

COMPREHENSIVE ANNUAL FINANCIAL REPORT
OF THE
CITY OF OTTUMWA, IOWA

FOR THE
FISCAL YEAR ENDED
JUNE 30, 2020

DEPARTMENT OF FINANCE

KALA MULDER
DIRECTOR OF FINANCE

INTRODUCTORY SECTION

CITY OF OTTUMWA, IOWA

TABLE OF CONTENTS

JUNE 30, 2020

	<u>Page</u>
<u>Introductory Section</u>	
Table of Contents	I-III
Names of Principal Officials	IV
Organization Chart	V
Letter of Transmittal	VI-VIII
Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting	IX
<u>Financial Section</u>	
<u>Independent Auditor's Report</u>	1-2
<u>Management's Discussion and Analysis</u>	3-8
<u>Basic Financial Statements</u>	
	<u>Exhibit</u>
Government-Wide Financial Statements:	
Statement of Net Position	1 9
Statement of Activities	2 10-11
Governmental Fund Financial Statements:	
Balance Sheet	3 12-13
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	4 14
Statement of Revenues, Expenditures and Changes in Fund Balances	5 15-16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	6 17
Proprietary Fund Financial Statements:	
Statement of Net Position	7 18
Reconciliation of the Statement of Net Position – Proprietary Funds to the Statement of Net Position	8 19
Statement of Revenues, Expenses and Changes in Fund Net Position	9 20
Reconciliation of the Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds to the Statement of Activities	10 21
Statement of Cash Flows	11 22-23
Notes to Financial Statements	24-62
<u>Required Supplementary Information</u>	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – Governmental Funds and Proprietary Funds	63-64
Budget to GAAP Reconciliation/Notes to Required Supplementary Information – Budgetary Reporting	65
Schedule of the City's Proportionate Share of the Net Pension Liability – Municipal Fire and Police Retirement System of Iowa	66-67
Schedule of the City's Proportionate Share of the Net Pension Liability – Iowa Public Employees' Retirement System	68-69
Schedule of City's Contributions – Municipal Fire and Police Retirement System of Iowa	70-71
Schedule of City's Contributions – Iowa Public Employees' Retirement System	72-73
Notes to Required Supplementary Information – Municipal Fire and Police Retirement System of Iowa Pension Liability	74
Notes to Required Supplementary Information – Iowa Public Employees' Retirement System Pension Liability	75
Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes	76

CITY OF OTTUMWA, IOWA

TABLE OF CONTENTS

JUNE 30, 2020

Page

Other Supplementary Information

Schedule

Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Funds:		
Combining Balance Sheet	1	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	2	78
Nonmajor Special Revenue Funds:		
Combining Balance Sheet	3	79-80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	4	81-82
Nonmajor Capital Projects Funds:		
Combining Balance Sheet	5	83-84
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	6	85-86
Nonmajor Permanent Funds:		
Combining Balance Sheet	7	87
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	8	88
Nonmajor Proprietary Funds:		
Combining Statement of Net Position	9	89
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	10	90
Combining Statement of Cash Flows	11	91
Internal Service Funds:		
Combining Statement of Net Position	12	92
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	13	93
Combining Statement of Cash Flows	14	94
Schedule of Expenditures of Federal Awards	15	95-96

Statistical Section – Unaudited

Statistical Section	97
Net Position by Component – Last Ten Fiscal Years – Unaudited	98-99
Changes in Net Position – Last Ten Fiscal Years – Unaudited	100-103
Governmental Activities Tax Revenues by Source – Last Ten Fiscal Years – Unaudited	104
Fund Balances of Governmental Funds – Last Ten Fiscal Years – Unaudited	105-106
Changes in Fund Balances of Governmental Funds – Last Ten Fiscal Years – Unaudited	107-108
Assessed Value and Estimated Actual Value of Taxable Property – Last Ten Fiscal Years – Unaudited	109-110
Property Tax Rates – Direct and Overlapping Governments – Last Ten Fiscal Years – Unaudited	111-112
Principal Property Taxpayers – Current Year and Nine Years Ago – Unaudited	113
Property Tax Levies and Collections – Last Ten Fiscal Years – Unaudited	114
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years – Unaudited	115
Ratios of General Bonded Debt Outstanding – Last Ten Fiscal Years – Unaudited	116
Direct and Overlapping Governmental Activities Debt – Unaudited	117

CITY OF OTTUMWA, IOWA

TABLE OF CONTENTS

JUNE 30, 2020

	<u>Page</u>
<u>Statistical Section – Unaudited</u> (Continued)	
Legal Debt Margin Information – Last Ten Fiscal Years – Unaudited	118-119
Pledged-Revenue Coverage – Last Ten Fiscal Years – Unaudited	120
Demographic and Economic Statistics – Last Ten Fiscal Years – Unaudited	121
Principal Employers – Current Year and Nine Years Ago – Unaudited	122
Full-Time Equivalent City Government Employees by Function – Last Ten Fiscal Years – Unaudited	123
Operating Indicators by Function – Last Ten Fiscal Years – Unaudited	124
Capital Asset Statistics by Function – Last Ten Fiscal Years – Unaudited	125-126
<u>Compliance Section</u>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	127-128
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	129-130
Schedule of Findings and Questioned Costs	131-133

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF OTTUMWA, IOWA

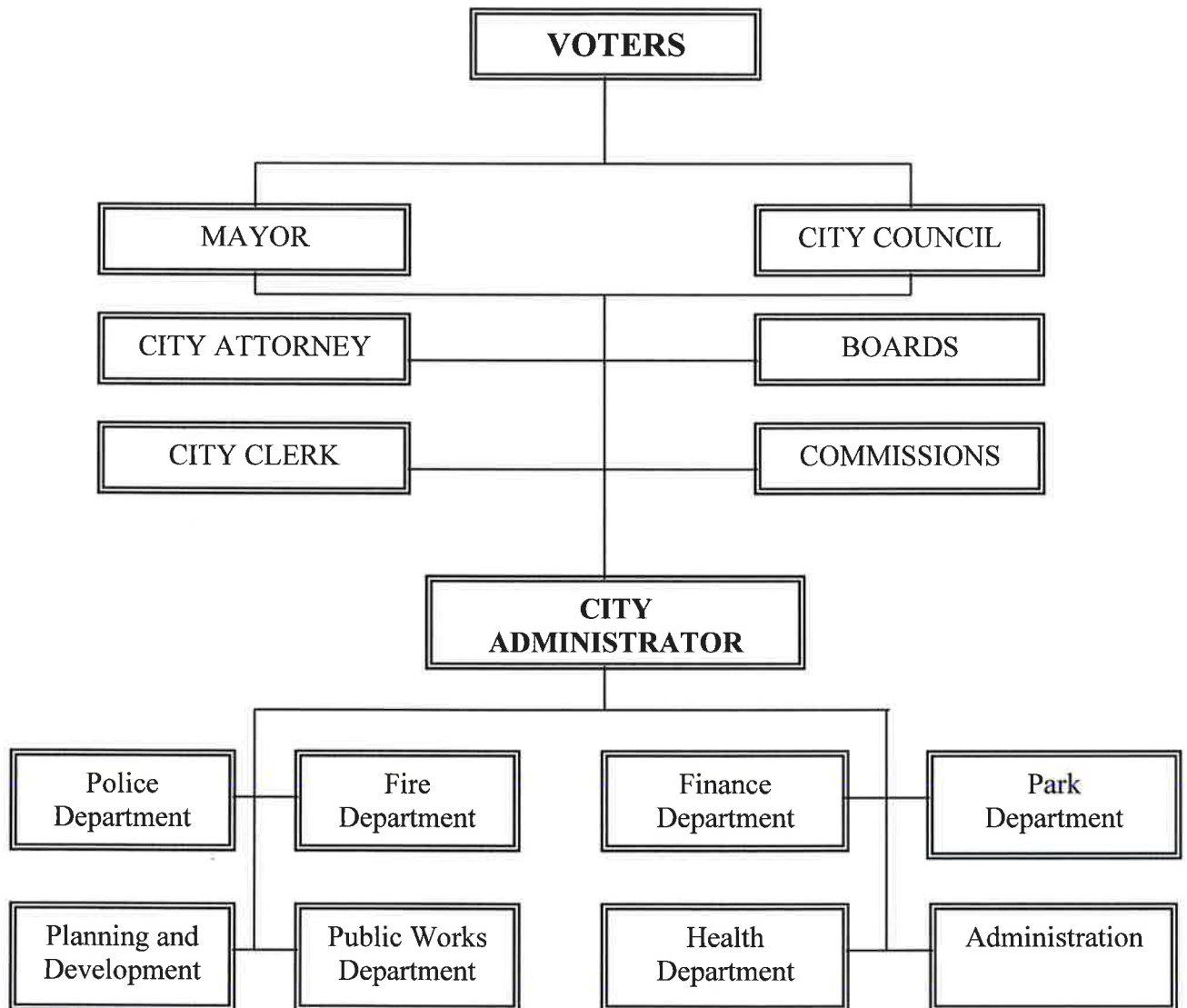
OFFICIALS (Before January 2020)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Matt Dalbey	Mayor-Protem	January, 2022
Victor Streeby	Council Member	January, 2020
Marc Roe	Council Member	January, 2020
Skip Stevens	Council Member	January, 2022
Matt Dalbey	Council Member/Mayor-Protem	January, 2022
Holly Berg	Council Member	January, 2022
Kala Mulder	Finance Director/Treasurer	Indefinite
Chris Reinhard	City Clerk	Indefinite
Tom Lazio	Interim City Administrator	Indefinite
Joni Keith	City Attorney	Indefinite

(After January 2020)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tom Lazio	Mayor	January, 2022
Bob Meyers	Council Member	January, 2024
Marc Roe	Council Member	January, 2024
Skip Stevens	Council Member	January, 2022
Matt Dalbey	Council Member	January, 2022
Holly Berg	Council Member	January, 2022
Kala Mulder	Finance Director/Treasurer	Indefinite
Chris Reinhard	City Clerk	Indefinite
Phil Rath	City Administrator	Indefinite (Feb. 2020)
Joni Keith	City Attorney	Indefinite

CITY OF OTTUMWA





December 21, 2020

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

State law requires that every City with a population over 2,000 complete a set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2020.

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

Anderson, Larkin & Co. P.C., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Ottumwa's financial statements for the year ended June 30, 2020. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the Government

The City of Ottumwa, incorporated in 1851, is located in the southeastern part of the state. It currently occupies 16 square miles and serves a population of 24,550. The City of Ottumwa is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation.

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

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

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

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

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

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

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

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

Public safety costs continue to increase and consume 84% of the net General Fund expenditures (property taxes). Expenses for public works have been increasing as well due in part to using local option sales tax to finance an expanded street repair program.

Long-term Financial Planning

The unassigned fund balance in the General Fund was 19.8% of General Fund expenditures. The City Council has adopted a formal policy on a targeted fund balance. Fiscal year end General Fund balance should be between 15% to 25% of expenditures.

Major Initiatives

The Ottumwa Sewer Separation Project continues to meet the terms of our long term consent decree. We have completed 7 phases at a total cost of over \$51 million dollars. Phase 8, Division 1 is underway, estimated to cost between \$25-40 million dollars depending on the final design and construction. The current Sewer Separation phase was bonded for at \$15 million and will last three years.

The City has participated in several CDBG grants for façade improvements and upper story apartment living. We have leveraged bond money, State CDBG grants and private contributions from our local foundation, the Ottumwa Regional Legacy Foundation.

The City embarked on a Streetscape project involving 3 downtown city blocks, we almost have substantial completion at year-end. This was a \$6 million dollar project that incorporated green features for water runoff and distribution. Again, this has been a great example of Public-Private Partnership involving multiple agencies in design and funding.

During 2020 we completed the rebuild of our main runway at the Ottumwa Industrial Airport. This runway was built by the Navy during the Second World War and other than some minor overlays, never completely rebuilt. We now have a 6000+ foot runway capable of handling most jets and larger aircraft. It is part of a long range plan to develop the airport as a hub of economic development and transportation.

Throughout the last two years, we had engaged a Des Moines firm, Confluence, to assist us with the complete re-write of our Comprehensive Plan for the City. This updated document will provide a direction and guidance as the city moves forward. Ottumwa is on the move in terms of being business/industry friendly and is ready for more growth and development. Council adopted the Comprehensive Plan in August 2020.

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ottumwa for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. This was the twenty-sixth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "K. Mulder".

Kala Mulder
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Ottumwa
Iowa**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Ottumwa, Iowa as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ottumwa, Iowa as of June 30, 2020, and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require Management's Discussion and Analysis, Budgetary Comparison Information, the Schedules of the City's Proportionate Share of the Net Pension Liability for MFPRSI and IPERS, the Schedules of City's Contributions for MFPRSI and IPERS and the Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes on pages 3 through 8 and 63 through 76 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2020 on our consideration of the City of Ottumwa, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Ottumwa, Iowa's internal control over financial reporting and compliance.

ANDERSON, LARKIN & CO., P.C.

Anderson, Larkin & Co., P.C.

Ottumwa, Iowa
December 21, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Ottumwa, Iowa, we offer readers of the City of Ottumwa's financial statements this narrative overview and analysis of the financial statements of the City of Ottumwa for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages VI to VIII of this report.

2020 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 June 30, 2020, by \$129 million (net position).
- The government's net position increased by \$1.9 million.
- At the close of the current fiscal year, the City of Ottumwa's governmental funds reported combined ending fund balances of \$19.6 million, a decrease of \$4.9 million as compared to the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3.0 million, or 19.8 percent of the total general fund expenditures.
- Total City debt increased by \$6.4 million (19.9 percent) during the current fiscal year. The City issued \$14.1 million new bonds and retired \$7.7 million of existing bonds.

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

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

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

Statement of Net Position as of June 30, 2020 and 2019:

This section discusses and analyzes the significant differences between this and the prior fiscal year. A condensed version of the Statement of Net Position as of June 30, 2020 and 2019 follows:

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

	June 30, 2020			June 30, 2019		
	Governmental Activities	Business Type Activities	Total Government	Governmental Activities	Business Type Activities	Total Government
Cash and investments	\$ 24,970.1	\$ 22,176.1	\$ 47,146.2	\$ 28,104.2	\$ 11,937.9	\$ 40,042.1
Other assets	17,286.1	3,041.0	20,327.1	18,377.4	2,920.7	21,298.1
Capital assets	<u>70,583.1</u>	<u>77,390.3</u>	<u>147,973.4</u>	<u>63,607.5</u>	<u>78,857.9</u>	<u>142,465.4</u>
Total assets	<u>112,839.3</u>	<u>102,607.4</u>	<u>215,446.7</u>	<u>110,089.1</u>	<u>93,716.5</u>	<u>203,805.6</u>
Deferred outflows of resources	<u>3,641.9</u>	<u>723.3</u>	<u>4,365.2</u>	<u>4,012.3</u>	<u>695.8</u>	<u>4,708.1</u>
Current liabilities	7,667.1	2,167.1	9,834.2	7,675.9	1,692.8	9,368.7
Noncurrent liabilities	<u>32,570.6</u>	<u>31,273.2</u>	<u>63,843.8</u>	<u>34,795.2</u>	<u>21,406.1</u>	<u>56,201.3</u>
Total liabilities	<u>40,237.7</u>	<u>33,440.3</u>	<u>73,678.0</u>	<u>42,471.1</u>	<u>23,098.9</u>	<u>65,570.0</u>
Deferred inflows of resources	<u>15,965.9</u>	<u>1,155.7</u>	<u>17,121.6</u>	<u>14,969.7</u>	<u>852.8</u>	<u>15,822.5</u>
Net position:						
Net investment in capital assets	57,619.2	66,252.2	123,871.4	45,695.1	64,464.3	110,159.4
Restricted	15,517.3	95.0	15,612.3	20,692.9	95.0	20,787.9
Unrestricted	<u>(12,858.9)</u>	<u>2,387.5</u>	<u>(10,471.4)</u>	<u>(9,727.4)</u>	<u>5,901.3</u>	<u>(3,826.1)</u>
Total net position	\$ <u>60,277.6</u>	\$ <u>68,734.7</u>	\$ <u>129,012.3</u>	\$ <u>56,660.6</u>	\$ <u>70,460.6</u>	\$ <u>127,121.2</u>

Governmental Activities

The net position for governmental activities increased approximately \$3.6 million or 6.4 percent. This increase is primarily the result of a \$12 million increase in net investment in capital assets, \$5 million decrease in restricted net position and \$3 million decrease in unrestricted net position.

Business-Type Activities

Net position decreased \$1.7 million or 2.5 percent for fiscal year 2020. This decrease is primarily the result of a \$1.8 million increase in net investment in capital assets combined with a \$3.5 million dollar decrease in unrestricted net position.

Statement of Activities for the Fiscal Years Ended June 30, 2020 and 2019:

A summary version of the Statement of Activities follows:

Changes In Net Position For Fiscal Years Ended June 30, 2020 and 2019 (In Thousands)

	June 30, 2020			June 30, 2019		
	Governmental Activities	Business Type Activities	Total Government	Governmental Activities	Business Type Activities	Total Government
Revenues:						
Charges for services	\$ 8,536.3	\$ 8,779.8	\$ 17,316.1	\$ 7,871.5	\$ 8,930.0	\$ 16,801.5
Operating grants, contributions and restricted interest	3,781.5	747.7	4,529.2	3,870.1	587.2	4,457.3
Capital grants, contributions and restricted interest	5,384.4	-	5,384.4	4,552.0	37.5	4,589.5
General revenues:						
Property taxes	14,189.0	499.4	14,688.4	13,911.0	498.9	14,409.9
Local option sales tax	3231.8	-	3,231.8	3,168.9	-	3,168.9
Other taxes	595.0	-	595.0	733.7	-	733.7
Investment income	366.8	218.0	584.8	298.5	195.1	493.6
Other	42.4	165.2	207.6	21.7	1,639.1	1,660.8
Total revenues	<u>36,127.2</u>	<u>10,410.1</u>	<u>46,537.3</u>	<u>34,427.4</u>	<u>11,887.8</u>	<u>46,315.2</u>
Expenses:						
General government	3,186.9	-	3,186.9	2,993.8	-	2,993.8
Public safety	10,872.9	-	10,872.9	10,108.4	-	10,108.4
Public services	10,819.9	-	10,819.9	10,026.9	-	10,026.9
Culture and recreation	3,745.8	-	3,745.8	3,448.4	-	3,448.4
Community development	1,266.3	-	1,266.3	2,477.9	-	2,477.9
Interest on long-term debt	686.3	-	686.3	552.3	-	552.3
Solid waste	-	3,639.4	3,639.4	-	2,192.4	2,192.4
Sewer utility	-	7,041.7	7,041.7	-	8,204.8	8,204.8
Events center	-	2,067.1	2,067.1	-	2,050.0	2,050.0
Ottumwa Transit	-	1,304.3	1,304.3	-	1,172.8	1,172.8
Golf course	-	15.6	15.6	-	26.5	26.5
Total expenses	<u>30,578.1</u>	<u>14,068.1</u>	<u>44,646.2</u>	<u>29,607.7</u>	<u>13,646.5</u>	<u>43,254.2</u>
Excess (deficiency) of revenue over (under) expenses	5,549.1	(3,658.0)	1,891.1	4,819.7	(1,758.7)	3,061.0
Transfers	(1,932.1)	1,932.1	-	(1,131.6)	1,131.6	-
Change in net position	3,617.0	(1,725.9)	1,891.1	3,688.1	(627.1)	3,061.0
Beginning net position	<u>56,660.6</u>	<u>70,460.6</u>	<u>127,121.2</u>	<u>52,972.5</u>	<u>71,087.7</u>	<u>124,060.2</u>
Ending net position	\$ <u>60,277.6</u>	\$ <u>68,734.7</u>	\$ <u>129,012.3</u>	\$ <u>56,660.6</u>	\$ <u>70,460.6</u>	\$ <u>127,121.2</u>

Governmental Activities

Charges for services make up 23.6 percent of governmental revenues. The remaining revenue comes from taxes, primarily property taxes (39.3 percent), operating grants, contributions and restricted interest (10.5 percent) and capital grants and contributions (14.9 percent).

Business Type Activities

Charges for services is the primary revenue source for business type activities (84.3 percent). Other revenue makes up 15.7 percent of the remaining revenues.

Fund Financial Statements

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

Governmental Funds

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

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

The City of Ottumwa maintains 28 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, State Road Use Tax, Local Option Sales Tax, Employee Benefits, Downtown Streetscape, Street Projects and Debt Service Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements found elsewhere in the report. The basic governmental fund financial statements can be found on pages 12 through 17 of this report.

Significant changes in fund balances are summarized below:

General Fund – Decreased \$857,702 primarily due to an increase in public safety expenditures.

State Road Use Tax – Increased \$692,557 primarily due to a decrease in public works expenditures.

Local Option Sales Tax – Increased \$534,945 due to an increase in revenues.

Employee Benefits – No significant changes.

Street Projects – Decreased \$1,178,731 as the result of an increase in capital projects expenditures.

Downtown Streetscape – Decreased \$2,056,577 as the result of an increase in capital projects expenditures.

Debt Service – Decreased \$585,991 due to a decrease in revenues and increase in expenditures.

Proprietary Funds

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

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

Significant changes in net position are summarized below:

Solid Waste – Decreased \$1,208,608 primarily due to an increase in expenditures.

Sewer Utility – No significant changes.

