<u>-</u>	<u>458,413</u>	<u>650,551</u>
Net Position				
Unrestricted	<u>-</u>	<u>1,729,609</u>	<u>6,811,886</u>	<u>8,541,495</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 192,138</u>	<u>\$ 1,729,609</u>	<u>\$ 7,270,299</u>	<u>\$ 9,192,046</u>

City of Ottumwa
Combining Statement of Revenues, Expenses
and Changes in Fund Net Position - Internal Service Fund
Year Ended June 30, 2023

	Equipment Purchasing (840)	Employee Insurance (860- 863)	Total
Operating Revenues			
Charges for services	\$ -	5,992,221	\$ 5,992,221
Operating Expenses			
Personnel services	-	5,247,048	5,247,048
Supplies	-	54	54
Professional services	-	127,568	127,568
Repairs and maintenance	1,724,258	-	1,724,258
Total operating expenses	<u>1,724,258</u>	<u>5,374,670</u>	<u>7,098,928</u>
Operating income (loss)	(1,724,258)	617,551	(1,106,707)
Nonoperating Revenues (Expenses)			
Investment income	-	74,686	74,686
Refunds and reimbursements	1,325	-	1,325
Total nonoperating revenues (expenses)	<u>1,325</u>	<u>74,686</u>	<u>76,011</u>
Income (loss) before transfers	(1,722,933)	692,237	(1,030,696)
Transfers in	<u>354,000</u>	<u>176,000</u>	<u>530,000</u>
Change in net position	(1,368,933)	868,237	(500,696)
Net Position			
Beginning of year	<u>3,098,542</u>	<u>5,943,649</u>	<u>9,042,191</u>
End of year	<u>\$ 1,729,609</u>	<u>\$ 6,811,886</u>	<u>\$ 8,541,495</u>

City of Ottumwa
Combining Statement of Cash Flows - Internal Service Funds
Year Ended June 30, 2023

	Payroll Clearing (820)	Equipment Purchasing (840)	Employee Insurance (860- 863)	Total
Cash Flows - Operating Activities				
Receipts from customers	\$ -	\$ -	\$ 6,033,933	\$ 6,033,933
Payments to suppliers for goods and services	(26,547)	(1,724,258)	(127,622)	(1,878,427)
Payments to employees for services	-	-	(5,308,005)	(5,308,005)
Net cash flows - operating activities	<u>(26,547)</u>	<u>(1,724,258)</u>	<u>598,306</u>	<u>(1,152,499)</u>
Cash Flows - Noncapital Financing Activities				
Refunds and reimbursements	-	1,325	-	1,325
Transfer from other funds	-	354,000	176,000	530,000
Net cash flows - noncapital financing activities	<u>-</u>	<u>355,325</u>	<u>176,000</u>	<u>531,325</u>
Cash Flows - Investing Activities				
Investment income	-	-	74,686	74,686
Net change in cash and cash equivalents	(26,547)	(1,368,933)	848,992	(546,488)
Cash and Cash Equivalents (including restricted cash)				
July 1	<u>218,685</u>	<u>3,098,542</u>	<u>6,421,307</u>	<u>9,738,534</u>
June 30	<u>\$ 192,138</u>	<u>\$ 1,729,609</u>	<u>\$ 7,270,299</u>	<u>\$ 9,192,046</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows - Operating Activities				
Operating income (loss)	\$ -	\$ (1,724,258)	\$ 617,551	\$ (1,106,707)
Adjustments to reconcile operating income (loss) to net cash flows - operating activities				
Accounts receivable	-	-	87	87
Due from other governments	-	-	41,625	41,625
Accounts payable	4,281	-	(60,957)	(56,676)
Due to other governments	(30,828)	-	-	(30,828)
Total adjustments	<u>(26,547)</u>	<u>-</u>	<u>(19,245)</u>	<u>(45,792)</u>
Net cash flows - operating activities	<u>\$ (26,547)</u>	<u>\$ (1,724,258)</u>	<u>\$ 598,306</u>	<u>\$ (1,152,499)</u>

STATISTICAL SECTION

(THIS PAGE LEFT BLANK INTENTIONALLY)

**City of Ottumwa, Iowa
Statistical Section**

This part of the City of Ottumwa's annual comprehensive 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 City's overall financial health.