Events Center – Decreased \$456,040 primarily due to a decrease in revenues and an increase in expenditures.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the amounts provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 62 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including Management Discussion, 4C and Analysis budget to actual comparisons for all budgetary funds, schedules of the City's proportionate share of MFPRSI and IPERS net pension liability, schedules of the City's MFPRSI and IPERS contributions, and a schedule of changes in the City's total OPEB liability, related ratio and notes. This required supplementary information can be found on pages 63 through 76 of this report.

The combining statements referred to earlier in connection with non-major special revenue, capital projects, and permanent funds (governmental), non-major enterprise funds, and internal service funds are presented immediately following the required supplementary information discussed above. Combining and individual fund statements and schedules can be found on pages 77 through 94 of this report. Additionally, the Schedule of Expenditures of Federal Awards can be found on pages 95-96 of this report.

Budgetary Highlights

The City had one budget amendment during the fiscal year. The following summarizes the impact of the amendments on the City's finances. Total budgeted revenues and other sources increased \$13,553,039. Other City Tax decreased \$110,000, Licenses and Permits decreased \$48,880, Intergovernmental increased \$694,978, Use of Money and Property decreased \$52,613, Charges for Service decreased \$441,000, Miscellaneous increased \$1,099,895, Other Financing Sources increased \$9,960,000, and Transfers increased \$2,450,659. Total budgeted expenditures and transfers out increased \$4,709,324. Public Safety increased \$176,039, Public Works decreased \$14,815. Culture and Recreation increased \$53,375. Community and Economic Development increased \$227,199. General Government increased \$3,520. Capital Projects increased \$1,626,648. Debt Service increased \$138,256. Business Type Activities increased \$48,442 and transfers out increased \$2,450,659.

The City's receipts were \$724,780 more than budgeted receipts, a variance of 1.4 percent. The most significant variance resulted from the City receiving more in intergovernmental revenue than originally anticipated. The City also received more other city taxes.

Total disbursements were \$1,923,711 less than budgeted. Actual disbursements for capital projects and public works were \$1,844,573 and \$512,006 less than budgeted, respectively. This is primarily due to the timing of various capital projects and other related expenditures.

Even with the amendments listed above, the City exceeded the budgeted amount in the public safety, culture and recreation, and business-type activities functions for the year-ended June 30, 2020.

Capital Assets and Debt Administration

Capital Assets

As of June 30, 2020, the City had invested \$147,973.4 million in capital assets as reflected in the following table. This investment includes land, buildings, improvements, machinery and equipment. Infrastructure is also included. Additional information on the City of Ottumwa's capital assets can be found in the notes on pages 34 through 38 of this report.

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

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Totals</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 3,542.8	\$ 3,542.8	\$ 2,126.2	\$ 2,126.2	\$ 5,669.0	\$ 5,669.0
Buildings	2,391.2	2,630.5	20,639.3	21,517.9	23,030.5	24,148.4
Improvements other than buildings	4,107.8	4,069.7	4,649.7	5,186.7	8,757.5	9,256.4
Machinery and equipment	2,276.3	2,415.8	2,617.8	2,388.4	4,894.1	4,804.2
Infrastructure	42,032.5	41,943.0	45,130.1	47,162.7	87,162.6	89,105.7
Intangibles	-	-	60.2	54.5	60.2	60.2
Construction in progress	<u>16,232.5</u>	<u>9,005.7</u>	<u>2,167.0</u>	<u>415.8</u>	<u>18,399.5</u>	<u>9,421.5</u>
Total	\$ <u>70,583.1</u>	\$ <u>63,607.5</u>	\$ <u>77,390.3</u>	\$ <u>78,857.9</u>	\$ <u>147,973.4</u>	\$ <u>142,465.4</u>

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

Change in Capital Assets (In Thousand's)			
	Governmental Activities	Business Type Activities	Total
Beginning Balance	\$ 63,607.5	\$ 78,857.9	\$ 142,465.4
Additions, net of disposals	11,995.4	3,861.0	15,856.4
Depreciation, net of disposals	<u>(5,019.8)</u>	<u>(5,328.6)</u>	<u>(10,348.4)</u>
Ending balance	\$ <u>70,583.1</u>	\$ <u>77,390.3</u>	\$ <u>147,973.4</u>

Debt Administration

The amount of debt outstanding at fiscal year-end was \$38.7 million as compared to \$32.3 million last fiscal year. New debt issued during the year amounted to \$14.1 million, while a total of \$7.7 million was retired. Of the total debt outstanding, \$29 million is backed by the full faith and credit of the City. The remaining \$9.7 million is backed by sewer revenue.

Outstanding Debt at Year End (In Thousand's)			
	Total		
	2020	2019	
Governmental			
General obligation			
Abated by:			
Property taxes	\$ 14,904.7	\$ 14,525.0	
Tax increment	-	3,387.5	
Subtotals	<u>14,904.7</u>	<u>17,912.5</u>	
Business type			
General obligation			
Abated by:			
Landfill	1,225.0	1,360.0	
Sewer utility/Sales tax	12,895.3	2,892.5	
Sewer revenue	<u>9,723.0</u>	<u>10,141.0</u>	
Subtotals	<u>23,843.3</u>	<u>14,393.5</u>	
Totals	\$ <u>38,748.0</u>	\$ <u>32,306.0</u>	

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

For more detailed information on the City's debt and amortization terms, please refer to pages 39 through 43 of the Notes to Financial Statements.

Economic Factors

Taxable sales increased 5.2 percent during fiscal year 2020.

During the current fiscal year, the unassigned fund balance in the general fund decreased to \$2,986,043, a decrease of \$857,160 from last year.

Next Year's Budget and Rates

Taxable values increased by .05 percent which increased the general fund revenue by \$2,662. This increase will be supplemented with a backfill of taxes from the State of Iowa. The estimated backfill totals \$182,048 leaving a net increase of \$5,994.

Financial Information Contact

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

BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

JUNE 30, 2020

	Primary Government			Component	Total
	Governmental	Business	Total	Unit	Reporting
	Activities	Type	Primary	Hazardous	Unit
		Activities	Government	Materials	
ASSETS:					
Current assets:					
Cash, cash equivalents and pooled investments	\$ 24,970,082	\$ 22,176,143	\$ 47,146,225	\$ 114,385	\$ 47,260,610
Receivables:					
Property taxes:					
Delinquent	201,602	7,463	209,065	-	209,065
Succeeding year	13,281,266	540,155	13,821,421	-	13,821,421
Tax increment financing					
Delinquent	5,958	-	5,958	-	5,958
Succeeding year	412,670	-	412,670	-	412,670
Accounts	365,321	357,772	723,093	-	723,093
Due from other governments	2,710,452	1,274,432	3,984,884	3,231	3,988,115
Inventory	27,753	-	27,753	-	27,753
Prepaid expenses	256,040	215,594	471,634	5,473	477,107
Total current assets	42,231,144	24,571,559	66,802,703	123,089	66,925,792
Noncurrent assets:					
Due from other governments	-	651,397	651,397	-	651,397
Deposit	25,000	-	25,000	-	25,000
Capital assets:					
Land	3,542,781	2,126,177	5,668,958	-	5,668,958
Buildings	13,793,425	47,553,646	61,347,071	204,082	61,551,153
Improvements other than buildings	7,230,239	13,859,078	21,089,317	-	21,089,317
Machinery and equipment	13,655,648	14,225,609	27,881,257	299,983	28,181,240
Infrastructure	106,339,439	64,514,870	170,854,309	-	170,854,309
Construction in progress	16,232,491	2,166,953	18,399,444	-	18,399,444
Less accumulated depreciation	(90,210,940)	(67,116,310)	(157,327,250)	(395,531)	(157,722,781)
Intangible assets	-	513,785	513,785	-	513,785
Less accumulated amortization	-	(459,260)	(459,260)	-	(459,260)
Total noncurrent assets	70,608,083	78,035,945	148,644,028	108,534	148,752,562
TOTAL ASSETS	112,839,227	102,607,504	215,446,731	231,623	215,678,354
DEFERRED OUTFLOWS OF RESOURCES:					
Pension related deferred outflows	2,660,035	429,950	3,089,985	-	3,089,985
OPEB related deferred outflows	981,921	293,301	1,275,222	-	1,275,222
TOTAL DEFERRED OUTFLOWS OF RESOURCES	3,641,956	723,251	4,365,207	-	4,365,207
LIABILITIES:					
Current liabilities:					
Accounts payable	3,144,032	439,152	3,583,184	624	3,583,808
Wages and benefits payable	290,200	70,400	360,600	-	360,600
Due to other governments	720,153	-	720,153	-	720,153
Accrued interest payable	34,294	39,263	73,557	-	73,557
Unearned revenue	167,886	-	167,886	-	167,886
General obligation bonds/notes	2,528,256	1,056,744	3,585,000	-	3,585,000
Revenue notes	-	428,000	428,000	-	428,000
Compensated absences	782,217	133,580	915,797	-	915,797
Total current liabilities	7,667,038	2,167,139	9,834,177	624	9,834,801
Long-term liabilities:					
General obligation bonds/notes	12,376,453	13,063,547	25,440,000	-	25,440,000
Revenue notes	-	9,295,000	9,295,000	-	9,295,000
Compensated absences	117,003	-	117,003	-	117,003
Accrued landfill costs:					
Closure	-	2,802,933	2,802,933	-	2,802,933
Post closure	-	2,095,906	2,095,906	-	2,095,906
Net pension liability	12,664,725	1,801,750	14,466,475	-	14,466,475
Total OPEB liability	7,412,385	2,214,090	9,626,475	-	9,626,475
Total long-term liabilities	32,570,566	31,273,226	63,843,792	-	63,843,792
TOTAL LIABILITIES	40,237,604	33,440,365	73,677,969	624	73,678,593
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues:					
Pension related deferred inflows	1,277,557	318,474	1,596,031	-	1,596,031
OPEB related deferred inflows	994,453	297,056	1,291,509	-	1,291,509
Succeeding year property tax	13,281,266	540,155	13,821,421	-	13,821,421
Succeeding year tax increment financing	412,670	-	412,670	-	412,670
TOTAL DEFERRED INFLOWS OF RESOURCES	15,965,946	1,155,685	17,121,631	-	17,121,631
NET POSITION:					
Net investment in capital assets	57,619,212	66,252,216	123,871,428	108,534	123,979,962
Restricted for:					
Nonexpendable:					
Endowments	111,590	-	111,590	-	111,590
Perpetual care	731,755	-	731,755	-	731,755
Expendable:					
Endowments	25,894	-	25,894	-	25,894
State road use tax	6,343,156	-	6,343,156	-	6,343,156
Local option sales tax	3,436,628	-	3,436,628	-	3,436,628
Employee benefits	376,610	-	376,610	-	376,610
Street projects	(69,790)	-	(69,790)	-	(69,790)
Debt service	694,237	95,000	789,237	-	789,237
Downtown streetscape	1,030,824	-	1,030,824	-	1,030,824
Other purposes	2,836,370	-	2,836,370	-	2,836,370
Unrestricted	(12,858,853)	2,387,489	(10,471,364)	122,465	(10,348,899)
TOTAL NET POSITION	\$ 60,277,633	\$ 68,734,705	\$ 129,012,338	\$ 230,999	\$ 129,243,337

CITY OF OTTUMWA, IOWA

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges For Service</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
Primary government:				
Governmental activities:				
General government	\$ 3,186,860	\$ 1,731,563	\$ 34,797	\$ -
Public safety	10,872,877	862,000	328,284	-
Public services	10,819,925	4,215,666	3,354,572	4,331,998
Culture and recreation	3,745,814	839,313	34,973	-
Community development	1,266,277	887,741	28,849	1,052,440
Interest on long-term debt	686,259	-	-	-
Total governmental activities	<u>30,578,012</u>	<u>8,536,283</u>	<u>3,781,475</u>	<u>5,384,438</u>
Business-type activities:				
Solid waste	3,639,436	2,014,579	27,806	-
Sewer utility	7,041,704	5,580,983	-	-
Events center	2,067,147	1,106,033	-	-
Other business-type activities	1,319,856	78,250	615,194	104,703
Total business-type activities	<u>14,068,143</u>	<u>8,779,845</u>	<u>643,000</u>	<u>104,703</u>
Total primary government	\$ <u>44,646,155</u>	\$ <u>17,316,128</u>	\$ <u>4,424,475</u>	\$ <u>5,489,141</u>
Component unit:				
Hazardous materials	\$ <u>243,262</u>	\$ <u>33,301</u>	\$ <u>197,178</u>	\$ <u>-</u>
General revenues:				
Taxes:				
Property taxes				
Local option sales taxes				
Other taxes				
Unrestricted investment income				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - Beginning of year				
Net position - End of year				

See Accompanying Notes to Financial Statements

Primary Government			Component Unit	Total
Governmental Activities	Business-type Activities	Total	Hazardous Materials	Reporting Unit
\$ (1,420,500)	\$ -	\$ (1,420,500)	\$ -	\$ (1,420,500)
(9,682,593)	-	(9,682,593)	-	(9,682,593)
1,082,311	-	1,082,311	-	1,082,311
(2,871,528)	-	(2,871,528)	-	(2,871,528)
702,753	-	702,753	-	702,753
(686,259)	-	(686,259)	-	(686,259)
<u>(12,875,816)</u>	<u>-</u>	<u>(12,875,816)</u>	<u>-</u>	<u>(12,875,816)</u>
-	(1,597,051)	(1,597,051)	-	(1,597,051)
-	(1,460,721)	(1,460,721)	-	(1,460,721)
-	(961,114)	(961,114)	-	(961,114)
<u>-</u>	<u>(521,709)</u>	<u>(521,709)</u>	<u>-</u>	<u>(521,709)</u>
<u>-</u>	<u>(4,540,595)</u>	<u>(4,540,595)</u>	<u>-</u>	<u>(4,540,595)</u>
<u>(12,875,816)</u>	<u>(4,540,595)</u>	<u>(17,416,411)</u>	<u>-</u>	<u>(17,416,411)</u>
-	-	-	(12,783)	(12,783)
14,188,998	499,395	14,688,393	-	14,688,393
3,231,782	-	3,231,782	-	3,231,782
594,947	-	594,947	-	594,947
366,793	218,011	584,804	2,078	586,882
42,393	165,154	207,547	-	207,547
<u>(1,932,100)</u>	<u>1,932,100</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>16,492,813</u>	<u>2,814,660</u>	<u>19,307,473</u>	<u>2,078</u>	<u>19,309,551</u>
3,616,997	(1,725,935)	1,891,062	(10,705)	1,880,357
<u>56,660,636</u>	<u>70,460,640</u>	<u>127,121,276</u>	<u>241,704</u>	<u>127,362,980</u>
\$ <u>60,277,633</u>	\$ <u>68,734,705</u>	\$ <u>129,012,338</u>	\$ <u>230,999</u>	\$ <u>129,243,337</u>

CITY OF OTTUMWA, IOWA

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

ASSETS	General	Special Revenue		
		State Road Use Tax	Local Option Sales Tax	Employee Benefits
Cash, cash equivalents and pooled investments	\$ 2,988,149	\$ 5,675,565	\$ 3,165,821	\$ 290,876
Receivables:				
Property taxes:				
Delinquent	72,200	-	-	85,734
Succeeding year	4,633,666	-	-	5,561,485
Tax increment financing:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	86,746	10,635	-	-
Due from other governments	274,366	685,491	270,807	-
Due from other funds	111,166	80,000	-	-
Inventory	3,570	24,183	-	-
Prepays	7,341	-	-	-
Deposit	-	-	-	-
TOTAL ASSETS	\$ 8,177,204	\$ 6,475,874	\$ 3,436,628	\$ 5,938,095
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ 306,965	\$ 97,118	\$ -	\$ -
Wages and benefits payable	230,300	35,600	-	-
Unearned revenue	16,660	-	-	-
Due to other funds	-	-	-	-
TOTAL LIABILITIES	553,925	132,718	-	-
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Unavailable revenues:				
Succeeding year property tax	4,633,666	-	-	5,561,485
Succeeding year tax increment financing	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	4,633,666	-	-	5,561,485
<u>FUND BALANCES:</u>				
Nonspendable	3,570	24,183	-	-
Restricted	-	6,318,973	3,436,628	376,610
Unassigned	2,986,043	-	-	-
TOTAL FUND BALANCES	2,989,613	6,343,156	3,436,628	376,610
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 8,177,204	\$ 6,475,874	\$ 3,436,628	\$ 5,938,095

See Accompanying Notes to Financial Statements

Capital Projects		Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Street Projects	Downtown Streetscape			
\$ 50,385	\$ 1,134,542	\$ 515,507	\$ 4,831,651	\$ 18,652,496
-	-	28,730	14,938	201,602
-	-	2,100,513	985,602	13,281,266
-	-	-	5,958	5,958
-	-	-	412,670	412,670
-	19,292	-	248,648	365,321
192,829	467,857	150,000	669,102	2,710,452
-	-	-	41,200	232,366
-	-	-	-	27,753
-	-	-	248,699	256,040
-	-	-	25,000	25,000
\$ 243,214	\$ 1,621,691	\$ 2,794,750	\$ 7,483,468	\$ 36,170,924
\$ 313,004	\$ 590,867	\$ -	\$ 858,097	\$ 2,166,051
-	-	-	24,300	290,200
-	-	-	151,226	167,886
-	-	-	232,366	232,366
313,004	590,867	-	1,265,989	2,856,503
-	-	2,100,513	985,602	13,281,266
-	-	-	412,670	412,670
-	-	2,100,513	1,398,272	13,693,936
-	-	-	1,091,970	1,119,723
(69,790)	1,030,824	694,237	3,727,237	15,514,719
-	-	-	-	2,986,043
(69,790)	1,030,824	694,237	4,819,207	19,620,485
\$ 243,214	\$ 1,621,691	\$ 2,794,750	\$ 7,483,468	\$ 36,170,924

CITY OF OTTUMWA, IOWA

Exhibit 4

RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total governmental fund balances \$ 19,620,485

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. The cost of capital assets is \$160,794,023 and the accumulated depreciation is \$90,210,940.

70,583,083

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

5,339,605

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

(34,294)

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

(720,153)

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

Deferred outflows of resources

\$ 3,641,956

Deferred inflows of resources

(2,272,010)

1,369,946

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

(35,881,039)

Net position of governmental activities \$ 60,277,633

CITY OF OTTUMWA, IOWA

STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	<u>General</u>	<u>State Road</u> <u>Use Tax</u>	<u>Special</u> <u>Revenue</u> <u>Local Option</u> <u>Sales Tax</u>	<u>Employee</u> <u>Benefits</u>
REVENUES:				
Property tax	\$ 4,744,383	\$ -	\$ -	\$ 5,737,286
Other city tax	594,947	-	3,231,782	-
Licenses and permits	359,755	-	-	-
Intergovernmental	363,081	3,285,572	-	-
Use of money and property	323,480	-	-	2,196
Charges for service	3,583,283	635,687	-	-
Other fines	192,439	-	-	-
Miscellaneous	43,179	948	-	-
Total revenues	<u>10,204,547</u>	<u>3,922,207</u>	<u>3,231,782</u>	<u>5,739,482</u>
EXPENDITURES:				
Operating:				
Public safety	9,305,484	-	-	-
Public works	2,246,139	4,067,291	-	-
Health and social services	558,186	-	-	-
Culture and recreation	1,169,533	-	-	-
Community and economic development	432,269	-	-	-
General government	1,353,208	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Total expenditures	<u>15,064,819</u>	<u>4,067,291</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,860,272)</u>	<u>(145,084)</u>	<u>3,231,782</u>	<u>5,739,482</u>
Other financing sources (uses):				
Issuance of debt	-	-	-	-
Proceeds from sale	-	1,140	-	-
Transfers in	4,490,500	1,133,201	-	-
Transfers out	(487,930)	(296,700)	(2,696,837)	(5,661,828)
Total other financing sources (uses)	<u>4,002,570</u>	<u>837,641</u>	<u>(2,696,837)</u>	<u>(5,661,828)</u>
Net change in fund balances	(857,702)	692,557	534,945	77,654
Fund balances - Beginning of year	<u>3,847,315</u>	<u>5,650,599</u>	<u>2,901,683</u>	<u>298,956</u>
Fund balances - End of year	\$ <u>2,989,613</u>	\$ <u>6,343,156</u>	\$ <u>3,436,628</u>	\$ <u>376,610</u>

See Accompanying Notes to Financial Statements

Exhibit 5

Capital Projects		Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Street Projects	Downtown Streetscape			
\$ -	\$ -	\$ 1,933,150	\$ 1,774,179	\$ 14,188,998
-	-	-	-	3,826,729
-	-	-	-	359,755
101,194	507,757	-	4,363,626	8,621,230
26,837	-	-	552,173	904,686
-	-	-	420,250	4,639,220
-	-	-	-	192,439
739,203	1,116,288	-	892,294	2,791,912
867,234	1,624,045	1,933,150	8,002,522	35,524,969
-	-	-	310,711	9,616,195
-	-	-	862,695	7,176,125
-	-	-	130,508	688,694
-	-	-	1,384,686	2,554,219
-	-	-	325,746	758,015
-	-	-	1,501,396	2,854,604
2,045,965	3,680,622	-	5,398,560	11,125,147
-	-	5,063,759	-	5,063,759
2,045,965	3,680,622	5,063,759	9,914,302	39,836,758
(1,178,731)	(2,056,577)	(3,130,609)	(1,911,780)	(4,311,789)
-	-	-	1,369,709	1,369,709
-	-	-	-	1,140
-	-	2,544,618	1,447,182	9,615,501
-	-	-	(2,471,844)	(11,615,139)
-	-	2,544,618	345,047	(628,789)
(1,178,731)	(2,056,577)	(585,991)	(1,566,733)	(4,940,578)
1,108,941	3,087,401	1,280,228	6,385,940	24,561,063
\$ (69,790)	\$ 1,030,824	\$ 694,237	\$ 4,819,207	\$ 19,620,485