<u>Contents</u>	<u>Page</u>
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.	134
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	141
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	152
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.	160
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.	164

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

City of Ottumwa
Net Position by Component
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited
(Amounts Expressed in Thousands)

	Fiscal Years			
	2014	2015	2016	2017
Governmental Activities				
Net investment in capital assets	\$ 33,537	\$ 41,673	\$ 46,346	\$ 47,689
Restricted	20,471	18,549	15,367	20,106
Unrestricted	3,363	(11,687)	(7,539)	(11,510)
 Total governmental activities net position	 \$ 57,371	 \$ 48,535	 \$ 54,174	 \$ 56,285
Business-Type Activities				
Net investment in capital assets	\$ 51,272	\$ 67,172	\$ 70,598	\$ 69,783
Restricted	95	95	95	95
Unrestricted	7,869	3,273	4,156	5,245
 Total business-type activities net position	 \$ 59,236	 \$ 70,540	 \$ 74,849	 \$ 75,123
Primary Government				
Net investment in capital assets	\$ 84,809	\$ 108,845	\$ 116,944	\$ 117,472
Restricted	20,566	18,644	15,462	20,201
Unrestricted	11,232	(8,414)	(3,383)	(6,265)
 Total primary government net position	 \$ 116,607	 \$ 119,075	 \$ 129,023	 \$ 131,408

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

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

Table 1

* (1)	* (1)	* (1)	* (1)	* (1)	* (1)
Fiscal Years					
2018	2019	2020	2021	2022	2023
\$ 47,288	\$ 45,695	\$ 57,619	\$ 54,413	\$ 50,905	\$ 55,730
18,145	20,693	15,517	20,733	25,307	20,909
(12,461)	(9,727)	(12,858)	(12,729)	(7,273)	(5,903)
<u>\$ 52,972</u>	<u>\$ 56,661</u>	<u>\$ 60,278</u>	<u>\$ 62,417</u>	<u>\$ 68,939</u>	<u>\$ 70,736</u>
\$ 67,570	\$ 64,465	\$ 66,252	\$ 57,604	\$ 59,310	\$ 57,519
95	95	95	95	95	-
3,423	5,901	2,388	11,427	10,000	10,406
<u>\$ 71,088</u>	<u>\$ 70,461</u>	<u>\$ 68,735</u>	<u>\$ 69,126</u>	<u>\$ 69,405</u>	<u>\$ 67,925</u>
\$ 114,858	\$ 110,160	\$ 123,871	\$ 112,017	\$ 110,215	\$ 113,249
18,240	20,788	15,612	20,828	25,402	20,909
(9,038)	(3,826)	(10,470)	(1,302)	2,727	4,503
<u>\$ 124,060</u>	<u>\$ 127,122</u>	<u>\$ 129,013</u>	<u>\$ 131,543</u>	<u>\$ 138,344</u>	<u>\$ 138,661</u>

City of Ottumwa
Changes in Net Position (Page 1 of 2)
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental activities				
General government	\$ 3,160	\$ 2,619	\$ 2,792	\$ 3,349
Public Safety	8,217	8,060	8,769	8,544
Public Works	9,396	8,905	8,532	9,102
Culture and Recreation	2,925	2,916	3,125	3,087
Health and social services	-	-	-	-
Economic Development	2,001	2,388	1,861	1,970
Interest on long-term debt	328	555	480	313
Total governmental activities expenses	<u>26,027</u>	<u>25,443</u>	<u>25,559</u>	<u>26,365</u>
Business-type activities				
Solid Waste	3,112	2,215	2,080	2,117
Sewer Utility	6,339	6,169	6,681	7,413
Events Center	1,701	1,787	1,822	2,019
Other (Transit/Golf)	1,505	1,217	1,116	1,237
Total business-type activities expenses	<u>12,657</u>	<u>11,388</u>	<u>11,699</u>	<u>12,786</u>
Total primary government expenses	<u>\$ 38,684</u>	<u>\$ 36,831</u>	<u>\$ 37,258</u>	<u>\$ 39,151</u>
Program Revenues				
Governmental activities				
Charges for services				
General Government	\$ 2,268	\$ 1,877	\$ 1,869	\$ 1,673
Public Safety	763	765	598	575
Public Works	3,996	3,648	3,474	3,402
Culture and Recreation	964	1,056	1,580	1,072
Economic Development	455	91	405	579
Operating grants and contributions	1,897	3,027	3,035	3,328
Capital grants and contributions	3,017	1,756	3,417	1,021
Total governmental activities program revenues	<u>13,360</u>	<u>12,220</u>	<u>14,378</u>	<u>11,650</u>
Business-type activities				
Charges for services				
Solid Waste	2,545	2,083	1,963	2,106
Sewer Utility	6,207	6,005	5,965	5,706
Events Center	687	624	803	914
Other (Transit/Golf)	126	115	125	105
Operating grants, contributions, and restricted interest	654	679	653	577
Capital grants, contributions, and restricted interest	4,905	10,687	4,815	1,077
Total business-type activities program revenues	<u>15,124</u>	<u>20,193</u>	<u>14,324</u>	<u>10,485</u>
Total primary government program revenues	<u>\$ 28,484</u>	<u>\$ 32,413</u>	<u>\$ 28,702</u>	<u>\$ 22,135</u>
Net (Expense) Revenue				
Governmental activities	\$ (12,667)	\$ (13,223)	\$ (11,181)	\$ (14,715)
Business-type activities	2,467	8,805	2,625	(2,301)
Total primary government net (expense) revenue	<u>(10,200)</u>	<u>(4,418)</u>	<u>(8,556)</u>	<u>(17,016)</u>