CITY OF OTTUMWA, IOWA

Exhibit 6

RECONCILIATION OF THE STATEMENT OF REVENUES
EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Change in fund balances - Total governmental funds \$ (4,940,578)

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

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

Expenditures for capital assets	5,069,957
Loss on disposal of capital assets	(4)
Depreciation expense	(5,321,088)

Expenses in the statement of revenues, expenditures and changes in fund balances shown as construction in progress in the statement of activities. 7,226,702

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

Issued	(1,369,709)
Repaid	4,377,500

The current year City MFPRSI and IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position. 1,569,916

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

Compensated absences	(78,480)
OPEB expense	94,059
Pension expense	(3,546,617)
Interest on long-term debt	39,593

Internal service funds are used by management to charge the costs of certain activities, such as health insurance, equipment purchasing and payroll services, to individual funds. The change in net position of the Internal Service Funds is reported with governmental activities net of the amount allocated to business-type activities and the component unit. 495,746

Change in net position of governmental activities \$ 3,616,997

See Accompanying Notes to Financial Statements

CITY OF OTTUMWA, IOWA

Exhibit 7

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	Business-Type Activities					Governmental Activities
	Solid Waste	Sewer Utility	Events Center	Nonmajor Proprietary Funds	Total Proprietary Funds	Internal Service Funds
ASSETS:						
Current assets:						
Cash, cash equivalents and pooled investments	\$ 2,801,376	\$ 18,440,019	\$ 164,013	\$ 770,735	\$ 22,176,143	\$ 6,317,586
Receivables:						
Accounts	351,296	6,476	-	-	357,772	-
Property taxes:						
Delinquent	-	-	-	7,463	7,463	-
Succeeding year	-	-	82,865	457,290	540,155	-
Due from other governments	588	444,431	-	112,839	557,858	-
Prepaid expenses	18,558	58,728	107,161	31,147	215,594	-
Total current assets	3,171,818	18,949,654	354,039	1,379,474	23,854,985	6,317,586
Noncurrent assets:						
Due from other governments	-	651,397	-	-	651,397	-
Capital assets:						
Land	207,500	194,029	1,644,648	80,000	2,126,177	-
Buildings	1,195,103	23,887,701	21,000,269	1,470,573	47,553,646	-
Improvements other than buildings	6,090,207	6,631,814	243,495	893,562	13,859,078	-
Machinery and equipment	4,355,073	5,016,937	916,376	3,937,223	14,225,609	-
Infrastructure	-	64,212,870	302,000	-	64,514,870	-
Construction in progress	1,045,032	1,121,921	-	-	2,166,953	-
Less accumulated depreciation	(8,269,240)	(46,370,678)	(7,275,918)	(5,200,474)	(67,116,310)	-
Total capital assets	4,623,675	54,694,594	16,830,870	1,180,884	77,330,023	-
Other assets:						
Intangible assets	-	113,785	400,000	-	513,785	-
Less accumulated amortization	-	(59,260)	(400,000)	-	(459,260)	-
Total other assets	-	54,525	-	-	54,525	-
Total noncurrent assets	4,623,675	55,400,516	16,830,870	1,180,884	78,035,945	-
TOTAL ASSETS	7,795,493	74,350,170	17,184,909	2,560,358	101,890,930	6,317,586
DEFERRED OUTFLOWS OF RESOURCES:						
Pension related deferred outflows	86,823	233,160	-	109,967	429,950	-
OPEB related deferred outflows	62,180	180,380	-	50,741	293,301	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	149,003	413,540	-	160,708	723,251	-
LIABILITIES:						
Current liabilities:						
Accounts payable	121,270	289,989	21,649	6,244	439,152	977,981
Wages and benefits payable	15,000	37,700	-	17,700	70,400	-
Accrued interest payable	-	39,263	-	-	39,263	-
Compensated absences payable	42,766	73,962	-	16,852	133,580	-
Current portion of GO bonds/notes payable	135,000	921,744	-	-	1,056,744	-
Current portion of revenue notes payable	-	428,000	-	-	428,000	-
Total current liabilities	314,036	1,790,658	21,649	40,796	2,167,139	977,981
Long-term liabilities:						
Accrued landfill costs:						
Closure	2,802,933	-	-	-	2,802,933	-
Post closure	2,095,906	-	-	-	2,095,906	-
Net pension liability	363,840	977,081	-	460,829	1,801,750	-
Total OPEB liability	469,387	1,361,665	-	383,038	2,214,090	-
GO Bonds/Notes payable:						
Long-term	1,090,000	11,973,547	-	-	13,063,547	-
Revenue notes payable:						
Long-term	-	9,295,000	-	-	9,295,000	-
Total long-term liabilities	6,822,066	23,607,293	-	843,867	31,273,226	-
TOTAL LIABILITIES	7,136,102	25,397,951	21,649	884,663	33,440,365	977,981
DEFERRED INFLOWS OF RESOURCES:						
Unavailable revenues:						
Pension related deferred inflows	64,312	172,707	-	81,455	318,474	-
OPEB related deferred inflows	62,976	182,690	-	51,390	297,056	-
Succeeding year property tax	-	-	82,865	457,290	540,155	-
TOTAL DEFERRED INFLOWS OF RESOURCES	127,288	355,397	82,865	590,135	1,155,685	-
NET POSITION:						
Net investment in capital assets	3,536,446	44,704,016	16,830,870	1,180,884	66,252,216	-
Restricted for:						
Health insurance	-	-	-	-	-	3,869,858
Debt service	-	95,000	-	-	95,000	-
Unrestricted	(2,855,340)	4,211,346	249,525	65,384	1,670,915	1,469,747
TOTAL NET POSITION	\$ 681,106	\$ 49,010,362	\$ 17,080,395	\$ 1,246,268	\$ 68,018,131	\$ 5,339,605

See Accompanying Notes to Financial Statements

CITY OF OTTUMWA, IOWA

Exhibit 8

RECONCILIATION OF THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Ending fund balance - Proprietary funds	\$ 68,018,131
---	---------------

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

Allocation of internal service funds accumulated income increases due from other governments	<u>716,574</u>
--	----------------

Net position of business-type activities	\$ <u>68,734,705</u>
--	----------------------

CITY OF OTTUMWA, IOWA

Exhibit 9

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020**

	Business-Type Activities					Governmental Activities
	Solid Waste	Sewer Utility	Events Center	Nonmajor Proprietary Funds	Total	Internal Service Funds
Operating revenues:						
Charges for service	\$ 2,014,579	\$ 5,580,983	\$ 1,106,033	\$ 78,250	\$ 8,779,845	\$ 5,060,855
Miscellaneous	32,143	161,601	157,402	16,249	367,395	-
Total operating revenues	<u>2,046,722</u>	<u>5,742,584</u>	<u>1,263,435</u>	<u>94,499</u>	<u>9,147,240</u>	<u>5,060,855</u>
Operating expenses:						
Operations	3,089,046	2,600,588	1,608,140	1,197,133	8,494,907	4,576,923
Depreciation/amortization	535,263	4,310,859	459,007	143,461	5,448,590	-
Total operating expenses	<u>3,624,309</u>	<u>6,911,447</u>	<u>2,067,147</u>	<u>1,340,594</u>	<u>13,943,497</u>	<u>4,576,923</u>
Operating income (loss)	(1,577,587)	(1,168,863)	(803,712)	(1,246,095)	(4,796,257)	483,932
Nonoperating revenue:						
Interest income	62,564	155,447	-	-	218,011	69,468
Interest on long-term debt	(47,900)	(402,568)	-	-	(450,468)	-
Property taxes	-	-	-	499,395	499,395	-
Intergovernmental	27,806	-	-	720,414	748,220	-
Total nonoperating revenue	<u>42,470</u>	<u>(247,121)</u>	<u>-</u>	<u>1,219,809</u>	<u>1,015,158</u>	<u>69,468</u>
Income (loss) before transfers	(1,535,117)	(1,415,984)	(803,712)	(26,286)	(3,781,099)	553,400
Transfers in	326,509	1,257,919	484,064	-	2,068,492	415,900
Transfers out	-	-	(136,392)	-	(136,392)	(348,362)
Change in net position	(1,208,608)	(158,065)	(456,040)	(26,286)	(1,848,999)	620,938
Net position - Beginning of year	<u>1,889,714</u>	<u>49,168,427</u>	<u>17,536,435</u>	<u>1,272,554</u>	<u>69,867,130</u>	<u>4,718,667</u>
Net position - End of year	\$ <u>681,106</u>	\$ <u>49,010,362</u>	\$ <u>17,080,395</u>	\$ <u>1,246,268</u>	\$ <u>68,018,131</u>	\$ <u>5,339,605</u>

CITY OF OTTUMWA, IOWA

Exhibit 10

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

Change in net position - Total proprietary funds \$ (1,848,999)

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

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

123,064

Change in net position of business-type activities \$ (1,725,935)

CITY OF OTTUMWA, IOWA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

Solid
Waste

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from operations	\$ 1,984,723
Cash paid to employees	(757,617)
Cash paid to suppliers	(1,251,606)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(24,500)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Property taxes	-
Intergovernmental	27,806
Transfers from other funds	326,509
Transfers to other funds	-
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>354,315</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:

Payment of long-term debt:	
General obligation bonds/notes	(135,000)
Notes payable	-
Payment of interest on long-term debt	(47,900)
Bond proceeds	-
Acquisition of capital assets	(1,681,305)
Capital contributions and grants	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,864,205)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest income received	<u>62,564</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS	(1,471,826)

CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - Beginning of year

4,273,202

CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - End of year

\$ 2,801,376

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

Operating income (loss)	\$ (1,577,587)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization expense	535,263
Changes in assets and liabilities:	
Decrease (increase) in receivables	(61,605)
Increase in prepaid expenses	(1,308)
Decrease (increase) in due from other governments	(494)
Increase (decrease) in accounts payable	59,584
Increase in wages and benefits payable	4,400
Decrease in compensated absences payable	(2,046)
Decrease in net pension liability	(17,827)
Increase (decrease) in deferred outflows of resources	(8,438)
Increase in deferred inflows of resources	71,912
Decrease in other post employment benefits	(24,230)
Increase in accrued landfill costs	997,876
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u>(24,500)</u>

Sewer Utility	Events Center	Nonmajor Proprietary Funds	Total Enterprise Funds	Internal Service Funds
\$ 5,086,719	\$ 1,264,435	\$ 94,499	\$ 8,430,376	\$ 5,245,016
(1,145,873)	-	(896,872)	(2,800,362)	-
<u>(649,661)</u>	<u>(1,602,351)</u>	<u>(323,083)</u>	<u>(3,826,701)</u>	<u>(4,576,910)</u>
<u>3,291,185</u>	<u>(337,916)</u>	<u>(1,125,456)</u>	<u>1,803,313</u>	<u>668,106</u>
-	-	502,432	502,432	-
-	(517)	759,615	786,904	-
1,257,919	484,064	-	2,068,492	415,900
-	<u>(136,392)</u>	-	<u>(136,392)</u>	<u>(348,362)</u>
<u>1,257,919</u>	<u>347,155</u>	<u>1,262,047</u>	<u>3,221,436</u>	<u>67,538</u>
(2,742,500)	-	-	(2,877,500)	-
(418,000)	-	-	(418,000)	-
(391,223)	-	-	(439,123)	-
12,745,291	-	-	12,745,291	-
(2,039,568)	(123,500)	(130,879)	(3,975,252)	-
<u>(39,891)</u>	-	-	<u>(39,891)</u>	-
<u>7,114,109</u>	<u>(123,500)</u>	<u>(130,879)</u>	<u>4,995,525</u>	-
155,447	-	-	218,011	69,468
11,818,660	(114,261)	5,712	10,238,285	805,112
<u>6,621,359</u>	<u>278,274</u>	<u>765,023</u>	<u>11,937,858</u>	<u>5,512,474</u>
\$ <u>-18,440,019</u>	\$ <u>164,013</u>	\$ <u>770,735</u>	\$ <u>22,176,143</u>	\$ <u>6,317,586</u>
\$ (1,168,863)	\$ (803,712)	\$ (1,246,095)	\$ (4,796,257)	\$ 483,932
4,310,859	459,007	143,461	5,448,590	-
(4,465)	1,517	39,632	(24,921)	-
(4,749)	(16,377)	(4,239)	(26,673)	-
47,161	-	-	46,667	-
76,279	21,649	(43,857)	113,655	184,174
10,300	-	4,300	19,000	-
(4,356)	-	(9,998)	(16,400)	-
(80,617)	-	(21,011)	(119,455)	-
(19,164)	-	112	(27,490)	-
199,090	-	32,011	303,013	-
(70,290)	-	(19,772)	(114,292)	-
-	-	-	997,876	-
\$ <u>3,291,185</u>	\$ <u>(337,916)</u>	\$ <u>(1,125,456)</u>	\$ <u>1,803,313</u>	\$ <u>668,106</u>

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

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

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

Basis of Presentation

Government-wide Financial Statements

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

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Government-wide Financial Statements (Continued)

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

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

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

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

Special Revenue:

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

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

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

Capital Projects:

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

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

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

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

The City reports the following major proprietary funds:

Enterprise:

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types

General Fund

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

Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Types (Continued)

Capital Projects Funds

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

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

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

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

Airport Projects – to account for airport improvements.

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

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

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

Debt Service Fund

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

Permanent Funds

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

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

Proprietary Fund Types

Enterprise Funds

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

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

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

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

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

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

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types (Continued)

Internal Service Funds

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

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, disbursements exceeded the amount budgeted in the public safety, culture and recreation, and business type activities functions.

Cash, Cash Equivalents and Pooled Investments

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

The City's deposits in banks at June 30, 2020 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.

Receivables

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

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Tax Receivable, Including Tax Increment Financing

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2020 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2019.

Customer Accounts and Unbilled Usage

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

Due From and Due to Other Funds

During the course of its operations, the City has numerous transactions between funds. To the extent certain transactions between funds had not been paid or received as of June 30, 2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due From Other Governments

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

Inventories

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

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

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

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

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

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

Deferred Revenue

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

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future year(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities

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

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

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

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied, unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan assets and changes in assumptions and differences between expected and actual experience related to the total OPEB liability.

Fund Equity

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

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

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Equity (Continued)

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

Unassigned – All amounts not included in preceding classifications.

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

Interfund Transactions

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

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

Estimates

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

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 2: CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2020 was as follows:

	Balance Beginning of Year	Additions/ Transfers In	Deletions/ Transfers Out	Balance End of Year
Governmental Activities:				
By type:				
Capital assets not being depreciated:				
Land	\$ 3,542,781	\$ -	\$ -	\$ 3,542,781
Construction in progress	9,005,789	11,184,836	(3,958,134)	16,232,491
Total capital assets not being depreciated	12,548,570	11,184,836	(3,958,134)	19,775,272
Capital assets being depreciated:				
Buildings	13,762,849	30,576	-	13,793,425
Improvements other than buildings	6,706,045	524,194	-	7,230,239
Machinery and equipment	13,384,820	572,128	(301,300)	13,655,648
Infrastructure	102,396,380	3,943,059	-	106,339,439
	136,250,094	5,069,957	(301,300)	141,018,751
Less accumulated depreciation:				
Buildings	11,132,366	269,908	-	11,402,274
Improvements other than buildings	2,636,346	486,065	-	3,122,411
Machinery and equipment	10,969,059	711,520	(301,296)	11,379,283
Infrastructure	60,453,377	3,853,595	-	64,306,972
	85,191,148	5,321,088	(301,296)	90,210,940
Total capital assets being depreciated, net	51,058,946	(251,131)	(4)	50,807,811
Governmental activities capital assets, net	\$ 63,607,516	\$ 10,933,705	\$ (3,958,138)	\$ 70,583,083
By function and activity:				
General government:				
City clerk	\$ 10,373	\$ -	\$ -	\$ 10,373
Finance	278,225	25,151	-	303,376
City hall	4,021,789	14,325	-	4,036,114
Public information	55,269	-	-	55,269
Total general government	4,365,656	39,476	-	4,405,132
Public safety:				
Police	1,727,765	103,160	(34,308)	1,796,617
Fire	4,365,788	107,018	-	4,472,806
Health and inspection	122,151	-	-	122,151
Animal control	72,876	-	-	72,876
Total public safety	6,288,580	210,178	(34,308)	6,464,450
Highways and streets:				
Traffic maintenance	697,598	-	-	697,598
Electric/traffic light maintenance	416,354	10,680	(6,918)	420,116
Engineering	200,696	-	-	200,696
Street maintenance (including culverts)	3,515,331	82,871	(25,795)	3,572,407
Snow/ice maintenance	194,807	-	-	194,807
Street cleaning	562,893	184,294	(180,135)	567,052
Street projects (including sidewalks)	70,654,775	3,425,930	-	74,080,705
Parking	2,189,825	-	-	2,189,825
Total highways and streets	78,432,279	3,703,775	(212,848)	81,923,206

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 2: CAPITAL ASSETS (Continued)

	<u>Balance Beginning of Year</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>Balance End of Year</u>
<u>By function and activity:</u> (Continued)				
Culture and recreation:				
Library	2,063,776	-	-	2,063,776
Parks	2,717,195	-	(47,491)	2,669,704
Senior citizens center	131,016	-	-	131,016
The Beach	6,899,922	555,804	-	7,455,726
Trails	2,116,116	-	-	2,116,116
Total culture and recreation	<u>13,928,025</u>	<u>555,804</u>	<u>(47,491)</u>	<u>14,436,338</u>
 Cemetery	 <u>774,551</u>	 <u>60,639</u>	 <u>(6,653)</u>	 <u>828,537</u>
 Airport	 <u>21,674,527</u>	 <u>500,085</u>	 <u>-</u>	 <u>22,174,612</u>
 Construction in progress	 <u>9,005,789</u>	 <u>11,184,836</u>	 <u>(3,958,134)</u>	 <u>16,232,491</u>
 Levee	 <u>168,580</u>	 <u>-</u>	 <u>-</u>	 <u>168,580</u>
 TIF projects	 <u>11,905,594</u>	 <u>-</u>	 <u>-</u>	 <u>11,905,594</u>
 Downtown Step One	 <u>275,163</u>	 <u>-</u>	 <u>-</u>	 <u>275,163</u>
 Land - No designation	 <u>1,979,920</u>	 <u>-</u>	 <u>-</u>	 <u>1,979,920</u>
Total governmental activities	\$ <u>148,798,664</u>	\$ <u>16,254,793</u>	\$ <u>(4,259,434)</u>	\$ <u>160,794,023</u>

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 2: CAPITAL ASSETS (Continued)

	Land	Buildings	Improvements Other than Buildings	Machinery and Equipment	Infra- structure	Construction in Progress	Total
By function and activity							
General government:							
City clerk	\$ -	\$ -	\$ -	\$ 10,373	\$ -	\$ -	\$ 10,373
Finance	-	-	-	303,376	-	-	303,376
City hall	-	3,535,759	-	292,932	207,423	-	4,036,114
Public information	-	-	-	55,269	-	-	55,269
Total general government	-	3,535,759	-	661,950	207,423	-	4,405,132
Public safety:							
Police	-	-	-	1,796,617	-	-	1,796,617
Fire	-	983,243	191,417	3,187,344	110,802	-	4,472,806
Health and inspection	-	-	-	122,151	-	-	122,151
Animal control	-	-	-	45,673	27,203	-	72,876
Total public safety	-	983,243	191,417	5,151,785	138,005	-	6,464,450
Highways and streets:							
Traffic maintenance	-	134,900	-	392,769	169,929	-	697,598
Electric/traffic light maintenance	-	-	-	174,984	245,132	-	420,116
Engineering	-	-	-	200,696	-	-	200,696
Street maintenance	66,240	595,884	31,900	2,768,098	110,285	-	3,572,407
Snow/ice maintenance (including culverts)	-	63,679	-	131,128	-	-	194,807
Street cleaning	-	-	-	567,052	-	-	567,052
Street projects (including sidewalks)	-	-	-	-	74,080,705	-	74,080,705
Parking	653,718	39,754	886,733	10,895	598,725	-	2,189,825
Total highways and streets	719,958	834,217	918,633	4,245,622	75,204,776	-	81,923,206
Culture and recreation:							
Library	-	1,496,091	168,977	363,224	35,484	-	2,063,776
Parks	-	256,957	770,560	954,860	687,327	-	2,669,704
Senior citizens center	-	-	-	-	131,316	-	131,316
The Beach	283,421	2,651,850	3,180,713	1,309,167	30,275	-	7,455,426
Trails	-	-	-	-	2,116,116	-	2,116,116
Total culture and recreation	283,421	4,404,898	4,120,250	2,627,251	3,000,518	-	14,436,338
Cemetery	26,000	293,394	146,032	178,192	184,919	-	828,537
Airport	372,575	3,611,658	1,685,327	790,848	15,714,204	-	22,174,612
Construction in progress	-	-	-	-	-	16,232,491	16,232,491
Levee	-	-	168,580	-	-	-	168,580
TIF projects	16,000	-	-	-	11,889,594	-	11,905,594
Downtown Step One	144,907	130,256	-	-	-	-	275,163
Land - No designation	1,979,920	-	-	-	-	-	1,979,920
Total governmental activities	\$ 3,542,781	\$ 13,793,425	\$ 7,230,239	\$ 13,655,648	\$ 106,339,439	\$ 16,232,491	\$ 160,794,023

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2: CAPITAL ASSETS (Continued)

	Balance Beginning of Year	Additions/ Transfers In	Deletions/ Transfers Out	Balance End of Year	
Business type activities:					
By type:					
Capital assets not being depreciated:					
Land	\$ 2,126,177	\$ -	\$ -	\$ 2,126,177	
Construction in progress	415,486	2,661,505	(910,038)	2,166,953	
Total capital assets not being depreciated	2,541,663	2,661,505	(910,038)	4,293,130	
Capital assets being depreciated/amortized:					
Buildings	47,430,146	123,500	-	47,553,646	
Improvements other than buildings	13,717,264	141,814	-	13,859,078	
Machinery and equipment	13,438,098	901,785	(114,274)	14,225,609	
Infrastructure	63,458,184	1,056,686	-	64,514,870	
Intangibles	513,785	-	-	513,785	
	138,557,477	2,223,785	(114,274)	140,666,988	
Less accumulated depreciation/amortization:					
Buildings	25,912,208	1,002,124	-	26,914,332	
Improvements other than buildings	8,530,517	678,896	-	9,209,413	
Machinery and equipment	11,049,491	672,610	(114,274)	11,607,827	
Infrastructure	16,295,468	3,089,270	-	19,384,738	
Intangibles	453,570	5,690	-	459,260	
	62,241,254	5,448,590	(114,274)	67,575,570	
Total capital assets being depreciated/amortized, net	76,316,223	(3,224,805)	-	73,091,418	
Business type activities capital assets, net					
	\$ 78,857,886	\$ (563,300)	\$ (910,038)	\$ 77,384,548	
By function and activity:					
Solid waste	\$ 11,303,342	\$ 636,273	\$ (91,732)	\$ 11,847,883	
Sewer utility	98,746,545	1,333,133	(22,542)	100,057,136	
Events center	24,383,288	123,500	-	24,506,788	
Transit	4,761,731	130,879	-	4,892,610	
Golf course	1,488,748	-	-	1,488,748	
Construction in progress	415,486	2,661,505	(910,038)	2,166,953	
Total business type	\$ 141,099,140	\$ 4,885,290	\$ (1,024,312)	\$ 144,960,118	
		Improvements Other than Buildings	Machinery and Equipment	Infra- structure	
By function and activity	Land	Buildings			
Solid waste	\$ 207,500	\$ 1,195,103	\$ 6,090,207	\$ 4,355,073	\$ -
Sewer utility	194,029	23,887,701	6,631,814	5,016,937	64,212,870
Events center	1,644,648	21,000,269	243,495	916,376	302,000
Transit	-	1,295,718	-	3,596,892	-
Golf course	80,000	174,855	893,562	340,331	-
Construction in progress	-	-	-	-	-
Total business type assets	\$ 2,126,177	\$ 47,553,646	\$ 13,859,078	\$ 14,225,609	\$ 64,514,870

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 2: CAPITAL ASSETS (Continued)

A summary of property, plant and equipment at June 30, 2020, was as follows:

	<u>Business Type</u>	<u>Governmental Activities</u>
Capital assets not being depreciated:		
Land	\$ 2,126,177	\$ 3,542,781
Construction in progress	<u>2,166,953</u>	<u>16,232,491</u>
Total capital assets not being depreciated	<u>4,293,130</u>	<u>19,775,272</u>
Capital assets being depreciated/amortized:		
Buildings	47,553,646	13,793,425
Improvements other than buildings	13,859,078	7,230,239
Machinery and equipment	14,225,609	13,655,648
Infrastructure	64,514,870	106,339,439
Intangibles	<u>513,785</u>	<u>-</u>
	140,666,988	141,018,751
Less accumulated depreciation/amortization	<u>(67,575,570)</u>	<u>(90,210,940)</u>
Total capital assets being depreciated/amortized, net	<u>73,091,418</u>	<u>50,807,811</u>
Total capital assets, net	<u>\$ 77,384,548</u>	<u>\$ 70,583,083</u>

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

Government activities:	
General government	\$ 65,510
Public safety	797,361
Public services	290,180
Culture and recreation	3,718,935
Community development	<u>449,102</u>
Total depreciation expense - Governmental activities	<u>\$ 5,321,088</u>
Business type activities	
Solid waste	\$ 535,263
Sewer utility	4,310,859
Events center	459,007
Transit	118,024
Golf course	<u>25,437</u>
Total depreciation/amortization expense - Business type activities	<u>\$ 5,448,590</u>

Discretely presented component unit:

	<u>Balance Beginning of Year</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>Balance End of Year</u>
By type:				
Capital assets being depreciated:				
Buildings	\$ 204,082	\$ -	\$ -	\$ 204,082
Machinery and equipment	<u>299,983</u>	<u>-</u>	<u>-</u>	<u>299,983</u>
	<u>504,065</u>	<u>-</u>	<u>-</u>	<u>504,065</u>
Less accumulated depreciation:				
Buildings	(135,204)	10,204	-	(145,408)
Machinery and equipment	<u>(223,788)</u>	<u>26,335</u>	<u>-</u>	<u>(250,123)</u>
	<u>(358,992)</u>	<u>36,539</u>	<u>-</u>	<u>(395,531)</u>
Total assets being depreciated, net	<u>145,073</u>	<u>(36,539)</u>	<u>-</u>	<u>108,534</u>
Total discretely presented component unit capital assets, net	<u>\$ 145,073</u>	<u>\$ (36,539)</u>	<u>\$ -</u>	<u>\$ 108,534</u>
By function and activity:				
Hazardous materials	<u>\$ 504,065</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 504,065</u>
Depreciation expense				<u>\$ 36,539</u>

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 3: LONG-TERM LIABILITIES

A summary of the changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 16,265,000	\$ -	\$ 2,730,000	\$ 13,535,000	\$ 2,430,000
General obligation notes	1,647,500	1,369,709	1,647,500	1,369,709	98,256
Compensated absences	820,740	899,220	820,740	899,220	782,217
Net pension liability	11,791,676	873,049	-	12,664,725	-
Total OPEB liability	7,795,016	-	382,631	7,412,385	-
Total	\$ 38,319,932	\$ 3,141,978	\$ 5,580,871	\$ 35,881,039	\$ 3,310,473
Business type activities:					
General obligation bonds	\$ 1,660,000	\$ -	\$ 285,000	\$ 1,375,000	\$ 285,000
General obligation notes	2,592,500	12,745,291	2,592,500	12,745,291	771,744
Revenue notes	10,141,000	-	418,000	9,723,000	428,000
Compensated absences	149,980	133,580	149,980	133,580	133,580
Net pension liability	1,921,205	-	119,455	1,801,750	-
Total OPEB liability	2,328,382	-	114,292	2,214,090	-
Total	\$ 18,793,067	\$ 12,878,871	\$ 3,679,227	\$ 27,992,711	\$ 1,618,324

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

Governmental activities:

<u>June 30,</u>	<u>General Obligation Bonds</u>		<u>General Obligation Notes</u>		<u>Totals *</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 2,430,000	\$ 170,207	\$ 98,256	\$ 52,808	\$ 2,528,256	\$ 223,015
2022	1,940,000	137,075	95,455	50,858	2,035,455	187,933
2023	2,070,000	115,462	97,170	47,040	2,167,170	162,502
2024	1,925,000	90,363	100,602	43,154	2,025,602	133,517
2025	1,640,000	68,433	108,226	39,130	1,748,226	107,563
2026-2030	3,375,000	156,650	580,000	129,200	3,955,000	285,850
2030-2034	155,000	6,820	290,000	22,800	445,000	29,620
Total	\$ 13,535,000	\$ 745,010	\$ 1,369,709	\$ 384,990	\$ 14,904,709	\$ 1,130,000

Business type activities:

<u>June 30,</u>	<u>General Obligation Bonds</u>		<u>General Obligation Notes</u>		<u>Totals *</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 285,000	\$ 39,956	\$ 771,744	\$ 458,149	\$ 1,056,744	\$ 498,105
2022	135,000	32,700	804,545	444,442	939,545	477,142
2023	135,000	28,650	807,830	412,260	942,830	440,910
2024	135,000	24,600	834,398	379,944	969,398	404,544
2025	135,000	20,550	616,774	346,570	751,774	367,120
2026-2030	550,000	41,550	2,570,000	1,394,902	3,120,000	1,436,452
2031-2035	-	-	2,890,000	873,300	2,890,000	873,300
2036-2040	-	-	3,450,000	316,502	3,450,000	316,502
Total	\$ 1,375,000	\$ 188,006	\$ 12,745,291	\$ 4,626,069	\$ 14,120,291	\$ 4,814,075

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

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

With respect to general obligation debt, the City is subject to a maximum indebtedness equal to 5% of total assessed property value. As of June 30, 2020, the City's legal debt margin was \$51,536,986.

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

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3: LONG-TERM LIABILITIES (Continued)

The following is a summary of bond/note transactions for the year ended June 30, 2020, and details of bonds/notes payable at June 30, 2020:

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rate</u>	<u>Amount Originally Issued</u>
<u>Governmental Activities:</u>			
<u>General Obligation Bonds:</u>			
Corporate Purpose - Series 2011A	September 20, 2011	2.25-4.40%	\$ 2,050,000
Corporate Purpose - Series 2013A	March 20, 2013	.35-1.10	4,365,000
Corporate Purpose - Series 2013C	November 18, 2013	2.00	1,330,000
Corporate Purpose - Series 2014A	April 14, 2014	2.00-2.10	4,100,000
Corporate Purpose - Series 2015	April 23, 2015	2.00	3,970,000
Corporate Purpose - Series 2016A	November 30, 2016	1.15-2.00	1,400,000
Corporate Purpose - Series 2016B	November 30, 2016	1.05-1.70	500,000
Corporate Purpose - Series 2017	April 18, 2017	2.00	4,700,000
Corporate Purpose - Series 2019A	April 1, 2019	3.00	4,295,000
Corporate Purpose - Series 2019B	April 1, 2019	3.00	1,870,000
Corporate Purpose - Series 2018	June 5, 2018	2.50-2.80	1,500,000
<u>General Obligation Notes:</u>			
Corporate Purpose - Series 2012	April 2, 2012	2.00-2.30	880,000
Corporate Purpose - Series 2013D	December 30, 2013	3.00-4.00	2,092,500
Corporate Purpose - Series 2020	May 14, 2020	3.00-4.00	1,369,709
Total Governmental Activities			
<u>Business-type Activities:</u>			
<u>General Obligation Bonds:</u>			
Corporate Purpose - Series 2019A	April 1, 2019	3.00	1,360,000
Corporate Purpose - Series 2017	April 18, 2017	2.00	600,000
<u>General Obligation Notes:</u>			
Corporate Purpose - Series 2012	April 2, 2012	2.00-2.30	3,155,000
Corporate Purpose - Series 2013D	December 30, 2013	3.00-4.00	2,092,500
Corporate Purpose - Series 2020	May 14, 2020	3.00-4.00	14,115,000
Total Business-type Activities			
Grand Total			

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Paid During Year</u>	<u>Balance End of Year</u>
\$ 1,455,000	\$ -	\$ 95,000	\$ 1,360,000
285,000	-	285,000	-
275,000	-	275,000	-
2,085,000	-	485,000	1,600,000
90,000	-	90,000	-
1,375,000	-	10,000	1,365,000
250,000	-	125,000	125,000
2,785,000	-	560,000	2,225,000
4,295,000	-	540,000	3,755,000
1,870,000	-	75,000	1,795,000
1,500,000	-	190,000	1,310,000
<u>16,265,000</u>	<u>-</u>	<u>2,730,000</u>	<u>13,535,000</u>
-	-	-	-
1,647,500	-	1,647,500	-
-	<u>1,369,709</u>	-	<u>1,369,709</u>
<u>1,647,500</u>	<u>1,369,709</u>	<u>1,647,500</u>	<u>1,369,709</u>
<u>17,912,500</u>	<u>1,369,709</u>	<u>4,377,500</u>	<u>14,904,709</u>
1,360,000	-	135,000	1,225,000
300,000	-	150,000	150,000
<u>1,660,000</u>	<u>-</u>	<u>285,000</u>	<u>1,375,000</u>
1,475,000	-	1,475,000	-
1,117,500	-	1,117,500	-
-	<u>12,745,291</u>	-	<u>12,745,291</u>
<u>2,592,500</u>	<u>12,745,291</u>	<u>2,592,500</u>	<u>12,745,291</u>
<u>4,252,500</u>	<u>12,745,291</u>	<u>2,877,500</u>	<u>14,120,291</u>
\$ <u>22,165,000</u>	\$ <u>14,115,000</u>	\$ <u>7,255,000</u>	\$ <u>29,025,000</u>

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 3: LONG-TERM LIABILITIES (Continued)

Revenue Notes Payable

The City has pledged future wastewater customer revenues, net of specified operating expenses, to repay the various sewer revenue notes described below. Proceeds from the notes provided financing for the construction of improvements to the wastewater treatment plant. These notes are payable solely from wastewater customer net revenues and are payable through 2041. Annual principal and interest payments on these notes are expected to require less than 90% of net revenues. The total principal and interest remaining to be paid on the notes is \$12,394,784. 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 \$661,277 and \$1,431,725, respectively.

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

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

During the year ended June 30, 2020, the City was in compliance with the revenue note provisions.

Details of revenue notes payable at June 30, 2020 are as follows:

Business type activities:

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

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

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 3: LONG-TERM LIABILITIES (Continued)

Revenue Notes Payable (Continued)

Business type activities: (Continued)

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

The following is a summary of note transactions for the year ended June 30, 2020:

<u>Description</u>	<u>Interest Rate</u>	<u>Balance Beginning of Year</u>	<u>Proceeds During Year</u>	<u>Payments During Year</u>	<u>Balance End of Year</u>	<u>Interest Expense</u>
<u>Business Type Funds:</u>						
Sewer Utility:						
Waste water plant improvements	3.00%	\$ 2,581,000	\$ -	\$ 96,000	\$ 2,485,000	\$ 51,620
Phase 3 – construction	3.00%	4,851,000	-	154,000	4,697,000	157,658
Phase 5 – division 2	1.75%	2,709,000	-	168,000	2,541,000	38,435
Total enterprise funds		\$ 10,141,000	\$ -	\$ 418,000	\$ 9,723,000	\$ 247,713

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 428,000	\$ 234,517	\$ 662,517
2022	439,000	225,503	664,503
2023	448,000	216,202	664,202
2024	458,000	206,655	664,655
2025	469,000	196,853	665,853
2026 – 2030	2,518,000	826,874	3,344,874
2031 – 2035	2,640,000	535,260	3,175,260
2036 – 2040	2,021,000	220,860	2,241,860
2041	302,000	9,060	311,060
Total	\$ 9,723,000	\$ 2,671,784	\$ 12,394,784

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 4: EMPLOYEE RETIREMENT SYSTEMS

The City contributes to two employee retirement systems, the Iowa Public Employees Retirement System (IPERS) and the Municipal Fire and Police Retirement System of Iowa (MFPRSI). IPERS is administered by the State of Iowa. MFPRSI is governed by the nine-member Board of Trustees. Though separate and apart from state government, the Board is authorized by the state legislature, which also establishes by statute the pension and disability benefits and the System's funding mechanism. All full-time employees must participate in either IPERS or MFPRSI. As of June 30, 2020, the City had the following balances related to its pension accounts:

	<u>IPERS</u>	<u>MFPRSI</u>	<u>Total</u>
Net Pension Liability	\$ 5,131,728	\$ 9,334,747	\$ 14,466,475
Deferred Inflows	907,076	688,955	1,596,031
Deferred Outflows	1,224,578	1,865,407	3,089,985

For the year ended June 30, 2020, the City recognized pension expense of \$2,850,305 between the two employee retirement systems.

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

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

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

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.

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4: EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

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

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

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

Contributions – Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2020.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was - 24.41% for the year ended June 30, 2020.

The City's contributions to MFPRSI for the year ended June 30, 2020 totaled \$1,162,779.

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

There were no state appropriations to MFPRSI during the year ended June 30, 2020.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the City reported a liability of \$9,334,747 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2019, the City's proportion was 1.423139% which was an increase of .05993% from its proportion measured as of June 30, 2018.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 4: EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

For the year ended June 30, 2020, the City recognized pension expense of \$2,046,752. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 321,440	\$ 87,350
Changes of assumptions	468,681	40,628
Net difference between projected and actual earnings on MFPRSI's investments	(87,493)	-
Changes in proportion and differences between City contributions and the City's proportionate share of contributions	-	560,977
City contributions subsequent to the measurement date	<u>1,162,779</u>	<u>-</u>
Total	\$ <u>1,865,407</u>	\$ <u>688,955</u>

\$1,162,779 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 ended June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Total</u>
2021	\$ (42,220)
2022	(17,617)
2023	(12,101)
2024	28,327
2025	<u>57,284</u>
	\$ <u>13,673</u>

Actuarial Assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 4: EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2017 through June 30, 2017.

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

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap	5.5 %
Small cap	5.8
International large cap	7.3
Emerging markets	9.0
Emerging markets debt	6.3
Private non-core real estate	8.0
Master limited partnerships	9.0
Private equity	9.0
Core plus fixed income	3.3
Private core real estate	6.0
Tactical asset allocation	6.4

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

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
City's proportionate share of the net pension liability	\$ <u>15,198,605</u>	\$ <u>9,334,747</u>	\$ <u>4,478,325</u>

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 4: EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

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

Payables to the MFPRSI – At June 30, 2020, the City reported payables to the defined benefit pension plan of \$131,588 for legally required employer contributions and \$84,641 for legally required employee contributions which had been withheld from employee wages but not yet remitted to MFPRSI.

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

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

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

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

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

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

The formula used to calculate a protection occupation members' monthly IPERS benefit includes:

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

At June 30, 2020, the City had no protection occupation members.

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

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4: EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Pension Benefits (Continued)

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

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

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

In fiscal year 2020, pursuant to the required rate, regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%.

The City's total contributions to IPERS for the year ended June 30, 2020 totaled \$627,426.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the City reported a liability of \$5,131,728 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the City's collective proportion was 0.088029%, which was a decrease of 0.000432% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$803,553. At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 4: EMPLOYEE RETIREMENT SYSTEMS) (Continued)

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

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 14,227	\$ 184,510
Changes of assumptions	549,682	-
Net difference between projected and actual earnings on IPERS' investments	-	578,285
Changes in proportion and differences between City contributions and the City's proportionate share of contributions	33,243	144,281
City contributions subsequent to the measurement date	<u>627,426</u>	<u>-</u>
Total	\$ <u>1,224,578</u>	\$ <u>907,076</u>

\$627,426 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Total</u>
2021	\$ 71,079
2022	(146,210)
2023	(117,570)
2024	(104,467)
2025	<u>(12,756)</u>
	\$ <u>(309,924)</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, as follows:

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

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 4: EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

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

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0 %	5.60 %
International equity	15.0	6.08
Global smart beta equity	3.00	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100.0</u> %	

Discount Rate – The discount rate used to measure pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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.

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City's proportionate share of the net pension liability	\$ <u>9,112,293</u>	\$ <u>5,131,728</u>	\$ <u>1,792,875</u>

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

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 4: EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Payables to IPERS – At June 30, 2020, the City reported payables to IPERS of \$48,673 for legally required employer contributions and \$32,432 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

NOTE 5: OTHER EMPLOYEE BENEFITS

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

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

<u>Business Type Funds</u>	<u>Vacation</u>	<u>Due Within One Year</u>
<u>Enterprise Funds:</u>		
Solid waste	\$ 42,766	\$ 42,766
Sewer utility	73,962	73,962
Transit	16,852	16,852
Total Enterprise Funds	<u>133,580</u>	<u>133,580</u>
<u>Governmental Funds</u>		
<u>Special Revenue Funds:</u>		
Airport	16,067	16,067
Library	36,187	36,187
Cemetery	8,160	8,160
State road use tax	89,549	89,549
Total Special Revenue Funds	<u>149,963</u>	<u>149,963</u>
<u>General</u>	<u>749,257</u>	<u>632,254</u>
Total Governmental Funds	<u>899,220</u>	<u>782,217</u>
Total – All funds	\$ <u>1,032,800</u>	\$ <u>915,797</u>

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

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

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

Retired Participants must be age 55 or older at retirement. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	112
Active employees	<u>16</u>
Total	<u>128</u>

Total OPEB Liability – The City's total OPEB liability of \$9,626,475 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2020)	2.50% per annum.
Rates of salary increase (effective June 30, 2020)	3.50% per annum, including inflation.
Discount rate (effective June 30, 2020)	2.79% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2020)	6.50% initial rate decreasing annually to an ultimate rate of 4.50%.

Discount Rate – The discount rate used to measure the total OPEB liability was 2.79% which reflects the S&P Municipal Bond 20 Year High-Grade Rate Index as of August 21, 2018.

Mortality rates are from the SOA RP2000 Mortality Table.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ <u>10,123,398</u>
Changes for the year:	
Service Cost	49,168
Interest	319,566
Differences between expected and actual experiences	(821,167)
Changes in assumptions	458,467
Benefit payments	(520,509)
Other changes	<u>17,552</u>
Net changes	<u>(496,923)</u>
Total OPEB liability end of year	\$ <u>9,626,475</u>

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

Changes of assumptions reflect a change in the discount rate from 3.56% in fiscal year 2019 to 2.79% in fiscal year 2020. The change of assumptions also reflects a change in the healthcare cost trend rate from 8.00% in fiscal year 2019 to 6.5% in fiscal year 2020.