Table 2

		Fiscal Year									
		2018	2019	2020	2021	2022	2023				
\$	3,154	\$	2,994	\$	3,187	\$	3,280	\$	1,398	\$	2,537
	9,272		10,108		10,873		9,971		9,310		10,085
	9,895		10,027		10,819		10,640		9,890		13,493
	3,687		3,448		3,746		3,748		2,777		3,974
	-		-		-		-		-		995
	2,479		2,478		1,267		849		601		1,636
	511		552		686		572		1,216		959
	<u>28,998</u>		<u>29,607</u>		<u>30,578</u>		<u>29,060</u>		<u>25,192</u>		<u>33,679</u>
	2,158		2,193		3,639		3,472		2,717		2,821
	8,215		8,205		7,042		8,710		8,359		7,478
	2,039		2,050		2,067		1,475		2,417		3,115
	1,219		1,199		1,320		1,043		94		488
	<u>13,631</u>		<u>13,647</u>		<u>14,068</u>		<u>14,700</u>		<u>13,587</u>		<u>13,902</u>
\$	<u>42,629</u>	\$	<u>43,254</u>	\$	<u>44,646</u>	\$	<u>43,760</u>	\$	<u>38,779</u>	\$	<u>47,581</u>
\$	1,824	\$	1,888	\$	1,732	\$	1,833	\$	1,073	\$	2,027
	829		845		862		740		816		886
	3,135		3,604		4,216		3,676		4,483		4,227
	1,527		928		839		928		1,134		609
	475		608		888		72		188		-
	3,571		3,870		3,781		5,276		4,978		5,930
	1,596		4,552		5,384		2,203		1,361		1,169
	<u>12,957</u>		<u>16,295</u>		<u>17,702</u>		<u>14,728</u>		<u>14,033</u>		<u>14,848</u>
	2,237		2,256		2,015		2,117		2,528		2,364
	5,556		5,356		5,581		6,915		6,421		7,487
	1,091		1,228		1,106		635		1,138		1,449
	88		90		78		1		-		-
	564		587		643		16		18		35
	222		38		105		-		-		-
	<u>9,758</u>		<u>9,555</u>		<u>9,528</u>		<u>9,684</u>		<u>10,105</u>		<u>11,335</u>
\$	<u>22,715</u>	\$	<u>25,850</u>	\$	<u>27,230</u>	\$	<u>24,412</u>	\$	<u>24,138</u>	\$	<u>26,183</u>
\$	(16,041)	\$	(13,312)	\$	(12,876)	\$	(14,332)	\$	(11,159)	\$	(18,831)
	(3,873)		(4,092)		(4,540)		(5,016)		(3,482)		(2,567)
	<u>(19,914)</u>		<u>(17,404)</u>		<u>(17,416)</u>		<u>(19,348)</u>		<u>(14,641)</u>		<u>(21,398)</u>

City of Ottumwa
Changes in Net Position (Page 2 of 2)
Last Ten Fiscal Years
(Accrual Basis of Accounting)
Unaudited

	Fiscal Year			
	2014	2015	2016	2017
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Property taxes	\$ 13,004	\$ 13,304	\$ 13,402	\$ 13,868
Sales Taxes	3,367	3,596	3,284	3,654
Other Taxes	681	803	742	763
Investment Earnings	54	53	55	92
Miscellaneous	53	48	30	69
Transfers	(4,129)	(2,921)	(2,064)	(1,620)
Total governmental activities	<u>13,030</u>	<u>14,883</u>	<u>15,449</u>	<u>16,826</u>
Business-type activities				
Property Taxes	447	440	445	529
Investment earnings	99	91	57	60
Miscellaneous	517	798	489	365
Transfers	4,129	2,921	2,064	1,620
Total business-type activities	<u>5,192</u>	<u>4,250</u>	<u>3,055</u>	<u>2,574</u>
Total governmental activities	<u>\$ 18,222</u>	<u>\$ 19,133</u>	<u>\$ 18,504</u>	<u>\$ 19,400</u>
Change in Net Position				
Governmental activities	\$ 363	\$ 1,660	\$ 4,268	\$ 2,111
Business-type activities	<u>7,659</u>	<u>13,055</u>	<u>5,680</u>	<u>273</u>
Total primary government	<u>\$ 8,022</u>	<u>\$ 14,715</u>	<u>\$ 9,948</u>	<u>\$ 2,384</u>