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the County, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (1.79%) or 1% higher (3.79%) than the current discount rate.

	1% Decrease (1.79%)	Discount Rate (2.79%)	1% Increase (3.79%)
Total OPEB liability	\$ <u>10,856,267</u>	\$ <u>9,626,475</u>	\$ <u>8,614,058</u>

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (5.50%) or 1% higher (7.50%) than the current healthcare cost trend rates.

	1% Decrease (5.50%)	Healthcare Cost Trend Rate (6.50%)	1% Increase (7.50%)
Total OPEB liability	\$ <u>8,581,322</u>	\$ <u>9,626,475</u>	\$ <u>10,884,470</u>

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB – For the year ended June 30, 2020, the City recognized OPEB expense of \$421,953. At June 30, 2020, the City reported deferred outflows and inflows of resources related to OPEB from the following resources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 683,844
Changes in assumptions	<u>1,275,222</u>	<u>607,665</u>
Total	\$ <u>1,275,222</u>	\$ <u>1,291,509</u>

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

Year ending June 30,	Amount
2021	\$ 30,116
2022	29,276
2023	(61,439)
2024	<u>(14,240)</u>
Total	\$ <u>(16,287)</u>

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 7: CONSTRUCTION CONTRACT COMMITMENTS

Prior to June 30, 2020 the City had signed several construction contracts that are summarized below:

Total commitments	\$ 33,549,999
Less amounts paid or accrued	<u>15,053,648</u>
Remaining commitments	\$ <u>18,496,351</u>

A significant portion of these commitments are for street, sewer and airport projects and are financed by general obligation bonds and grants. The remaining balance at June 30, 2020 will be paid as work on the projects progress.

NOTE 8: INTERNAL SERVICE FUNDS NET POSITION

The following is a summary of the changes in the internal service funds net position for the year ended June 30, 2020:

	<u>Equipment Purchasing</u>	<u>Employee Insurance</u>	<u>Total</u>
Net position - Beginning of year	\$ 1,402,209	\$ 3,316,458	\$ 4,718,667
Change in net position	<u>67,538</u>	<u>553,400</u>	<u>620,938</u>
Net position - End of year	\$ <u>1,469,747</u>	\$ <u>3,869,858</u>	\$ <u>5,339,605</u>

NOTE 9: DONOR RESTRICTED ENDOWMENTS

The City has received certain endowments for the maintenance of the Ottumwa Cemetery. The amount is reflected in net position as restricted for endowments. Investment income (including appreciation) is approved for expenditure by its individual Board. At June 30, 2020, net appreciation of \$25,968 was available to be spent, of which \$25,968 is restricted to specific purposes.

NOTE 10: RESERVED NET POSITION

Reserved net position for the business type activities consisted of the following at June 30, 2020:

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

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 \$4,898,839 reported as landfill closure and post closure care liability at June 30, 2020, 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:

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 11: CLOSURE AND POST CLOSURE CARE COST (Continued)

	<u>Closure</u>	<u>Post Closure</u>	<u>Total</u>
Balance, July 1, 2019	\$ 2,059,985	\$ 1,840,976	\$ 3,900,963
Fiscal year 2020 costs adjusted	<u>742,948</u>	<u>254,930</u>	<u>997,876</u>
Balance, June 30, 2020	\$ <u>2,802,933</u>	\$ <u>2,095,906</u>	\$ <u>4,898,839</u>

The City currently has funded \$368,748 for post closure and \$746,228 for closure cost. The unfunded portion of the closure and post closure liability of \$3,783,863 is provided by the City in the form of a local government guarantee.

NOTE 12: RELATED PARTY TRANSACTIONS

The City had business transactions between the City and City officials totaling \$16,800 during the year ended June 30, 2020.

NOTE 13: RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 778 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, 2020 were \$449,710.

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.

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13: RISK MANAGEMENT (Continued)

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, 2020, no liability has been recorded in the City's financial statements. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

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

NOTE 14: SELF INSURED HEALTH CARE

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

	<u>Year Ended</u> <u>June 30, 2020</u>
Liability - Beginning of year	\$ 486,100
Payments and accruals	(4,576,910)
Estimated claims incurred	<u>4,576,923</u>
Liability - End of year	\$ <u>486,113</u>

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

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15: SEWER UTILITY FUND

The combining statement of net position for the Sewer Utility Fund as of June 30, 2020 is as follows:

	<u>Sewer Utility</u>	<u>Sewer Sinking</u>	<u>Sewer Improvement</u>	<u>Sewer Construction</u>	<u>Total</u>
<u>Assets</u>					
Cash, cash equivalents and pooled investments	\$ 2,721,831	\$ 95,000	\$ 3,050,000	\$ 12,573,188	\$ 18,440,019
Other assets	55,910,151	-	-	-	55,910,151
Total assets	58,631,982	95,000	3,050,000	12,573,188	74,350,170
<u>Deferred outflows of resources</u>	413,540	-	-	-	413,540
<u>Liabilities</u>	25,210,959	-	-	186,992	25,397,951
<u>Deferred inflows of resources</u>	355,397	-	-	-	355,397
<u>Net position:</u>					
Net investment in capital assets	32,317,820	-	-	12,386,196	44,704,016
Retained earnings:					
Restricted:					
Debt service	-	95,000	-	-	95,000
Unrestricted	1,161,346	-	3,050,000	-	4,211,346
Total net position	\$ 33,479,166	\$ 95,000	\$ 3,050,000	\$ 12,386,196	\$ 49,010,362

The combining statement of revenues, expenses and changes in fund net position for the Sewer Utility Fund for the year ended June 30, 2020 is as follows:

	<u>Sewer Utility</u>	<u>Sewer Sinking</u>	<u>Sewer Improvement</u>	<u>Sewer Construction</u>	<u>Total</u>
Operating revenues	\$ 5,742,584	\$ -	\$ -	\$ -	\$ 5,742,584
Operating expenses	6,911,447	-	-	-	6,911,447
Operating loss	(1,168,863)	-	-	-	(1,168,863)
Nonoperating revenue (expense), net	(247,121)	-	-	-	(247,121)
Loss before transfers	(1,415,984)	-	-	-	(1,415,984)
Transfers in	2,300,372	1,282,000	500,000	11,143,527	15,225,899
Transfers out	(12,685,980)	(1,282,000)	-	-	(13,967,980)
	(10,385,608)	-	500,000	11,143,527	1,257,919
Change in net position	(11,801,592)	-	500,000	11,143,527	(158,065)
Net position - Beginning of year	45,280,758	95,000	2,550,000	1,242,669	49,168,427
Net position - End of year	\$ 33,479,166	\$ 95,000	\$ 3,050,000	\$ 12,386,196	\$ 49,010,362

Schedule of sewer rates/Customer census

Rate of Usage:	<u>Fiscal year 2020</u>
Base charge	\$14.50
Each 100 cubic foot unit	\$4.75

The Sewer Funds had 9,640 meters in service at June 30, 2020.

CITY OF OTTUMWA, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Employee Benefits	\$ 3,900,095
	Local Option Sales Tax	450,149
	Internal Service	<u>140,256</u>
		<u>4,490,500</u>
Special Revenue:	Special Revenue:	
State Road Use Tax Fund	Local Option Sales Tax	610,544
	Employee Benefits	<u>522,657</u>
		<u>1,133,201</u>
Debt Service	Non-major Governmental Funds	2,356,510
	Proprietary:	
	Events Center	136,392
	Special Revenue:	
	Local Option Sales Tax	<u>51,716</u>
		<u>2,544,618</u>
Non-major Governmental Funds	Special Revenue:	
	Employee Benefits	1,239,076
	Internal service	<u>208,106</u>
		<u>1,447,182</u>
Proprietary:	Special Revenue:	
Solid Waste	Local Option Sales Tax	<u>326,509</u>
		<u>326,509</u>
Sewer Utility	Special Revenue:	
	Local Option Sales Tax	<u>1,257,919</u>
		<u>1,257,919</u>
Events Center	General	<u>484,064</u>
Internal Service	Special Revenue:	
	State Road Use Tax	296,700
	General	3,866
	Non-major Governmental Funds	<u>115,334</u>
		<u>415,900</u>
Total		\$ <u>12,099,893</u>

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

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 17: DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2020 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue: Emergency	\$ 1,935
General	Special Revenue: Tax Increment Financing	109,231
Special Revenue: Airport	Special Revenue: Tax Increment Financing	41,200
Special Revenue: State Road Use Tax	Capital Projects: Sidewalks	80,000
		<u>\$ 232,366</u>

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

NOTE 18: TAX ABATEMENTS

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

City Tax Abatements

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

For the year ended June 30, 2020, the City abated \$36,934 of property tax under the urban renewal and economic development projects.

Tax Abatements of Other Entities

Property tax revenues of the City were reduced by the following amounts for the year ended June 30, 2020 under agreements entered into by the following entities:

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
Wapello County	Urban renewal and economic development projects	\$ 11,445
Ottumwa Community School District	Urban renewal and economic development projects	23,225
Wapello County Agricultural Extension	Urban renewal and economic development projects	341
Indian Hills Community College	Urban renewal and economic development projects	1,565
State Tuberculosis and Brucellosis Eradication Fund	Urban renewal and economic development projects	44
Wapello County Assessor	Urban renewal and economic development projects	699

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 19: FUND BALANCE REPORTING

The detail of the City's governmental funds modified accrual basis fund balances at June 30, 2020, is as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Special Revenue</u>	<u>Permanent Funds</u>	<u>Total</u>
Nonspendable:						
Inventory	\$ 3,570	\$ -	\$ -	\$ 24,183	\$ -	\$ 27,753
Insurance	-	-	-	248,699	-	248,699
Cemetery perpetual care	-	-	-	-	731,681	731,681
Cemetery memorial	-	-	-	-	111,590	111,590
Total nonspendable	<u>3,570</u>	<u>-</u>	<u>-</u>	<u>272,882</u>	<u>843,271</u>	<u>1,119,723</u>
Restricted for:						
Debt service	-	694,237	-	-	-	694,237
Road improvements	-	-	-	6,318,973	-	6,318,973
Local option sales tax	-	-	-	3,436,628	-	3,436,628
Employee benefits	-	-	-	376,610	-	376,610
Airport	-	-	-	296,773	-	296,773
Library/Library bequest	-	-	-	429,758	-	429,758
Cemetery	-	-	-	65,219	-	65,219
Block grants	-	-	-	25,706	-	25,706
Risk management	-	-	-	983,507	-	983,507
Fire	-	-	-	18,438	-	18,438
RAGBRAI	-	-	-	31,247	-	31,247
Retiree health insurance	-	-	-	962,161	-	962,161
Parks	-	-	-	99,520	-	99,520
Police	-	-	-	92,879	-	92,879
Tax increment financing	-	-	-	(189,651)	-	(189,651)
Historic preservation	-	-	-	1,575	-	1,575
Sidewalks	-	-	(90,403)	-	-	(90,403)
Airport projects	-	-	130,054	-	-	130,054
Street projects	-	-	(69,790)	-	-	(69,790)
Park projects	-	-	31,618	-	-	31,618
Other bond projects	-	-	627,289	-	-	627,289
Levee repairs	-	-	185,579	-	-	185,579
Downtown Streetscape	-	-	1,030,824	-	-	1,030,824
Cemetery perpetual care	-	-	-	-	74	74
Cemetery memorial	-	-	-	-	25,894	25,894
Total restricted	<u>-</u>	<u>694,237</u>	<u>1,845,171</u>	<u>12,949,343</u>	<u>25,968</u>	<u>15,514,719</u>
Unassigned	<u>2,986,043</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,986,043</u>
Total fund balances	\$ <u>2,989,613</u>	\$ <u>694,237</u>	\$ <u>1,845,171</u>	\$ <u>13,222,225</u>	\$ <u>869,239</u>	\$ <u>19,620,485</u>

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 20: DEFICIT BALANCES

The Tax Increment Financing special revenue fund had deficit balance of \$189,651 at June 30, 2020. This deficit is a result of ongoing economic development projects, which will be eliminated by a variety of sources including property taxes, intergovernmental funds, donations, and funds on hand.

The Sidewalks capital project fund had deficit balance of \$90,403 at June 30, 2020. This deficit is a result of ongoing capital projects, which will be eliminated by a variety of sources including grant proceeds, intergovernmental funds, and funds on hand.

The Streets Projects capital project fund had deficit balance of \$69,790 at June 30, 2020. This deficit is a result of ongoing capital projects, which will be eliminated by a variety of sources including grant proceeds, intergovernmental funds, and funds on hand.

NOTE 21: RECLASSIFICATIONS

Certain amounts for the year ended June 30, 2019 have been reclassified to conform with the June 30, 2020 presentation.

NOTE 22: LETTER OF CREDIT

During fiscal year 2020, the City established an irrevocable unconditional standby letter of credit with Federal Home Loan bank of Des Moines in amount not to exceed \$3,135,000. If accessed, the letter of credit has a maturity date of March 30, 2022. As of June 30, 2020, the balance of the letter of credit was \$0.

NOTE 23: TRANSFER OF OTTUMWA TRANSIT

During April, 2020, the City Council approved an agreement for transfer of services, equipment, and facilities from the City to 10-15 Transit. Accordingly, effective July 1, 2020, 10-15 Transit will assume all transit operating activities and related equipment and facilities. In addition, the agreement provides the City will transfer \$407,000 to 10-15 Transit.

NOTE 24: SUBSEQUENT EVENTS

The City has evaluated subsequent events through December 21, 2020, the date statements were available to be issued.

During October, 2020, the City received a check from Ottumwa Water and Hydro for prior sewer and refuse services rendered in the amount of \$1,276,000. As of the report date it was undetermined as to which fiscal year(s) the payment should be applied to.

The COVID-19 outbreak is disrupting business across a range of industries in the United States and financial markets have experienced a significant decline. As a result, local, regional and national economies, including that of the City, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact to the City's operations and finances.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OTTUMWA, IOWA

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

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2020

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Funds</u>	Total <u>Actual</u>
<u>RECEIPTS:</u>			
Property tax	\$ 13,494,091	\$ -	\$ 13,494,091
Other city tax	5,287,054	-	5,287,054
Licenses and permits	343,312	-	343,312
Intergovernmental	8,739,748	748,223	9,487,971
Use of money and property	711,232	295,014	1,006,246
Charges for service	4,162,278	12,716,754	16,879,032
Other fines	31,026	-	31,026
Miscellaneous	3,635,305	1,454,414	5,089,719
Total receipts	<u>36,404,046</u>	<u>15,214,405</u>	<u>51,618,451</u>
<u>DISBURSEMENTS:</u>			
Current:			
Public safety	9,676,195	-	9,676,195
Public works	7,075,887	-	7,075,887
Health and social services	821,892	-	821,892
Culture and recreation	2,566,018	-	2,566,018
Community and economic development	756,343	-	756,343
General government	2,854,602	-	2,854,602
Capital projects	13,275,733	-	13,275,733
Debt service	4,172,595	-	4,172,595
Business-type activities	-	16,257,234	16,257,234
Total disbursements	<u>41,199,265</u>	<u>16,257,234</u>	<u>57,456,499</u>
Excess (deficiency) of revenues over (under) expenses	(4,795,219)	(1,042,829)	(5,838,048)
Other financing sources (uses), net	<u>9,874,208</u>	<u>850,804</u>	<u>10,725,012</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	5,078,989	(192,025)	4,886,964
Balances - Beginning of year	<u>25,373,081</u>	<u>16,025,946</u>	<u>41,399,027</u>
Balances - End of year	\$ <u>30,452,070</u>	\$ <u>15,833,921</u>	\$ <u>46,285,991</u>

See Accompanying Independent Auditor's Report

<u>Budgeted Amounts</u>		<u>Final to</u>
<u>Original</u>	<u>Final</u>	<u>Actual</u>
		<u>Variance</u>
\$ 13,444,303	\$ 13,444,303	\$ 49,788
5,077,731	4,967,731	319,323
353,846	304,966	38,346
8,412,293	9,107,271	380,700
1,116,121	1,063,508	(57,262)
17,497,097	17,056,097	(177,065)
42,000	42,000	(10,974)
<u>3,807,900</u>	<u>4,907,795</u>	<u>181,924</u>
<u>49,751,291</u>	<u>50,893,671</u>	<u>724,780</u>
9,482,428	9,658,467	(17,728)
7,602,708	7,587,893	512,006
952,159	952,159	130,267
2,466,753	2,520,128	(45,890)
536,516	763,715	7,372
3,228,224	3,231,744	377,142
13,493,657	15,120,306	1,844,573
4,043,219	4,181,475	8,880
<u>15,315,881</u>	<u>15,364,323</u>	<u>(892,911)</u>
<u>57,121,545</u>	<u>59,380,210</u>	<u>1,923,711</u>
(7,370,254)	(8,486,539)	2,648,491
<u>1,050,000</u>	<u>11,010,000</u>	<u>(284,988)</u>
(6,320,254)	2,523,461	2,363,503
<u>36,980,042</u>	<u>36,980,042</u>	<u>4,418,985</u>
\$ <u>30,659,788</u>	\$ <u>39,503,503</u>	\$ <u>6,782,488</u>

CITY OF OTTUMWA, IOWA

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

YEAR ENDED JUNE 30, 2020

	<u>Governmental Funds</u>			<u>Proprietary Funds</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Accrual Basis</u>
Revenues	\$ 36,404,046	\$ 879,077	\$ 35,524,969	\$ 15,214,405	\$ (4,601,539)	\$ 10,612,866
Expenditures/expenses	<u>41,199,265</u>	<u>(1,362,507)</u>	<u>39,836,758</u>	<u>16,257,234</u>	<u>(1,863,269)</u>	<u>14,393,965</u>
Net	(4,795,219)	(483,430)	(4,311,789)	(1,042,829)	(6,464,808)	(3,781,099)
Other financing sources, net	9,874,208	10,502,997	(628,789)	850,804	(1,081,296)	1,932,100
Beginning fund balances/net position	<u>25,373,081</u>	<u>812,018</u>	<u>24,561,063</u>	<u>16,025,946</u>	<u>(53,841,184)</u>	<u>69,867,130</u>
Ending fund balances/net position	\$ <u>30,452,070</u>	\$ <u>10,831,585</u>	\$ <u>19,620,485</u>	\$ <u>15,833,921</u>	\$ <u>(52,184,210)</u>	\$ <u>68,018,131</u>

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Project Funds, the Permanent Funds and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. During the year, one budget amendment increased budgeted disbursements by \$2,258,665. This budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2020, disbursements exceeded the amounts budgeted in the public safety, culture and recreation, and business type activities functions.