Table 2

Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 14,692	\$ 13,911	\$ 14,189	\$ 14,792	\$ 15,135	\$ 14,135	
3,244	3,169	3,232	4,451	4,661	5,301	
693	734	595	689	699	2,568	
180	298	367	119	80	495	
14	22	42	33	15	249	
(744)	(1,132)	(1,932)	(3,613)	(2,908)	(1,559)	
<u>18,079</u>	<u>17,002</u>	<u>16,493</u>	<u>16,471</u>	<u>17,682</u>	<u>21,189</u>	
543	499	499	485	10	-	
108	195	218	127	77	206	
1,024	1,639	166	1,182	766	-	
744	1,132	1,932	3,613	2,908	1,559	
<u>2,419</u>	<u>3,465</u>	<u>2,815</u>	<u>5,407</u>	<u>3,761</u>	<u>1,765</u>	
<u>\$ 20,498</u>	<u>\$ 20,467</u>	<u>\$ 19,308</u>	<u>\$ 21,878</u>	<u>\$ 21,443</u>	<u>\$ 22,954</u>	
\$ 2,038	\$ 3,690	\$ 3,617	\$ 2,139	\$ 6,523	\$ 2,358	
(1,454)	(627)	(1,725)	391	279	(802)	
<u>\$ 584</u>	<u>\$ 3,063</u>	<u>\$ 1,892</u>	<u>\$ 2,530</u>	<u>\$ 6,802</u>	<u>\$ 1,556</u>	

(THIS PAGE LEFT BLANK INTENTIONALLY)

City of Ottumwa
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
Unaudited
(Accrual Basis of Accounting)
(Amounts Expressed in Thousands)

Table 3

Fiscal year	Utility Replacement	Property Taxes	Sales Taxes	Other Taxes	Total
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
2023	349	15,114	4,065	486	20,014

City of Ottumwa
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
Unaudited

	Fiscal Years			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 4	\$ 3	\$ 34	\$ 7
Assigned	-	-	30	-
Unassigned	3,316	3,293	3,101	4,067
Total general fund	<u>3,320</u>	<u>3,296</u>	<u>3,165</u>	<u>4,074</u>
All other governmental funds				
Nonspendable	1,109	1,099	1,040	1,088
Restricted	19,362	17,540	14,327	19,018
Unassigned	(242)	(216)	(200)	(189)
Total all other governmental funds	<u>\$ 20,229</u>	<u>\$ 18,423</u>	<u>\$ 15,167</u>	<u>\$ 19,917</u>

Table 4

Fiscal Years						
2018	2019	2020	2021	2022	2023	
\$ 4	\$ 4	\$ 4	\$ 6	\$ 21	\$ 18	
-	-	-	-	-	-	
4,025	3,843	2,896	3,977	3,626	3,821	
4,029	3,847	2,900	3,983	3,647	3,839	
1,043	1,058	1,116	1,242	1,295	1,329	
17,068	19,809	15,515	19,881	25,374	23,130	
(187)	(153)	-	-	(972)	(1,812)	
\$ 17,924	\$ 20,714	\$ 16,631	\$ 21,123	\$ 25,697	\$ 22,647	

City of Ottumwa
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
Unaudited
(Amounts Expressed in Thousands)

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Taxes	\$ 17,052	\$ 17,702	\$ 17,428	\$ 18,286
Licenses and permits	353	292	308	297
Intergovernmental	4,914	4,783	6,451	4,348
Money and property	902	642	567	587
Charges for services	4,579	4,527	4,634	4,642
Fines	280	286	275	242
Miscellaneous	2,241	1,450	2,254	1,710
Total revenues	<u>30,321</u>	<u>29,682</u>	<u>31,917</u>	<u>30,112</u>
Expenditures				
Public safety	7,474	8,810	7,919	7,737
Public works	8,253	6,914	7,163	7,167
Health and social services	750	780	655	538
Culture and recreation	2,563	2,594	2,953	2,652
Community and economic development	1,460	1,847	1,350	1,454
General government	3,090	2,655	3,093	3,176
Capital outlay	3,527	7,238	6,681	3,459
Debt service				
Principal	2,345	2,780	2,757	3,181
Interest	327	500	480	516
Total expenditures	<u>29,789</u>	<u>34,118</u>	<u>33,051</u>	<u>29,880</u>
Revenues over (under) expenditures	<u>532</u>	<u>(4,436)</u>	<u>(1,134)</u>	<u>232</u>
Other Financing Sources (Uses)				
Transfers in	8,534	7,494	8,926	9,153
Transfers out	(12,463)	(10,431)	(11,088)	(10,926)
Proceeds from sale	-	-	-	-
Bond Proceeds	7,493	5,340	-	7,200
Bond issue premium (discount)	122	115	-	-
Proceeds from insurance	-	-	-	-
Total other financing sources (uses)	<u>3,686</u>	<u>2,518</u>	<u>(2,162)</u>	<u>5,427</u>
Net change in fund balances	<u>\$ 4,218</u>	<u>\$ (1,918)</u>	<u>\$ (3,296)</u>	<u>\$ 5,659</u>
Debt service as a percentage of noncapital expenditures	10.2%	12.2%	11.8%	17.5%

Table 5

Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 18,629	\$ 17,814	\$ 18,016	\$ 19,931	\$ 20,495	\$ 22,169	
332	322	360	161	364	514	
5,168	8,422	8,621	6,663	5,394	5,863	
850	921	905	636	1,102	976	
4,572	4,687	4,639	5,318	4,643	4,896	
209	228	192	165	122	191	
1,514	1,509	2,792	1,511	2,349	2,005	
<u>31,274</u>	<u>33,903</u>	<u>35,525</u>	<u>34,385</u>	<u>34,469</u>	<u>36,614</u>	
8,150	9,146	9,616	9,267	9,757	9,974	
7,921	7,304	7,176	7,613	7,481	8,955	
858	871	689	783	701	1,025	
3,290	2,485	2,554	2,652	2,973	3,295	
1,985	1,985	758	436	568	1,387	
3,063	2,815	2,855	3,037	2,142	2,828	
4,827	8,054	11,125	5,730	4,727	3,977	
3,425	2,955	4,378	3,908	3,659	5,294	
511	504	686	531	97	1,061	
<u>34,030</u>	<u>36,119</u>	<u>39,837</u>	<u>33,957</u>	<u>32,105</u>	<u>37,796</u>	
<u>(2,756)</u>	<u>(2,216)</u>	<u>(4,312)</u>	<u>428</u>	<u>2,364</u>	<u>(1,182)</u>	
11,170	7,608	9,611	9,205	6,998	9,027	
(11,953)	(8,949)	(11,611)	(12,569)	(13,133)	(11,083)	
-	-	-	1	9	260	
1,500	6,165	1,370	8,420	8,000	-	
-	-	-	-	-	-	
-	-	-	-	-	71	
<u>717</u>	<u>4,824</u>	<u>(630)</u>	<u>5,057</u>	<u>1,874</u>	<u>(1,725)</u>	
<u>\$ (2,039)</u>	<u>\$ 2,608</u>	<u>\$ (4,942)</u>	<u>\$ 5,485</u>	<u>\$ 4,238</u>	<u>\$ (2,907)</u>	
15.4%	16.5%	15.4%	16.3%	13.2%	20.3%	

City of Ottumwa
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			(1)	Total Assessed Value	Less: Tax Exempt Real Property (2)
	Residential Property	Commercial Property	Other Property			
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
2023	720,756	252,652 (3)	184,427 (4)		1,157,835	334,019

(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 2012 to 46.34 % in FY 2023.

(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.

Table 6

	Total Taxable Value	Total Direct Tax Rate	Taxable Value to Assessed Value
\$	618,876	20.340	64.7
	610,135	20.304	65.7
	610,540	20.896	64.5
	634,078	20.530	63.6
	661,789	20.727	64.3
	612,251	21.445	63.8
	632,750	22.456	60.5
	667,420	22.457	64.8
	669,382	22.200	64.7
	823,816	21.220	60.6

**City of Ottumwa
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
Unaudited**

Fiscal Year	City of Ottumwa			Overlapping Rates Wapello County		
	Operating Levy	Debt		Operating Levy	Debt	
		Service Levy	Total Levy		Service Levy	Total Levy
2014	17.109	3.195	20.304	7.455	0.650	8.105
2015	17.553	3.343	20.896	7.474	0.645	8.119
2016	17.344	3.186	20.530	7.296	0.618	7.914
2017	17.289	3.438	20.727	7.296	0.618	7.914
2018	17.897	3.548	21.445	7.379	0.596	7.975
2019	18.397	3.548	21.945	6.964	0.661	7.625
2020	19.400	3.056	22.456	6.913	0.354	7.267
2021	19.091	3.366	22.457	7.892	0.351	8.243
2022	18.005	4.195	22.200	7.042	0.341	7.383
2023	16.925	4.295	21.220	6.526	0.189	6.715