CITY OF OTTUMWA, IOWA

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

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability	1.423139 %	1.363209 %
City's proportionate share of the net pension liability	\$ 9,334,747	\$ 8,116,594
City's covered payroll	\$ 4,308,033	\$ 3,947,641
City's proportionate share of the net pension liability as a percentage of its covered payroll	216.68 %	205.61 %
Plan fiduciary net position as a percentage of the total pension liability	79.94 %	81.07 %

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

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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
1.443588 %	1.432455 %	1.459246 %	1.4834071 %
\$ 8,466,284	\$ 8,956,582	\$ 6,855,749	\$ 5,377,325
\$ 4,088,560	\$ 3,881,765	\$ 3,826,816	\$ 3,788,177
207.07 %	230.73 %	179.15 %	141.95 %
80.60 %	78.20 %	83.04 %	86.27 %

CITY OF OTTUMWA, IOWA

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

OTHER INFORMATION

	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability	0.088029 %	0.088461 %
City's proportionate share of the net pension liability	\$ 5,131,728	\$ 5,596,287
City's covered payroll	\$ 6,736,161	\$ 6,646,619
City's proportionate share of the net pension liability as a percentage of its covered payroll	76.18 %	84.20 %
Plan fiduciary net position as a percentage of the total pension liability	85.45 %	83.62 %

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

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

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.0907041 %	0.0894269 %	0.089854 %	0.0990751 %
\$ 6,042,040	\$ 5,627,919	\$ 4,467,061	\$ 3,929,225
\$ 6,769,832	\$ 6,404,793	\$ 6,202,374	\$ 6,508,707
88.37 %	87.87 %	72.02 %	60.37 %
82.21 %	81.82 %	85.19 %	87.61 %

CITY OF OTTUMWA, IOWA

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

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 1,163	\$ 1,121	\$ 1,014
Contributions in relation to the statutorily required contribution	<u>(1,163)</u>	<u>(1,121)</u>	<u>(1,014)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's covered payroll	\$ 4,764	\$ 4,308	\$ 3,948
Contributions as a percentage of covered payroll	24.41 %	26.02 %	25.68 %

* State mandated minimum contribution rate.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 1,060	\$ 1,078	\$ 1,164	\$ 1,141	\$ 970	\$ 897	\$ 701
<u>(1,060)</u>	<u>(1,078)</u>	<u>(1,164)</u>	<u>(1,141)</u>	<u>(970)</u>	<u>(897)</u>	<u>(701)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 4,089	\$ 3,882	\$ 3,827	\$ 3,788	\$ 3,715	\$ 3,622	\$ 3,523
25.92 %	27.77 %	30.41 %	30.12 %	26.12 %	24.76 %	19.90 %

CITY OF OTTUMWA, IOWA

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

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 628	\$ 637	\$ 594
Contributions in relation to the statutorily required contribution	<u>(628)</u>	<u>(637)</u>	<u>(594)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's covered payroll	\$ 6,648	\$ 6,736	\$ 6,647
Contributions as a percentage of covered payroll	9.44 %	9.44 %	8.93 %

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 605	\$ 572	\$ 554	\$ 579	\$ 568	\$ 528	\$ 470
<u>(605)</u>	<u>(572)</u>	<u>(554)</u>	<u>(579)</u>	<u>(568)</u>	<u>(528)</u>	<u>(470)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 6,770	\$ 6,405	\$ 6,202	\$ 6,509	\$ 6,555	\$ 6,537	\$ 6,760
8.93 %	8.93 %	8.93 %	8.90 %	8.67 %	8.07 %	6.95 %

CITY OF OTTUMWA, IOWA

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

YEAR END JUNE 30, 2020

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

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

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

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

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

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

CITY OF OTTUMWA, IOWA

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

YEAR END JUNE 30, 2020

Changes of benefit terms:

There were no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

CITY OF OTTUMWA, IOWA

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

FOR THE LAST THREE YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 49,168	\$ 46,196	\$ 56,386
Interest cost	319,566	367,189	316,330
Difference between expected and actual experiences	(821,167)	(24,013)	(132,051)
Changes in assumptions	458,467	136,614	747,155
Benefit payments	(520,509)	(568,899)	(585,335)
Other changes	<u>17,552</u>	<u>(384,736)</u>	<u>385,289</u>
Net change in total OPEB liability	<u>(496,923)</u>	<u>(427,649)</u>	<u>787,774</u>
Total OPEB liability beginning of year	<u>10,123,398</u>	<u>10,551,047</u>	<u>9,763,273</u>
Total OPEB liability end of year	\$ <u>9,626,475</u>	\$ <u>10,123,398</u>	\$ <u>10,551,047</u>
Covered payroll	\$ 10,465,408	\$ 1,266,360	\$ 1,266,360
Total OPEB liability as a percentage of covered payroll	91.98%	799.41%	858.17%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

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

OTHER SUPPLEMENTARY INFORMATION

CITY OF OTTUMWA, IOWA

Schedule 1

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<u>ASSETS</u>				
Cash, cash equivalents and pooled investments	\$ 3,085,202	\$ 876,364	\$ 870,085	\$ 4,831,651
Receivables:				
Property taxes:				
Delinquent	14,938	-	-	14,938
Succeeding year	985,602	-	-	985,602
Tax increment financing:				
Delinquent	5,958	-	-	5,958
Succeeding year	412,670	-	-	412,670
Accounts	97,422	151,226	-	248,648
Due from other governments	69,000	600,102	-	669,102
Due from other funds	41,200	-	-	41,200
Prepays	248,699	-	-	248,699
Deposit	25,000	-	-	25,000
TOTAL ASSETS	\$ 4,985,691	\$ 1,627,692	\$ 870,085	\$ 7,483,468
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ 344,922	\$ 512,329	\$ 846	\$ 858,097
Wages and benefits payable	24,300	-	-	24,300
Unearned revenue	-	151,226	-	151,226
Due to other funds	152,366	80,000	-	232,366
TOTAL LIABILITIES	521,588	743,555	846	1,265,989
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Unavailable revenues:				
Succeeding year property tax	985,602	-	-	985,602
Succeeding year tax increment financing	412,670	-	-	412,670
TOTAL DEFERRED INFLOWS OF RESOURCES	1,398,272	-	-	1,398,272
<u>FUND BALANCES:</u>				
Nonspendable	248,699	-	843,271	1,091,970
Restricted	2,817,132	884,137	25,968	3,727,237
TOTAL FUND BALANCES	3,065,831	884,137	869,239	4,819,207
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 4,985,691	\$ 1,627,692	\$ 870,085	\$ 7,483,468

See Accompanying Independent Auditor's Report

CITY OF OTTUMWA, IOWA

Schedule 2

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN
FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<u>REVENUES:</u>				
Property tax	\$ 1,774,179	\$ -	\$ -	\$ 1,774,179
Intergovernmental	417,988	3,945,638	-	4,363,626
Use of money and property	523,232	13,657	15,284	552,173
Charges for service	414,368	-	5,882	420,250
Miscellaneous	751,304	140,990	-	892,294
Total revenues	<u>3,881,071</u>	<u>4,100,285</u>	<u>21,166</u>	<u>8,002,522</u>
<u>EXPENDITURES:</u>				
Operating:				
Public safety	208,563	102,148	-	310,711
Public works	862,695	-	-	862,695
Health and social services	-	130,508	-	130,508
Culture and recreation	1,284,096	100,590	-	1,384,686
Community and economic development	263,586	62,160	-	325,746
General government	1,501,396	-	-	1,501,396
Capital projects	-	5,398,560	-	5,398,560
Total expenditures	<u>4,120,336</u>	<u>5,793,966</u>	<u>-</u>	<u>9,914,302</u>
Excess (deficiency) of revenues over (under) expenditures	(239,265)	(1,693,681)	21,166	(1,911,780)
Other financing sources (uses):				
Issuance of debt	-	1,369,709	-	1,369,709
Transfers in	1,447,182	-	-	1,447,182
Transfers out	(920,104)	(1,542,907)	(8,833)	(2,471,844)
Total other financing sources (uses)	<u>527,078</u>	<u>(173,198)</u>	<u>(8,833)</u>	<u>345,047</u>
Net change in fund balances	287,813	(1,866,879)	12,333	(1,566,733)
Fund balances - Beginning of year	<u>2,778,018</u>	<u>2,751,016</u>	<u>856,906</u>	<u>6,385,940</u>
Fund balances - End of year	\$ <u>3,065,831</u>	\$ <u>884,137</u>	\$ <u>869,239</u>	\$ <u>4,819,207</u>

CITY OF OTTUMWA, IOWA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	Airport	Emergency	Library	Cemetery	Block Grants	Tax Increment Financing
<u>ASSETS</u>						
Cash, cash equivalents and pooled investments	\$ 192,424	\$ -	\$ 275,180	\$ 75,796	\$ 25,706	\$ -
Receivables:						
Property taxes:						
Delinquent	-	1,935	5,799	1,953	-	-
Succeeding year	-	128,901	375,943	130,885	-	-
Tax increment financing:						
Delinquent	-	-	-	-	-	5,958
Succeeding year	-	-	-	-	-	412,670
Accounts	7,397	-	-	-	-	90,025
Due from other governments	69,000	-	-	-	-	-
Due from other funds	41,200	-	-	-	-	-
Prepays	16,335	-	5,790	3,367	-	-
Deposit	-	-	-	-	-	-
TOTAL ASSETS	\$ 326,356	\$ 130,836	\$ 662,712	\$ 212,001	\$ 25,706	\$ 508,653
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>						
<u>LIABILITIES:</u>						
Accounts payable	\$ 8,648	\$ -	\$ 8,269	\$ 7,930	\$ -	\$ 135,203
Wages and benefits payable	4,600	-	13,400	4,600	-	-
Due to other funds	-	1,935	-	-	-	150,431
TOTAL LIABILITIES	13,248	1,935	21,669	12,530	-	285,634
<u>DEFERRED INFLOWS OF RESOURCES:</u>						
Unavailable resources:						
Succeeding year property tax	-	128,901	375,943	130,885	-	-
Succeeding year tax increment financing	-	-	-	-	-	412,670
TOTAL DEFERRED INFLOWS OF RESOURCES	-	128,901	375,943	130,885	-	412,670
<u>FUND BALANCES:</u>						
Nonspendable	16,335	-	5,790	3,367	-	-
Restricted	296,773	-	259,310	65,219	25,706	(189,651)
TOTAL FUND BALANCES	313,108	-	265,100	68,586	25,706	(189,651)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 326,356	\$ 130,836	\$ 662,712	\$ 212,001	\$ 25,706	\$ 508,653

<u>Risk Management</u>	<u>Fire Bequest</u>	<u>RAGBRAI</u>	<u>Retiree Health Insurance</u>	<u>Library Bequest</u>	<u>Park Bequest</u>	<u>Police Bequest</u>	<u>Historic Preservation</u>	<u>Total</u>
\$ 1,027,622	\$ 18,438	\$ 31,412	\$ 1,043,699	\$ 178,050	\$ 122,421	\$ 92,879	\$ 1,575	\$ 3,085,202
5,251	-	-	-	-	-	-	-	14,938
349,873	-	-	-	-	-	-	-	985,602
-	-	-	-	-	-	-	-	5,958
-	-	-	-	-	-	-	-	412,670
-	-	-	-	-	-	-	-	97,422
-	-	-	-	-	-	-	-	69,000
-	-	-	-	-	-	-	-	41,200
221,207	-	-	-	-	-	2,000	-	248,699
25,000	-	-	-	-	-	-	-	25,000
<u>\$ 1,628,953</u>	<u>\$ 18,438</u>	<u>\$ 31,412</u>	<u>\$ 1,043,699</u>	<u>\$ 178,050</u>	<u>\$ 122,421</u>	<u>\$ 94,879</u>	<u>\$ 1,575</u>	<u>\$ 4,985,691</u>
\$ 72,666	\$ -	\$ 165	\$ 81,538	\$ 7,602	\$ 22,901	\$ -	\$ -	\$ 344,922
1,700	-	-	-	-	-	-	-	24,300
-	-	-	-	-	-	-	-	152,366
<u>74,366</u>	<u>-</u>	<u>165</u>	<u>81,538</u>	<u>7,602</u>	<u>22,901</u>	<u>-</u>	<u>-</u>	<u>521,588</u>
349,873	-	-	-	-	-	-	-	985,602
-	-	-	-	-	-	-	-	412,670
<u>349,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,398,272</u>
221,207	-	-	-	-	-	2,000	-	248,699
<u>983,507</u>	<u>18,438</u>	<u>31,247</u>	<u>962,161</u>	<u>170,448</u>	<u>99,520</u>	<u>92,879</u>	<u>1,575</u>	<u>2,817,132</u>
<u>1,204,714</u>	<u>18,438</u>	<u>31,247</u>	<u>962,161</u>	<u>170,448</u>	<u>99,520</u>	<u>94,879</u>	<u>1,575</u>	<u>3,065,831</u>
<u>\$ 1,628,953</u>	<u>\$ 18,438</u>	<u>\$ 31,412</u>	<u>\$ 1,043,699</u>	<u>\$ 178,050</u>	<u>\$ 122,421</u>	<u>\$ 94,879</u>	<u>\$ 1,575</u>	<u>\$ 4,985,691</u>

CITY OF OTTUMWA, IOWA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2020

	<u>Airport</u>	<u>Emergency</u>	<u>Library</u>	<u>Cemetery</u>	<u>Block Grants</u>	<u>Tax Increment Financing</u>
REVENUES:						
Property tax	\$ -	\$ 129,473	\$ 371,203	\$ 130,885	\$ -	\$ 791,195
Intergovernmental	354,166	-	34,973	-	28,849	-
Use of money and property	456,467	-	4,920	12,317	-	-
Charges for service	-	-	11,457	104,865	-	-
Miscellaneous	173,058	-	118,829	5,628	167,791	-
Total revenues	<u>983,691</u>	<u>129,473</u>	<u>541,382</u>	<u>253,695</u>	<u>196,640</u>	<u>791,195</u>
EXPENDITURES:						
Operating:						
Public safety	-	-	-	-	-	-
Public works	862,695	-	-	-	-	-
Culture and recreation	-	-	805,439	336,342	-	-
Community and economic development	-	-	-	-	200,019	63,119
General government	-	-	-	-	-	-
Total expenditures	<u>862,695</u>	<u>-</u>	<u>805,439</u>	<u>336,342</u>	<u>200,019</u>	<u>63,119</u>
Excess (deficiency) of revenues over (under) expenditures	120,996	129,473	(264,057)	(82,647)	(3,379)	728,076
Other financing sources (uses):						
Transfers in	57,326	-	218,808	85,776	-	-
Transfers out	-	(129,473)	-	(11,800)	-	(764,831)
Total other financing sources (uses)	<u>57,326</u>	<u>(129,473)</u>	<u>218,808</u>	<u>73,976</u>	<u>-</u>	<u>(764,831)</u>
Net change in fund balances	178,322	-	(45,249)	(8,671)	(3,379)	(36,755)
Fund balances - Beginning of year	<u>134,786</u>	<u>-</u>	<u>310,349</u>	<u>77,257</u>	<u>29,085</u>	<u>(152,896)</u>
Fund balances - End of year	\$ <u>313,108</u>	\$ <u>-</u>	\$ <u>265,100</u>	\$ <u>68,586</u>	\$ <u>25,706</u>	\$ <u>(189,651)</u>

Schedule 4

<u>Risk Management</u>	<u>Fire Bequest</u>	<u>RAGBRAI</u>	<u>Retiree Health Insurance</u>	<u>Library Bequest</u>	<u>Park Bequest</u>	<u>Police Bequest</u>	<u>Historic Preservation</u>	<u>Total</u>
\$ 351,423	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,774,179
-	-	-	-	-	-	-	-	417,988
18,510	355	34	16,489	2,649	10,105	1,386	-	523,232
-	-	-	298,046	-	-	-	-	414,368
-	871	-	148,079	78,919	25,822	32,307	-	751,304
<u>369,933</u>	<u>1,226</u>	<u>34</u>	<u>462,614</u>	<u>81,568</u>	<u>35,927</u>	<u>33,693</u>	<u>-</u>	<u>3,881,071</u>
173,031	7,539	-	-	-	-	27,993	-	208,563
-	-	-	-	-	-	-	-	862,695
-	-	-	-	98,459	43,856	-	-	1,284,096
-	-	165	-	-	-	-	283	263,586
<u>344,598</u>	<u>-</u>	<u>-</u>	<u>1,156,798</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,501,396</u>
<u>517,629</u>	<u>7,539</u>	<u>165</u>	<u>1,156,798</u>	<u>98,459</u>	<u>43,856</u>	<u>27,993</u>	<u>283</u>	<u>4,120,336</u>
(147,696)	(6,313)	(131)	(694,184)	(16,891)	(7,929)	5,700	(283)	(239,265)
145,272	-	-	900,000	-	40,000	-	-	1,447,182
(14,000)	-	-	-	-	-	-	-	(920,104)
<u>131,272</u>	<u>-</u>	<u>-</u>	<u>900,000</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>527,078</u>
(16,424)	(6,313)	(131)	205,816	(16,891)	32,071	5,700	(283)	287,813
<u>1,221,138</u>	<u>24,751</u>	<u>31,378</u>	<u>756,345</u>	<u>187,339</u>	<u>67,449</u>	<u>89,179</u>	<u>1,858</u>	<u>2,778,018</u>
\$ <u>1,204,714</u>	\$ <u>18,438</u>	\$ <u>31,247</u>	\$ <u>962,161</u>	\$ <u>170,448</u>	\$ <u>99,520</u>	\$ <u>94,879</u>	\$ <u>1,575</u>	\$ <u>3,065,831</u>

CITY OF OTTUMWA, IOWA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2020

<u>ASSETS</u>	<u>Sidewalks</u>	<u>Airport Projects</u>	<u>Park Projects</u>
Cash, cash equivalents and pooled investments	\$ 8,928	\$ -	\$ 50,542
Receivables:			
Accounts	-	-	-
Due from other governments	-	600,102	-
TOTAL ASSETS	\$ 8,928	\$ 600,102	\$ 50,542
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ 19,331	\$ 470,048	\$ 18,924
Due to other funds	80,000	-	-
Unearned revenue	-	-	-
TOTAL LIABILITIES	99,331	470,048	18,924
<u>FUND BALANCES:</u>			
Restricted	(90,403)	130,054	31,618
TOTAL FUND BALANCES	(90,403)	130,054	31,618
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,928	\$ 600,102	\$ 50,542

Schedule 5

<u>Other Bond Projects</u>	<u>Levee Repairs</u>	<u>Total</u>
\$ 631,315	\$ 185,579	\$ 876,364
151,226	-	151,226
<u>-</u>	<u>-</u>	<u>600,102</u>
\$ <u>782,541</u>	\$ <u>185,579</u>	\$ <u>1,627,692</u>
\$ 4,026	\$ -	\$ 512,329
-	-	80,000
151,226	-	151,226
<u>155,252</u>	<u>-</u>	<u>743,555</u>
<u>627,289</u>	<u>185,579</u>	<u>884,137</u>
<u>627,289</u>	<u>185,579</u>	<u>884,137</u>
\$ <u>782,541</u>	\$ <u>185,579</u>	\$ <u>1,627,692</u>

CITY OF OTTUMWA, IOWA

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
YEAR ENDED JUNE 30, 2020

	<u>Sidewalks</u>	<u>Airport Projects</u>	<u>Park Projects</u>
<u>REVENUES:</u>			
Intergovernmental	\$ -	\$ 3,945,638	\$ -
Use of money and property	611	4,862	5,010
Miscellaneous	-	-	-
Total revenues	<u>611</u>	<u>3,950,500</u>	<u>5,010</u>
<u>EXPENDITURES:</u>			
Operating:			
Public safety	-	-	-
Health and social services	-	-	-
Culture and recreation	-	-	-
Community and economic development	-	-	-
Capital projects	<u>161,621</u>	<u>4,850,755</u>	<u>386,184</u>
Total expenditures	<u>161,621</u>	<u>4,850,755</u>	<u>386,184</u>
Excess (deficiency) of revenues over (under) expenditures	(161,010)	(900,255)	(381,174)
Other financing sources:			
Transfers out	-	-	-
Issuance of debt	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(161,010)	(900,255)	(381,174)
Fund balances - Beginning of year	<u>70,607</u>	<u>1,030,309</u>	<u>412,792</u>
Fund balances - End of year	\$ <u>(90,403)</u>	\$ <u>130,054</u>	\$ <u>31,618</u>

Schedule 6

<u>Other Bond Projects</u>	<u>Levee Repairs</u>	<u>Total</u>
\$ -	\$ -	\$ 3,945,638
-	3,174	13,657
<u>140,990</u>	<u>-</u>	<u>140,990</u>
<u>140,990</u>	<u>3,174</u>	<u>4,100,285</u>
102,148	-	102,148
130,508	-	130,508
100,590	-	100,590
62,160	-	62,160
<u>-</u>	<u>-</u>	<u>5,398,560</u>
<u>395,406</u>	<u>-</u>	<u>5,793,966</u>
(254,416)	3,174	(1,693,681)
(1,542,907)	-	(1,542,907)
<u>1,369,709</u>	<u>-</u>	<u>1,369,709</u>
<u>(173,198)</u>	<u>-</u>	<u>(173,198)</u>
(427,614)	3,174	(1,866,879)
<u>1,054,903</u>	<u>182,405</u>	<u>2,751,016</u>
\$ <u>627,289</u>	\$ <u>185,579</u>	\$ <u>884,137</u>

CITY OF OTTUMWA, IOWA

Schedule 7

COMBINING BALANCE SHEET
NONMAJOR PERMANENT FUNDS
JUNE 30, 2020

	Cemetery Perpetual Care	Cemetery Memorial	Total Nonmajor Permanent Funds
<u>ASSETS</u>			
Cash, cash equivalents and pooled investments	\$ <u>732,601</u>	\$ <u>137,484</u>	\$ <u>870,085</u>
TOTAL ASSETS	\$ <u>732,601</u>	\$ <u>137,484</u>	\$ <u>870,085</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ <u>846</u>	\$ <u>-</u>	\$ <u>846</u>
<u>FUND BALANCES:</u>			
Nonspendable	731,681	111,590	843,271
Restricted	<u>74</u>	<u>25,894</u>	<u>25,968</u>
TOTAL FUND BALANCES	<u>731,755</u>	<u>137,484</u>	<u>869,239</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>732,601</u>	\$ <u>137,484</u>	\$ <u>870,085</u>

CITY OF OTTUMWA, IOWA

Schedule 8

COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR PERMANENT FUNDS
YEAR ENDED JUNE 30, 2020

	Cemetery Perpetual Care	Cemetery Memorial	Total Nonmajor Permanent Funds
<u>REVENUES:</u>			
Interest income	\$ 5,882	\$ 9,402	\$ 15,284
Charges for service	<u>5,882</u>	<u>-</u>	<u>5,882</u>
Total revenues	11,764	9,402	21,166
Other financing uses:			
Transfers out	<u>(5,882)</u>	<u>(2,951)</u>	<u>(8,833)</u>
Net change in fund balances	5,882	6,451	12,333
Fund balances - Beginning of year	<u>725,873</u>	<u>131,033</u>	<u>856,906</u>
Fund balances - End of year	\$ <u>731,755</u>	\$ <u>137,484</u>	\$ <u>869,239</u>