Source: Wapello County Auditor's Office

Table 7

Overlapping Rates				Total Direct and Overlapping Rates
Ottumwa Community School District				
Operating Levy	Debt Service Levy	Total Levy	Other Levies	
13.444	1.125	14.569	1.499	44.477
13.884	0.854	14.738	1.734	45.487
14.669	0.000	14.669	1.626	44.739
14.669	0.000	14.669	1.626	44.936
14.664	0.000	14.664	1.571	45.655
14.688	0.000	14.688	1.557	45.815
14.747	0.000	14.747	1.653	46.123
14.717	0.000	14.717	1.615	47.032
14.223	0.000	14.223	1.615	45.421
14.108	0.000	14.108	1.791	43.834

City of Ottumwa
Principal Taxpayers
Current Year and Nine Years Ago
Unaudited
(Amounts Expressed in Thousands)

Table 8

Employer	2023			2014		
	January 1, 2021	Rank	Percentage of Total Taxable Value	January 1, 2012	Rank	Percentage of Total Taxable Value
	Taxable Value			Taxable Value		
MPT of Ottumwa - Lima LLC	\$ 38,822	1	5.39%	\$ 40,234	1	6.23%
IES Electric/ Interstate Power and Light	14,361	2	1.99%	29,139	2	4.52%
Wal-Mart	10,798	3	1.50%	11,263	5	1.75%
Menards	10,644	4	1.48%	9,621	6	1.49%
JBS Pork Company LLC f/k/a Cargill Meat Solutions	9,967		1.38%	16,091	3	2.49%
CHTC Iowa LLC f/k/a Ottumwa Medical Clinic	7,555	5	1.05%	7,377	8	1.14%
John Deere Ottumwa Works	6,396	6	0.89%	7,194	9	1.11%
Ottumwa Hancock LLC	5,988	7	0.83%	-	-	0.00%
Atlantis Senior Living 11 LLC f/k/a Regional Retirement Living - Ottumwa LLC	5,796	9	0.80%	12,145	4	1.88%
Lineage Logistics	5,319	10	0.74%	-	-	0.00%
Mid American Energy	-	-	0.00%	8,608	7	1.33%
Developer Diversified Realty	-		-	7,150	10	1.11%
Total	\$ 115,646		16.05%	\$ 141,672		23.05%

Source: Wapello County Auditor's Office

City of Ottumwa
Property Tax Levies and Collections
Last Ten Fiscal Years
Unaudited
(Amounts Expressed in Thousands)

Table 9

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
2014	\$ 13,415	\$ 13,403	99.9%	12	\$ 13,415	100.0%
2015	13,427	13,337	99.3%	6	13,343	99.4%
2016	13,960	13,817	99.0%	5	13,822	99.0%
2017	14,417	14,383	99.8%	7	14,390	99.8%
2018	15,230	15,223	100.0%	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	13,955	100.0%	-	13,955	100.0%
2023	16,509	15,462	93.7%	-	15,462	93.7%

(1) Includes TIF and Utility Replacement Taxes

City of Ottumwa
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited
(Amounts Expressed in Thousands, Except Per Capita Amount)

Table 10

Fiscal Year	Governmental Activities		Business-Type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds/Notes	Lease Payable	Sewer Bonds	General Obligation Bonds/Notes			
2014	\$ 14,817	\$ -	\$ 10,053	\$ 6,562	\$ 31,432	4.09	\$ 1,256
2015	17,433	-	12,831	5,018	35,282	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	47	8,978	13,064	41,505	N/A	1,624
2022	25,437	39	8,552	13,063	47,091	N/A	1,797
2023	20,092	27	8,118	12,068	40,305	N/A	1,545

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
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited
(Amounts Expressed in Thousands, Except Per Capita Amount)

Table 11

Fiscal Year	General Obligation Bonds/Notes	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
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
2023	32,160	-	32,160	4.63	1,292

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.

(THIS PAGE LEFT BLANK INTENTIONALLY)

City of Ottumwa
Direct and Overlapping Governmental Activities Debt
As of June 30, 2023
Unaudited
(Amounts Expressed in Thousands)

Table 12

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Wapello County	\$ 30,060,368	10.33%	\$ 3,104,553
Ottumwa Community Schools	-		-
	<hr/>		<hr/>
Subtotal, overlapping debt			3,104,553
City of Ottumwa direct debt			<hr/> 20,119,405
Total direct and overlapping debt			<hr/> <hr/> \$ 23,223,958

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)

	Fiscal Year			
	2014	2015	2016	2017
Debt Limit	\$ 48,775	\$ 48,108	\$ 48,545	\$ 50,101
Total net debt applicable to limit	<u>21,009</u>	<u>22,027</u>	<u>17,138</u>	<u>20,154</u>
Legal debt margin	<u>\$ 27,766</u>	<u>\$ 26,081</u>	<u>\$ 31,407</u>	<u>\$ 29,947</u>
Total net debt applicable to the limit as a percentage of debt limit	43.07%	45.79%	35.30%	40.23%