CITY OF OTTUMWA, IOWA

Schedule 9

COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2020

	Transit	Golf Course	Total Nonmajor Proprietary Funds
<u>ASSETS:</u>			
Current assets:			
Cash, cash equivalents and pooled investments	\$ 750,071	\$ 20,664	\$ 770,735
Receivables:			
Property taxes:			
Delinquent	7,463	-	7,463
Succeeding year	457,290	-	457,290
Due from other governments	112,839	-	112,839
Prepaid expenses	31,147	-	31,147
Total current assets	<u>1,358,810</u>	<u>20,664</u>	<u>1,379,474</u>
Capital assets:			
Land	-	80,000	80,000
Buildings	1,295,718	174,855	1,470,573
Improvements other than buildings	-	893,562	893,562
Machinery and equipment	3,596,891	340,332	3,937,223
Less accumulated depreciation	<u>(4,064,021)</u>	<u>(1,136,453)</u>	<u>(5,200,474)</u>
Total capital assets	<u>828,588</u>	<u>352,296</u>	<u>1,180,884</u>
TOTAL ASSETS	<u>2,187,398</u>	<u>372,960</u>	<u>2,560,358</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Pension related deferred outflows	109,967	-	109,967
OPEB related deferred outflows	50,741	-	50,741
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>160,708</u>	<u>-</u>	<u>160,708</u>
<u>LIABILITIES:</u>			
Current liabilities:			
Accounts payable	6,244	-	6,244
Wages and benefits payable	17,700	-	17,700
Compensated absences payable	16,852	-	16,852
Total current liabilities	<u>40,796</u>	<u>-</u>	<u>40,796</u>
Long-term liabilities:			
Net pension liability	460,829	-	460,829
Total OPEB liability	383,038	-	383,038
Total long-term liabilities	<u>843,867</u>	<u>-</u>	<u>843,867</u>
TOTAL LIABILITIES	<u>884,663</u>	<u>-</u>	<u>884,663</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Unavailable revenues:			
Pension related deferred inflows	81,455	-	81,455
OPEB related deferred inflows	51,390	-	51,390
Succeeding year property tax	457,290	-	457,290
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>590,135</u>	<u>-</u>	<u>590,135</u>
<u>NET POSITION:</u>			
Net investment in capital assets	828,588	352,296	1,180,884
Unrestricted	44,720	20,664	65,384
TOTAL NET POSITION \$	<u>\$ 873,308</u>	<u>\$ 372,960</u>	<u>\$ 1,246,268</u>

See Accompanying Independent Auditor's Report

CITY OF OTTUMWA, IOWA

Schedule 10

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	<u>Transit</u>	<u>Golf Course</u>	<u>Total Nonmajor Proprietary Funds</u>
Operating revenues:			
Charges for service	\$ 78,250	\$ -	\$ 78,250
Miscellaneous	<u>6,249</u>	<u>10,000</u>	<u>16,249</u>
Total operating revenues	<u>84,499</u>	<u>10,000</u>	<u>94,499</u>
Operating expenses:			
Operations	1,196,586	547	1,197,133
Depreciation	<u>118,024</u>	<u>25,437</u>	<u>143,461</u>
Total operating expenses	<u>1,314,610</u>	<u>25,984</u>	<u>1,340,594</u>
Operating loss	<u>(1,230,111)</u>	<u>(15,984)</u>	<u>(1,246,095)</u>
Nonoperating revenue:			
Property taxes	499,395	-	499,395
Intergovernmental	<u>720,414</u>	<u>-</u>	<u>720,414</u>
Total nonoperating revenue	<u>1,219,809</u>	<u>-</u>	<u>1,219,809</u>
Change in net position	(10,302)	(15,984)	(26,286)
Net position - Beginning of year	<u>883,610</u>	<u>388,944</u>	<u>1,272,554</u>
Net position - End of year	\$ <u>873,308</u>	\$ <u>372,960</u>	\$ <u>1,246,268</u>

CITY OF OTTUMWA, IOWA

Schedule 11

COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	Transit	Golf Course	Total Nonmajor Proprietary Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from operations	\$ 84,499	\$ 10,000	\$ 94,499
Cash paid to employees	(896,872)	-	(896,872)
Cash paid to suppliers	(322,536)	(547)	(323,083)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(1,134,909)</u>	<u>9,453</u>	<u>(1,125,456)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Property taxes	502,432	-	502,432
Intergovernmental	759,615	-	759,615
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>1,262,047</u>	<u>-</u>	<u>1,262,047</u>
<u>CASH FLOWS FROM CAPITAL RELATED FINANCING ACTIVITIES:</u>			
Acquisition of capital assets	(130,879)	-	(130,879)
NET CASH USED IN CAPITAL RELATED FINANCING ACTIVITIES	<u>(130,879)</u>	<u>-</u>	<u>(130,879)</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS	(3,741)	9,453	5,712
<u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS</u> - Beginning of year	<u>753,812</u>	<u>11,211</u>	<u>765,023</u>
<u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS</u> - End of year	\$ <u>750,071</u>	\$ <u>20,664</u>	\$ <u>770,735</u>
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN)</u>			
<u>OPERATING ACTIVITIES:</u>			
Operating loss	\$ (1,230,111)	\$ (15,984)	\$ (1,246,095)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	118,024	25,437	143,461
Changes in assets and liabilities:			
Decrease in receivables	39,632	-	39,632
Increase in prepaid expenses	(4,239)	-	(4,239)
Decrease in deferred outflows of resources	112	-	112
Decrease in accounts payable	(43,857)	-	(43,857)
Increase in wages and benefits payable	4,300	-	4,300
Decrease in compensated absences payable	(9,998)	-	(9,998)
Decrease in net pension liability	(21,011)	-	(21,011)
Increase in deferred inflows of resources	32,011	-	32,011
Decrease in other post employment benefits obligation	(19,772)	-	(19,772)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u>(1,134,909)</u>	\$ <u>9,453</u>	\$ <u>(1,125,456)</u>

CITY OF OTTUMWA, IOWA

Schedule 12

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2020

	<u>Payroll</u> <u>Clearing</u>	<u>Equipment</u> <u>Purchasing</u>	<u>Employee</u> <u>Insurance</u>	<u>Total</u>
<u>ASSETS</u>				
Cash, cash equivalents and pooled investments	\$ <u>491,868</u>	\$ <u>1,469,747</u>	\$ <u>4,355,971</u>	\$ <u>6,317,586</u>
TOTAL ASSETS	<u>491,868</u>	<u>1,469,747</u>	<u>4,355,971</u>	<u>6,317,586</u>
<u>LIABILITIES AND NET POSITION</u>				
<u>CURRENT LIABILITIES:</u>				
Accounts payable	<u>491,868</u>	<u>-</u>	<u>486,113</u>	<u>977,981</u>
TOTAL LIABILITIES	<u>491,868</u>	<u>-</u>	<u>486,113</u>	<u>977,981</u>
<u>NET POSITION:</u>				
Restricted	<u>-</u>	<u>-</u>	<u>3,869,858</u>	<u>3,869,858</u>
Unrestricted	<u>-</u>	<u>1,469,747</u>	<u>-</u>	<u>1,469,747</u>
TOTAL NET POSITION	\$ <u>-</u>	\$ <u>1,469,747</u>	\$ <u>3,869,858</u>	\$ <u>5,339,605</u>

CITY OF OTTUMWA, IOWA

Schedule 13

COMBINING STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN
FUND NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2020

	Equipment Purchasing	Employee Insurance	Total
<u>OPERATING REVENUES:</u>			
Charges for service and other operating revenues	\$ -	\$ 5,060,855	\$ 5,060,855
<u>EXPENSES:</u>			
Operations	-	4,576,923	4,576,923
Operating income	-	483,932	483,932
Nonoperating revenue:			
Interest income	-	69,468	69,468
Income before transfers	-	553,400	553,400
Transfers:			
Transfers in	415,900	-	415,900
Transfers out	(348,362)	-	(348,362)
Change in net position	67,538	553,400	620,938
Net position - Beginning of year	1,402,209	3,316,458	4,718,667
Net position - End of year	\$ 1,469,747	\$ 3,869,858	\$ 5,339,605

CITY OF OTTUMWA, IOWA

Schedule 14

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2020

	Payroll Clearing	Equipment Purchasing	Employee Insurance	Total Nonmajor Internal Service Funds
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>				
Cash received from operations	\$ 184,161	\$ -	\$ 5,080,855	\$ 5,245,016
Cash paid to suppliers	-	-	(4,576,910)	(4,576,910)
NET CASH PROVIDED BY NONCAPITAL OPERATING ACTIVITIES	184,161	-	483,945	668,106
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>				
Transfers from other funds	-	415,900	-	415,900
Transfers to other funds	-	(348,362)	-	(348,362)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	-	67,538	-	67,538
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>				
Interest income received	-	-	69,468	69,468
NET INCREASE IN CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS	184,161	67,538	553,413	805,112
<u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS</u> - Beginning of year	307,707	1,402,209	3,802,558	5,512,474
<u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS</u> - End of year	\$ 491,868	\$ 1,469,747	\$ 4,355,971	\$ 6,317,586
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u>				
Operating income	\$ -	\$ -	\$ 483,932	\$ 483,932
Adjustments to reconcile operating income to net cash provided by operating activities:				
Changes in assets and liabilities:				
Increase in accounts payable	184,161	-	13	184,174
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 184,161	\$ -	\$ 483,945	\$ 668,106

CITY OF OTTUMWA, IOWA

Schedule 15

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>Expenditures of Federal Awards</u>			
<u>Indirect:</u>			
Department of Housing and Urban Development:			
Iowa Economic Development Authority:			
Community Development Block Grants/State's Program and Non-Entitlement Grants In Hawaii	14.228	16-DTR-002	\$ 489,551
Community Development Block Grants/State's Program and Non-Entitlement Grants In Hawaii	14.228	18-CF-002	18,207
Community Development Block Grants/State's Program and Non-Entitlement Grants In Hawaii	14.228	18-OT-001	28,849
			<u>536,607</u>
Department of Transportation:			
Iowa Department of Transportation:			
Airport Improvement Program	20.106	FAA-03-19-0073-0021-2017	<u>3,984,916</u>
Formula Grants for Rural Areas	20.509	-	<u>400,903</u>
Highway Planning and Construction	20.205	PE-STP-U-5843(643)-70-90	<u>101,194</u>
Federal Transit Capital Investment Grants	20.500	-	<u>104,703</u>
Department of Justice:			
Iowa Department of Justice:			
Coronavirus Emergency Supplemental Funding Program	16.034	-	<u>7,526</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	-	<u>126,806</u>
Department of Homeland Security:			
Iowa Department of Homeland Security and Emergency Management:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	-	<u>16,665</u>
Assistance to Firefighters	97.044	-	<u>81,983</u>
Total Expenditures of Federal Awards			\$ <u>5,361,303</u>

CITY OF OTTUMWA, IOWA

Schedule 15 (Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR END JUNE 30, 2020

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Ottumwa, Iowa under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Ottumwa, Iowa, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City of Ottumwa, Iowa.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of Ottumwa, Iowa has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

STATISTICAL SECTION - UNAUDITED

CITY OF OTTUMWA, IOWA

STATISTICAL SECTION

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

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	98
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	109
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the government's ability to issue additional debt in the future.	115
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.	121
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.	124

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

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Government Activities:			
Net investment in capital assets	\$ 37,392	\$ 39,873	\$ 37,229
Restricted	12,659	12,495	16,410
Unrestricted	<u>3,662</u>	<u>3,257</u>	<u>3,370</u>
Total governmental activities net position	\$ <u>53,713</u>	\$ <u>55,625</u>	\$ <u>57,009</u>
Business Type Activities:			
Net investment in capital assets	\$ 41,334	\$ 42,240	\$ 46,277
Restricted	95	95	95
Unrestricted	<u>5,157</u>	<u>6,340</u>	<u>5,204</u>
Total business type activities net position	\$ <u>46,586</u>	\$ <u>48,675</u>	\$ <u>51,576</u>
Primary Government:			
Net investment in capital assets	\$ 78,726	\$ 82,113	\$ 83,506
Restricted	12,754	12,590	16,505
Unrestricted	<u>8,819</u>	<u>9,597</u>	<u>8,574</u>
Total primary government net position	\$ <u>100,299</u>	\$ <u>104,300</u>	\$ <u>108,585</u>

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

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

		*	*	*	*(1)	*(1)
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 33,537	\$ 41,673	\$ 46,346	\$ 47,689	\$ 47,288	\$ 45,695	\$ 57,619
20,471	18,549	15,367	20,106	18,145	20,693	15,517
3,363	(11,687)	(7,539)	(11,510)	(12,461)	(9,727)	(12,858)
\$ <u>57,371</u>	\$ <u>48,535</u>	\$ <u>54,174</u>	\$ <u>56,285</u>	\$ <u>52,972</u>	\$ <u>56,661</u>	\$ <u>60,278</u>
\$ 51,272	\$ 67,172	\$ 70,598	\$ 69,783	\$ 67,570	\$ 64,465	\$ 66,252
95	95	95	95	95	95	95
7,869	3,273	4,156	5,245	3,423	5,901	2,388
\$ <u>59,236</u>	\$ <u>70,540</u>	\$ <u>74,849</u>	\$ <u>75,123</u>	\$ <u>71,088</u>	\$ <u>70,461</u>	\$ <u>68,735</u>
\$ 84,809	\$ 108,845	\$ 116,944	\$ 117,472	\$ 114,858	\$ 110,160	\$ 123,871
20,566	18,644	15,462	20,201	18,240	20,788	15,612
11,232	(8,414)	(3,383)	(6,265)	(9,038)	(3,826)	(10,471)
\$ <u>116,607</u>	\$ <u>119,075</u>	\$ <u>129,023</u>	\$ <u>131,408</u>	\$ <u>124,060</u>	\$ <u>127,122</u>	\$ <u>129,012</u>

CITY OF OTTUMWA, IOWA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Expenses			
Governmental Activities:			
General government	\$ 2,454	\$ 2,504	\$ 2,022
Public safety	7,878	7,957	8,269
Public services	7,865	8,286	8,703
Culture and recreation	2,607	3,086	2,807
Community development	1,672	2,384	3,192
Interest on long-term debt	472	510	539
Total governmental activities expenses	<u>22,948</u>	<u>24,727</u>	<u>25,532</u>
Business Type Activities:			
Solid waste	2,118	2,124	2,269
Sewer utility	5,867	5,997	6,239
Events center	1,684	2,041	1,801
Other (Transit/Golf)	1,580	1,466	1,424
Total business type activities expenses	<u>11,249</u>	<u>11,628</u>	<u>11,733</u>
Total primary government expenses	<u>34,197</u>	<u>36,355</u>	<u>37,265</u>
Program Revenues			
Governmental Activities:			
Charges for services:			
General government	1,825	1,721	1,770
Public safety	899	848	704
Public services	4,060	3,292	3,966
Culture and recreation	854	905	836
Community development	76	162	19
Operating grants, contributions and restricted interest	3,054	3,088	2,144
Capital grants, contributions and restricted interest	2,061	2,151	3,565
Total governmental activities			
program revenues	<u>12,829</u>	<u>12,167</u>	<u>13,004</u>
Business Type Activities:			
Charges for services:			
Solid waste	2,419	2,751	2,542
Sewer utility	5,723	5,993	6,090
Events center	746	867	961
Other (Transit/Golf)	203	154	167
Operating grants, contributions and restricted interest	1,280	549	567
Capital grants, contributions and restricted interest	1,023	782	880
Total business type activities			
program revenues	<u>11,394</u>	<u>11,096</u>	<u>11,207</u>
Total primary government			
program revenues	<u>24,223</u>	<u>23,263</u>	<u>24,211</u>

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	3,160	\$ 2,619	\$ 2,792	\$ 3,349	\$ 3,154	\$ 2,994	\$ 3,187
	8,217	8,060	8,769	8,544	9,272	10,108	10,873
	9,396	8,905	8,532	9,102	9,895	10,027	10,819
	2,925	2,916	3,125	3,087	3,687	3,448	3,746
	2,001	2,388	1,861	1,970	2,479	2,478	1,267
	328	555	480	313	511	552	686
	<u>26,027</u>	<u>25,443</u>	<u>25,559</u>	<u>26,365</u>	<u>28,998</u>	<u>29,607</u>	<u>30,578</u>
	3,112	2,215	2,080	2,117	2,158	2,193	3,639
	6,339	6,169	6,681	7,413	8,215	8,205	7,042
	1,701	1,787	1,822	2,019	2,039	2,050	2,067
	1,505	1,217	1,116	1,237	1,219	1,199	1,320
	<u>12,657</u>	<u>11,388</u>	<u>11,699</u>	<u>12,786</u>	<u>13,631</u>	<u>13,647</u>	<u>14,068</u>
	<u>38,684</u>	<u>36,831</u>	<u>37,258</u>	<u>39,151</u>	<u>42,629</u>	<u>43,254</u>	<u>44,646</u>
	2,268	1,877	1,869	1,673	1,824	1,888	1,732
	763	765	598	575	829	845	862
	3,996	3,648	3,474	3,402	3,135	3,604	4,216
	964	1,056	1,580	1,072	1,527	928	839
	455	91	405	579	475	608	888
	1,897	3,027	3,035	3,328	3,571	3,870	3,781
	<u>3,017</u>	<u>1,756</u>	<u>3,417</u>	<u>1,021</u>	<u>1,596</u>	<u>4,552</u>	<u>5,384</u>
	<u>13,360</u>	<u>12,220</u>	<u>14,378</u>	<u>11,650</u>	<u>12,957</u>	<u>16,295</u>	<u>17,702</u>
	2,545	2,083	1,963	2,106	2,237	2,256	2,015
	6,207	6,005	5,965	5,706	5,556	5,356	5,581
	687	624	803	914	1,091	1,228	1,106
	126	115	125	105	88	90	78
	654	679	653	577	564	587	643
	<u>4,905</u>	<u>10,687</u>	<u>4,815</u>	<u>1,077</u>	<u>222</u>	<u>38</u>	<u>105</u>
	<u>15,124</u>	<u>20,193</u>	<u>14,324</u>	<u>10,485</u>	<u>9,758</u>	<u>9,555</u>	<u>9,528</u>
	<u>28,484</u>	<u>32,413</u>	<u>28,702</u>	<u>22,135</u>	<u>22,715</u>	<u>25,850</u>	<u>27,230</u>

CITY OF OTTUMWA, IOWA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net Expense:			
Governmental activities	(10,121)	(12,561)	(12,528)
Business type activities	145	(532)	(526)
Total primary government net expense	<u>(9,976)</u>	<u>(13,093)</u>	<u>(13,054)</u>
General Revenues and Other Changes In Net Position			
Governmental Activities:			
Taxes:			
Property taxes	11,821	12,450	12,912
Sales taxes	3,075	3,060	3,093
Other taxes	611	607	665
Investment earnings	102	95	101
Miscellaneous	48	45	49
Transfers	<u>(2,036)</u>	<u>(2,180)</u>	<u>(2,909)</u>
Total governmental activities	<u>13,621</u>	<u>14,077</u>	<u>13,911</u>
Business Type Activities:			
Property taxes	389	380	440
Investment earnings	56	61	79
Miscellaneous	-	-	-
Transfers	<u>2,036</u>	<u>2,180</u>	<u>2,909</u>
Total business type activities	<u>2,481</u>	<u>2,621</u>	<u>3,428</u>
Total primary government	<u>16,102</u>	<u>16,698</u>	<u>17,339</u>
Change in Net Position:			
Governmental activities	3,500	1,516	1,383
Business type activities	<u>2,626</u>	<u>2,089</u>	<u>2,902</u>
Total primary government	<u>\$ 6,126</u>	<u>\$ 3,605</u>	<u>\$ 4,285</u>

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
(12,667)	(13,223)	(11,181)	(14,715)	(16,041)	(13,314)	(12,876)
<u>2,467</u>	<u>8,805</u>	<u>2,625</u>	<u>(2,300)</u>	<u>(3,872)</u>	<u>(4,092)</u>	<u>(4,541)</u>
<u>(10,200)</u>	<u>(4,418)</u>	<u>(8,556)</u>	<u>(17,015)</u>	<u>(19,913)</u>	<u>(17,406)</u>	<u>(17,417)</u>
13,004	13,304	13,402	13,868	14,692	13,911	14,189
3,367	3,596	3,284	3,654	3,244	3,169	3,232
681	803	742	763	693	734	595
54	53	55	92	180	298	367
53	48	30	69	14	22	42
<u>(4,129)</u>	<u>(2,921)</u>	<u>(2,064)</u>	<u>(1,620)</u>	<u>(744)</u>	<u>(1,132)</u>	<u>(1,932)</u>
<u>13,030</u>	<u>14,883</u>	<u>15,449</u>	<u>16,826</u>	<u>18,079</u>	<u>17,002</u>	<u>16,493</u>
447	440	445	529	543	499	499
99	91	57	60	108	195	218
517	798	489	365	1,024	1,639	166
<u>4,129</u>	<u>2,921</u>	<u>2,064</u>	<u>1,620</u>	<u>744</u>	<u>1,132</u>	<u>1,932</u>
<u>5,192</u>	<u>4,250</u>	<u>3,055</u>	<u>2,574</u>	<u>2,419</u>	<u>3,465</u>	<u>2,815</u>
<u>18,222</u>	<u>19,133</u>	<u>18,504</u>	<u>19,400</u>	<u>20,498</u>	<u>20,467</u>	<u>19,308</u>
363	1,659	4,269	2,111	2,037	3,688	3,617
<u>7,659</u>	<u>13,056</u>	<u>5,679</u>	<u>274</u>	<u>(1,453)</u>	<u>(627)</u>	<u>(1,726)</u>
\$ <u>8,022</u>	\$ <u>14,715</u>	\$ <u>9,948</u>	\$ <u>2,385</u>	\$ <u>584</u>	\$ <u>3,061</u>	\$ <u>1,891</u>

CITY OF OTTUMWA, IOWA

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

LAST TEN FISCAL YEARS

UNAUDITED

(Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

<u>Fiscal Year</u>	<u>Utility Replacement</u>	<u>Property Taxes</u>	<u>Sales Taxes</u>	<u>Other Taxes</u>	<u>Total</u>
2011	\$ 382	\$ 11,828	\$ 3,075	\$ 611	\$ 15,896
2012	380	12,472	3,061	607	16,520
2013	394	12,957	3,093	665	17,109
2014	388	12,458	3,367	681	16,894
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