Table 13

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 51,540	\$ 49,915	\$ 51,537	\$ 52,054	\$ 52,149	\$ 59,963
17,207	21,271	28,509	32,480	37,000	30,775
<u>\$ 34,333</u>	<u>\$ 28,644</u>	<u>\$ 23,028</u>	<u>\$ 19,574</u>	<u>\$ 15,149</u>	<u>\$ 29,188</u>
33.39%	42.61%	55.32%	62.40%	70.95%	51.32%

Legal Debt Margin Calculation for Fiscal Year 2022

Total assessed value	<u>\$ 1,199,261</u>
Debit limit (5% of total estimated actual valuation)	<u>\$ 59,963</u>
Debt applicable to debt limit	
General obligation bonds	30,775
Less: Amount set aside for repayment of general obligation debt	<u>-</u>
Total net debt applicable to limit	<u>\$ 30,775</u>
Legal debt margin	<u>\$ 29,188</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.

(THIS PAGE LEFT BLANK INTENTIONALLY)

**City of Ottumwa
Pledged-Revenue Coverage
Last Ten Fiscal Years
Unaudited
(Amounts Expressed in Thousands)**

Table 14

Fiscal Year	Sewer Revenue Bonds						Coverage
	Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
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	
2023	7,601	3,622	3,979	434	127	6.92	

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
Demographic and Economic Statistics
Last ten fiscal years
Unaudited**

Fiscal Year	Population		Personal Income (In Thousands)	Per Capita Personal Income (1)	Median Age (1)	Education Level in Years of Formal Schooling (1)
	City	County				
2014	25,023	35,625	\$ 767,327	\$ 21,539	39.9	12.7
2015	25,023	35,625	780,508	21,909	37.4	12.7
2016	25,023	35,625	749,978	21,052	37.4	12.7
2017	25,023	35,625	753,291	21,145	37.4	12.7
2018	25,023	35,625	754,003	21,165	36.4	12.7
2019	25,023	35,625	N/A	N/A	37.4	12.7
2020	24,148	35,401	N/A	24,916	35.6	12.7
2021	25,529	34,925	N/A	26,424	37.3	12.7
2022	25,350	35,256	N/A	26,972	38.1	12.7
2023	25,175	35,043	N/A	29,395	38.1	12.7

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.

Table 15

<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
4,577	5.4
4,598	5.0
4,598	7.8
4,645	4.0
4,612	4.0
4,655	3.2
4,763	9.4
4,784	5.2
4,861	3.7
5,067	4.3

**City of Ottumwa
Principal Employers
Current Year and Nine Years Ago
Unaudited**

Table 16

Employer	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
JBS Live Pork, LLC	2,550	1	23.86%	2,400	1	12.45%
Ottumwa Community School District	800	2	7.49%	700	4	3.63%
Ottumwa Regional Health Center	692	3	6.48%	-	-	0.00%
John Deere Ottumwa Works	550	4	5.15%	1,000	2	5.19%
Winger Companies	449	5	4.20%	250	8	1.29%
Indian Hills Community College	369	6	3.45%	420	5	2.17%
Hy-Vee	350	7	3.28%	190	9	0.98%
Walmart Super Center	301	8	2.82%	383	6	1.98%
City of Ottumwa	224	9	2.10%	250	7	1.29%
Keurig Dr. Pepper (Cadbury Schweppes)	200	10	1.87%	-	-	-
RCHP - Ottumwa Inc.	-	-	0.00%	950	3	4.93%
Winbco	-	-	-	165	10	0.85%
Total	6,485		60.70%	6,708		34.76%

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

Table 17

Function	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 *
General Government	11	11	11	11	11	11	9	9	11	11
Public Safety										
Police										
Officers	41	40	38	39	39	41	40	40	40	40
Civilians	10	10	10	9	11	11	11	11	12	12
Firefighters	32	32	32	32	32	32	32	26	29	29
Public Services										
Engineering	9	10	10	10	10	10	10	8	10	10
Maintenance	27	27	27	27	26	23	23	24	30	30
Health and Social Services	7	7	7	7	7	7	6	6	6	6
Culture and Recreation										
Parks/Beach	21	21	13	11	11	7	7	7	7	7
Cemetery	3	3	3	3	3	3	2	2	3	3
Library	11	11	11	11	10	10	11	11	11	11
Community Development	5	4	4	4	4	3	2	1	1	1
Solid Waste	12	11	11	11	10	10	9	9	11	11
Sewer	21	21	22	22	22	22	23	23	23	23
Transit/Golf	17	19	19	20	20	18	18	-	-	-
Total	227	227	218	217	216	208	203	177	194	194

Source: City Personnel Budget

* Unable to obtain 2023 figures, used 2022 figures

City of Ottumwa, Iowa
Operating Indicators by Function
Last Ten Fiscal Years
Unaudited

Function/Program	Fiscal Year			
	2014	2015	2016	2017
Police (1)				
Physical arrests	3,899	3,597	3,414	3,554
Traffic tickets	3,041	3,010	3,057	2,772
Parking citations	1,508	1,446	1,163	1,048
Fire (1)				
Number of calls answered	2,954	3,195	3,199	3,397
Fire prevention activities	319	302	256	344
Highways and Streets (1)				
Street resurfacing (miles)	2.60	1.59	11.30	4.30
Pot holes repaired	16,000	14,800	7,187	7,343
Utility patches repaired	(2)	(2)	(2)	(2)
City Sanitation				
Refuse collected (tons)	7,255	7,480	7,620	7,764
Recyclables collected (tons)	1,031	1,014	993	936
Solid Waste				
Landfill tonnage	39,864	28,740	34,714	33,459
Recycling tonnage	2,310	2,732	2,200	2,534
Health Department				
Number of inspections	6,971	11,081	7,068	7,041
Nuisance complaints	3,882	1,756	3,904	5,605
Culture and Recreation				
Beach Ottumwa admissions	22,094	22,491	21,850	35,960
Golf rounds played (1)	22,205	23,000	23,452	23,622
Wastewater (1)				
Average sewage treatment (thousands of gallons)	5,044	5,005	4,689	4,689

Sources: Various City Departments.

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

Unable to obtain 2023 figures, used 2022 figures

Table 18

Fiscal Year						
2018	2019	2020	2021	2022	2023	
3,007	4,648	4,695	4,960	4,960	4,311	
1,996	2,251	2,207	1,958	1,958	1,207	
2,282	2,888	1,847	2,060	2,060	821	
3,902	3,677	3,752	4,169	4,169	4,255	
385	250	189	138	138	782	
4.40	4.20	3.00	4.00	4.00	1.75	
8,401	7,810	8,027	8,091	8,091	3,200	
(2)	(2)	-	-	-	112	
7,706	8,090	8,508	8,695	8,695	8,602	
840	822	804	786	786	675	
37,775	35,712	37,052	33,649	33,649	36,407	
2,339	2,290	2,220	2,251	2,251	2,129	
7,003	7,076	6,204	5,744	5,744	5,744	
2,195	2,157	2,464	2,114	2,114	2,114	
33,415	32,391	25,103	26,332	28,332	33,102	
22,672	20,138	19,360	19,650	19,650	27,047	
3,889	5,145	4,850	4,330	4,330	3,705	

City of Ottumwa, Iowa
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	Fiscal Year					
	2014	2015	2016	2017	2018	2019
Public Safety						
Police						
Stations	1	1	1	1	1	1
Patrol units	10	10	10	10	10	10
Fire stations	2	2	2	2	2	2
Public Works						
Highways and Streets						
Streets (miles)	156.20	156.20	156.20	156.20	156.20	156.20
Streetlights	2,359	2,359	2,359	2,359	2,359	2,359
Traffic signals	26	26	26	26	26	26
Culture and Recreation (1)						
Parks acreage	533	533	533	533	533	533
Parks	22	22	22	22	22	22
Playgrounds	14	14	14	14	14	14
Tennis courts	10	10	10	10	10	10
Softball/baseball diamonds	20	20	20	20	20	20
Library						
Items in collection	62,905	62,905	59,722	61,695	64,162	63,970
Cemeteries						
Facilities	3	3	3	3	3	3
Acreage	88	88	88	88	88	88
Sewer						
Sanitary sewers (miles)	48.8	48.8	48.8	48.8	48.8	48.8
Storm sewers (miles)	29.9	31.6	33.7	33.9	34.7	34.7
Combined sewers	50.48	48.78	46.68	46.48	45.68	45.65
Maximum daily treatment capacity (thousands of gallons)	10,000	10,000	10,000	10,000	10,000	10,000

Sources: Various City departments.

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

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

Table 19

Fiscal Year			
2020	2021	2022	2023
1	1	1	1
12	12	12	15
2	2	2	2
156.20	156.20	156.20	156.20
2,359	2,359	2,359	2,368
26	26	26	20
533	533	533	522
22	22	22	21
14	14	14	14
10	10	10	10
20	20	20	20
62,969	62,506	62,432	47,916
3	3	3	3
88	88	88	88
48.8	48.8	48.8	117.0
42.0	42.0	42.0	83.0
45.70	45.70	45.70	42.00
10,000	10,000	10,000	10,000