CITY OF OTTUMWA, IOWA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
General Fund:				
Nonspendable	\$ 4	\$ 3	\$ 6	\$ 4
Assigned	257	-	-	-
Unassigned	<u>2,650</u>	<u>2,919</u>	<u>3,225</u>	<u>3,316</u>
Total general fund	\$ <u>2,911</u>	\$ <u>2,922</u>	\$ <u>3,231</u>	\$ <u>3,320</u>
All Other Governmental Funds:				
Nonspendable	\$ 1,010	\$ 1,081	\$ 1,058	\$ 1,109
Restricted	11,649	11,414	15,352	19,362
Unassigned	<u>-</u>	<u>(34)</u>	<u>(311)</u>	<u>(242)</u>
Total all other governmental funds	\$ <u>12,659</u>	\$ <u>12,461</u>	\$ <u>16,099</u>	\$ <u>20,229</u>

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 3	\$ 34	\$ 7	\$ 4	\$ 4	\$ 4
-	30	-	-	-	-
<u>3,293</u>	<u>3,101</u>	<u>4,067</u>	<u>4,025</u>	<u>3,843</u>	<u>2,986</u>
\$ <u>3,296</u>	\$ <u>3,165</u>	\$ <u>4,074</u>	\$ <u>4,029</u>	\$ <u>3,847</u>	\$ <u>2,990</u>
\$ 1,099	\$ 1,040	\$ 1,088	\$ 1,043	\$ 1,058	\$ 1,116
17,450	14,327	19,018	17,068	19,809	15,515
<u>(216)</u>	<u>(200)</u>	<u>(189)</u>	<u>(187)</u>	<u>(153)</u>	<u>-</u>
\$ <u>18,333</u>	\$ <u>15,167</u>	\$ <u>19,917</u>	\$ <u>17,924</u>	\$ <u>20,714</u>	\$ <u>16,631</u>

CITY OF OTTUMWA, IOWA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Revenues				
Taxes	\$ 15,507	\$ 16,117	\$ 16,670	\$ 17,052
Licenses and permits	304	360	324	353
Intergovernmental	5,115	5,238	5,709	4,914
Money and property	636	643	534	902
Charges for services	5,126	4,414	4,590	4,579
Fines	340	381	303	280
Miscellaneous	960	1,215	1,538	2,241
Total revenues	<u>27,988</u>	<u>28,368</u>	<u>29,668</u>	<u>30,321</u>
Expenditures				
Public safety	7,337	7,432	7,179	7,474
Public works	6,582	6,911	7,280	8,253
Health and social services	541	590	622	750
Culture and recreation	2,529	2,770	2,411	2,563
Community and economic development	1,087	1,810	2,619	1,460
General government	2,409	2,386	2,449	3,090
Capital outlay	5,396	4,964	2,213	3,527
Debt service:				
Principal	3,238	2,543	2,691	2,345
Interest	469	522	442	327
Total expenditures	<u>29,588</u>	<u>29,928</u>	<u>27,906</u>	<u>29,789</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,600)</u>	<u>(1,560)</u>	<u>1,762</u>	<u>532</u>
Other financing sources (uses):				
Transfers in	9,310	12,030	15,216	8,534
Transfers out	(11,404)	(14,486)	(18,322)	(12,463)
Bond proceeds	8,424	2,944	7,540	7,493
Other proceeds from sale	-	-	-	-
Bond issue premium (discount)	(69)	(37)	(5)	122
Refunding bond payments	(4,640)	-	(2,245)	-
Total other financing sources (uses)	<u>1,621</u>	<u>451</u>	<u>2,184</u>	<u>3,686</u>
Changes in fund balances	\$ <u>21</u>	\$ <u>(1,109)</u>	\$ <u>3,946</u>	\$ <u>4,218</u>
Debt service as a percentage of noncapital expenditures	18.2 %	12.3 %	15.0 %	10.2 %

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$	17,702	\$ 17,428	\$ 18,286	\$ 18,629	\$ 17,814	\$ 18,016
	292	308	297	332	322	360
	4,783	6,451	4,348	5,168	8,422	8,621
	642	567	587	850	921	905
	4,527	4,634	4,642	4,572	4,687	4,639
	286	275	242	209	228	192
	<u>1,450</u>	<u>2,254</u>	<u>1,710</u>	<u>1,514</u>	<u>1,509</u>	<u>2,792</u>
	<u>29,682</u>	<u>31,917</u>	<u>30,112</u>	<u>31,274</u>	<u>33,903</u>	<u>35,525</u>
	8,810	7,919	7,737	8,150	9,146	9,616
	6,914	7,163	7,167	7,921	7,304	7,176
	780	655	538	858	871	689
	2,594	2,953	2,652	3,290	2,485	2,554
	1,847	1,350	1,454	1,985	1,985	758
	2,655	3,093	3,176	3,063	2,815	2,855
	7,238	6,681	3,459	4,827	8,054	11,125
	2,780	2,757	3,181	3,425	2,955	4,378
	<u>500</u>	<u>480</u>	<u>516</u>	<u>511</u>	<u>504</u>	<u>686</u>
	<u>34,118</u>	<u>33,051</u>	<u>29,880</u>	<u>34,030</u>	<u>36,119</u>	<u>39,837</u>
	<u>(4,436)</u>	<u>(1,134)</u>	<u>232</u>	<u>(2,756)</u>	<u>(2,216)</u>	<u>(4,312)</u>
	7,494	8,926	9,153	11,170	7,608	9,611
	(10,431)	(11,088)	(10,926)	(11,953)	(8,949)	(11,611)
	5,340	-	7,200	1,500	6,165	1,370
	-	-	-	-	-	1
	115	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>2,518</u>	<u>(2,162)</u>	<u>5,427</u>	<u>717</u>	<u>4,824</u>	<u>(629)</u>
\$	<u>(1,918)</u>	\$ <u>(3,296)</u>	\$ <u>5,659</u>	\$ <u>(2,039)</u>	\$ <u>2,608</u>	\$ <u>(4,941)</u>
	12.2 %	11.8 %	17.5 %	15.4 %	12.8 %	18.4 %

CITY OF OTTUMWA, IOWA

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

Fiscal Year Ended <u>June 30</u>	<u>Real Property</u>			<u>Total Assessed Value</u>	<u>Less: (2) Tax Exempt Real Property</u>
	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Other Property (1)</u>		
2011	\$ 627,402	\$ 200,662	\$ 72,184	\$ 900,248	\$ 358,118
2012	630,288	232,338	77,523	940,149	354,217
2013	631,214	250,868	80,623	962,705	340,349
2014	635,438	242,249	81,538	959,225	329,091
2015	632,177	223,653 (3)	83,396	939,226	332,866
2016	628,594	226,730 (3)	88,082	943,406	343,488
2017	617,167	234,736 (3)	125,663 (4)	977,566	349,199
2018	638,571	231,448 (3)	140,969 (4)	1,010,988	365,866
2019	632,662	194,364 (3)	151,091 (4)	978,117	380,800
2020	635,099	200,960 (3)	177,491 (4)	1,013,550	400,066

(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 46.91% in FY 2011 to 56.92% in FY 2020.

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

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

	<u>Total Taxable Value</u>	<u>Total Direct Tax Rate</u>	<u>Taxable Value to Assessed Value</u>
\$	542,130	\$ 20.456	\$ 60.2
	585,932	20.034	62.3
	622,356	20.340	64.7
	630,134	20.304	65.7
	606,360	20.896	64.5
	599,918	20.530	63.6
	628,367	20.727	64.3
	645,182	21.445	63.8
	597,317	21.945	61.1
	613,484	22.456	60.5

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

<u>Fiscal Year</u>	<u>City of Ottumwa</u>			<u>Wapello County</u>	
	<u>Operating Levy</u>	<u>Debt Service Levy</u>	<u>Total Levy</u>	<u>Operating Levy</u>	<u>Debt Service Levy</u>
2011	\$ 17.006	\$ 3.450	\$ 20.456	\$ 8.809	\$ 0.308
2012	16.914	3.120	20.034	8.502	0.293
2013	17.108	3.231	20.339	8.104	0.276
2014	17.109	3.195	20.304	7.455	0.650
2015	17.553	3.343	20.896	7.474	0.645
2016	17.344	3.186	20.530	7.296	0.618
2017	17.289	3.438	20.727	7.296	0.618
2018	17.897	3.548	21.445	7.379	0.596
2019	18.397	3.548	21.945	6.964	0.661
2020	19.400	3.056	22.456	6.913	0.354

Source: Wapello County Auditor's Office

Overlapping		Rates					Total				
		Ottumwa Community School District					Direct				
							and				
							Overlapping				
Total		Operating	Debt	Total	Other		Rates				
Levy		Levy	Service	Levy	Levies						
			Levy								
\$	9.117	\$	13.970	\$	1.000	\$	14.970	\$	1.427	\$	45.970
	8.795		13.876		0.921		14.797		1.617		45.242
	8.380		13.547		1.142		14.689		1.466		44.874
	8.105		13.444		1.125		14.659		1.499		44.567
	8.119		13.884		0.854		14.738		1.734		45.487
	7.914		14.669		-		14.669		1.626		44.739
	7.914		14.669		-		14.669		1.626		44.936
	7.975		14.664		-		14.664		1.571		45.655
	7.625		14.688		-		14.688		1.557		45.815
	7.267		14.747		-		14.747		1.653		46.123

CITY OF OTTUMWA, IOWA

PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

(Amounts Expressed in Thousands)

<u>Taxpayer</u>	<u>2020</u>			<u>2011</u>		
	<u>January 1, 2018 Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Value</u>	<u>January 1, 2009 Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Value</u>
IES Electric/ Interstate Power and Light	\$ 90,023	1	14.67 %	\$ 22,990	1	4.07 %
MPT of Ottumwa - Lima LLC	34,400	2	5.61	-		-
Mid American Energy	12,253	3	2.00	8,486	6	1.50
Swift Port Company f/k/a Cargill Meat Solutions	10,945	4	1.78	15,991	2	2.83
Wal-Mart	10,379	5	1.69	11,263	4	1.99
Prairie Hills at Penn Place LLC f/k/a Regional Retirement Living - Ottumwa LLC	10,374	6	1.69	12,990	3	2.30
Menards	8,990	7	1.47	9,621	5	1.70
John Deere Ottumwa Works	7,194	8	1.17	7,194	9	1.27
CHTC Iowa LLC f/k/a Ottumwa Medical Clinic	6,734	9	1.10	7,341	8	1.30
Millard Refrigerated Service	5,937	10	0.97	5,119	10	0.90
Developer Diversified Realty	-	-	-	8,022	7	1.42
Totals	\$ <u>197,229</u>		<u>32.15 %</u>	\$ <u>109,017</u>		<u>19.28 %</u>

Source: Wapello County Auditor's Office

CITY OF OTTUMWA, IOWA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

UNAUDITED

(Amounts Expressed in Thousands)

Fiscal Year Ended June 30	Total Tax Levy for (1) Fiscal Year		Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$	12,155	\$ 12,136	99.8 %	19	\$ 12,155	100.0 %
2012		12,864	12,832	99.9	18	12,850	99.9
2013		13,428	13,333	99.3	13	13,346	99.4
2014		13,415	13,403	99.9	12	13,415	100.0
2015		13,427	13,337	99.0	6	13,343	99.3
2016		13,960	13,817	99.0	5	13,822	99.0
2017		14,417	14,383	99.7	7	14,390	99.8
2018		15,230	15,223	99.9	11	15,234	100.0
2019		14,493	14,483	99.9	-	14,483	99.9
2020		14,688	14,479	98.6	-	14,479	98.6

(1) Includes TIF and Utility Replacement Taxes

CITY OF OTTUMWA, IOWA

RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

UNAUDITED

(Amounts Expressed in Thousands, Except Per Capita Amount)

<u>Fiscal Year</u>	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>		<u>Per Capita (1)</u>
	<u>General Obligation Bonds</u>	<u>Sewer Bonds</u>	<u>General Obligation Bonds</u>					
2011	\$ 6,610	\$ 12,060	\$ 11,043	\$ 29,713	3.73	%	\$	1,187
2012	6,998	12,494	8,940	28,432	3.54			1,136
2013	9,639	11,280	6,601	27,520	3.64			1,100
2014	14,817	10,053	6,562	31,432	4.09			1,256
2015	17,433	12,831	5,018	35,281	4.52			1,410
2016	13,305	12,887	4,555	30,747	4.10			1,228
2017	17,228	12,524	3,768	33,520	4.45			1,340
2018	14,703	12,020	3,452	30,175	N/A			1,205
2019	17,913	10,141	4,253	32,307	N/A			1,291
2020	14,905	9,723	14,120	38,748	N/A			1,605

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 121 for personal income and population data.

CITY OF OTTUMWA, IOWA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

(Amounts Expressed in Thousands, Except Per Capita Amount)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
2011	\$ 17,653	\$ 316	\$ 17,337	1.92 %	\$ 693
2012	15,938	276	15,662	1.67	626
2013	16,240	279	15,961	1.62	623
2014	21,380	371	21,009	2.19	840
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	3.56	850
2020	29,025	516	28,509	4.65	1,181

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 109 and 110 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 121.

CITY OF OTTUMWA, IOWA

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

JUNE 30, 2020

UNAUDITED

(Amounts Expressed in Thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Wapello County	\$ 1,540	56.43 %	\$ 869
Ottumwa Community Schools	-	-	-
Subtotal, overlapping debt			869
City of Ottumwa direct debt			14,905
Total direct and overlapping debt			\$ 15,774

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

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

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

CITY OF OTTUMWA, IOWA

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Debt Limit	\$ 46,070	\$ 48,200	\$ 49,091
Total net debt applicable to limit	<u>17,653</u>	<u>15,662</u>	<u>15,961</u>
Legal debt margin	\$ <u>28,417</u>	\$ <u>32,538</u>	\$ <u>33,130</u>
Total net debt applicable to the limit as a percentage of debt limit	38.32 %	32.50 %	32.51 %

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2020

Total assessed value	\$ <u>1,030,740</u>
Debt limit (5% of total assessed value)	\$ <u>51,537</u>
Debt applicable to limit:	
General obligation bonds/notes	29,025
Less: Amount set aside for repayment of general obligation debt	<u>516</u>
Total net debt applicable to limit	<u>28,509</u>
Legal debt margin	\$ <u>23,028</u>

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

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 48,775	\$ 48,108	\$ 48,545	\$ 50,101	\$ 51,540	\$ 49,915	\$ 51,537
<u>21,009</u>	<u>22,027</u>	<u>17,138</u>	<u>20,154</u>	<u>17,207</u>	<u>21,271</u>	<u>28,509</u>
\$ <u>27,766</u>	\$ <u>26,081</u>	\$ <u>31,407</u>	\$ <u>29,947</u>	\$ <u>34,333</u>	\$ <u>28,644</u>	\$ <u>23,028</u>
43.07 %	45.79 %	35.30 %	40.23 %	33.40 %	42.61 %	55.32 %

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

Fiscal Year	Sewer Revenue Bonds					
	Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2011	\$ 5,452	\$ 3,413	\$ 2,039	\$ 997	\$ 325	1.54
2012	5,819	3,075	2,744	1,089	365	1.89
2013	5,919	2,978	2,914	1,214	334	1.88
2014	6,173	3,290	2,883	1,237	376	1.78
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

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

CITY OF OTTUMWA, IOWA

DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u>	<u>Population</u>		<u>Personal Income</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>Education Level in Years of Formal Schooling</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
	<u>City</u>	<u>County</u>	<u>(In Thousands)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>
2011	25,023	35,625	\$ 797,145	\$ 22,376	39.8	12.7	4,530	7.9 %
2012	25,023	35,625	804,056	22,570	39.8	12.7	4,751	7.9
2013	25,023	35,625	756,319	21,230	39.8	12.7	4,675	7.7
2014	25,023	35,625	767,327	21,539	39.9	12.7	4,577	5.4
2015	25,023	35,625	780,508	21,909	37.4	12.7	4,598	5.0
2016	25,023	35,625	749,978	21,052	37.4	12.7	4,598	7.8
2017	25,023	35,625	753,291	21,145	37.4	12.7	4,645	4.0
2018	25,023	35,625	754,003	21,165	36.4	12.7	4,612	4.0
2019	25,023	35,625	N/A	N/A	37.4	12.7	4,655	3.2
2020	24,148	35,401	N/A	24,916	35.6	12.7	4,763	9.4

Data Sources:

- (1) Bureau of Census
- (2) School District
- (3) Iowa Workforce Development

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

CITY OF OTTUMWA, IOWA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED

<u>Employer</u>	<u>2020</u>			<u>2011</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
JBS Live Pork, LLC	2,400	1	21.33 %	2,400	1	13.13 %
John Deere Ottumwa Works	950	2	8.44	940	2	5.14
Ottumwa Regional Health Center	825	3	7.33	750	3	4.10
Ottumwa Community School District	700	4	6.22	616	4	3.37
Indian Hills Community College	420	5	3.73	322	7	1.76
Winger Companies	315	6	2.80	242	9	1.32
City of Ottumwa	250	7	2.22	263	8	1.44
Keurig Dr. Pepper (Cadbury Schweppes)	200	8	1.78	199	10	1.09
Menards	190	9	1.69	-	-	-
Hy Vee	190	10	1.69	425	5	2.32
Walmart Super Center	-	-	-	364	6	1.99
	<u>6,440</u>		<u>57.22 %</u>	<u>6,521</u>		<u>35.66 %</u>

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

CITY OF OTTUMWA, IOWA

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

<u>Function</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Government	12	11	11	11	11	11	11	11	11	9
Public Safety:										
Police:										
Officers	40	40	40	41	40	38	39	39	41	40
Civilians	10	10	10	10	10	10	9	11	11	11
Firefighters	33	32	32	32	32	32	32	32	32	26
Public Services:										
Engineering	9	9	9	9	10	10	10	10	10	9
Maintenance	28	28	28	27	27	27	27	26	26	22
Health and Social Services	6	6	6	7	7	7	7	7	7	6
Culture and Recreation:										
Parks/Beach	23	23	23	21	21	13	11	11	10	8
Cemetery	4	3	3	3	3	3	3	3	3	2
Library	11	11	11	11	11	11	11	10	10	11
Community Development	5	5	5	5	4	4	4	4	3	2
Solid Waste	12	12	12	12	11	11	11	10	10	9
Sewer	24	21	21	21	21	22	22	22	22	23
Transit/Golf	19	17	17	17	19	19	20	20	18	18
Total	<u>236</u>	<u>228</u>	<u>228</u>	<u>227</u>	<u>227</u>	<u>218</u>	<u>217</u>	<u>216</u>	<u>214</u>	<u>196</u>

Source: City Personnel Budget

CITY OF OTTUMWA, IOWA

OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
UNAUDITED

Function	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Police: (1)										
Physical arrests	3,925	3,987	3,775	3,899	3,597	3,414	3,554	3,007	4,648	4,695
Traffic tickets	4,168	4,042	4,554	3,041	3,010	3,057	2,772	1,996	2,251	2,207
Parking citations	2,300	2,129	479	1,508	1,446	1,163	1,048	2,282	2,888	1,847
Fire: (1)										
Number of calls answered	2,617	2,507	2,999	2,954	3,195	3,199	3,397	3,902	3,677	3,752
Fire prevention activities	197	210	210	319	302	256	344	385	250	189
Highways and Streets: (1)										
Street resurfacing (miles)	2.50	4.30	3.39	2.60	1.59	11.3	4.3	4.4	4.2	3
Pot holes repaired	9,791	16,680	12,246	16,000	14,800	7,187	7,343	8,401	7,810	8,027
Utility patches repaired	56	39	(2)	(2)	(2)	(2)	(2)	(2)	(2)	-
City Sanitation:										
Refuse collected (tons)	7,101	7,066	5,895	7,255	7,480	7,620	7,764	7,706	8,090	8,508
Recyclables collected (tons)	1,117	1,065	1,046	1,031	1,014	993	936	840	822	804
Solid Waste:										
Landfill tonnage	38,001	42,971	39,732	39,864	28,740	34,714	33,459	37,775	35,712	37,052
Recycling tonnage	3,187	2,854	2,844	2,310	2,732	2,200	2,534	2,339	2,290	2,220
Health Department:										
Number of inspections	4,928	4,758	4,872	6,971	11,081	7,068	7,041	7,003	7,076	6,204
Nuisance complaints	2,034	2,136	2,097	3,882	1,756	3,904	5,605	2,195	2,157	2,464
Culture and Recreation:										
Beach Ottumwa admissions	23,861	21,863	22,183	22,094	22,491	21,850	35,960	33,415	32,391	25,103
Golf rounds played (1)	24,325	26,829	26,280	22,205	23,000	23,452	23,622	22,672	20,138	19,360
Wastewater: (1)										
Average sewage treatment (thousands of gallons)	6,745	5,151	4,250	5,044	5,005	5,575	4,689	3,889	5,145	4,850

Sources: Various City Departments.

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

(2) The City no longer does utility patch repairs

CITY OF OTTUMWA, IOWA

CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
 UNAUDITED

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Function:				
Public Safety:				
Police:				
Stations	1	1	1	1
Patrol units	10	10	10	10
Fire stations	2	2	2	2
Public Works:				
Highways and Streets:				
Streets (miles)	156.2	156.2	156.2	156.2
Streetlights	2,359	2,359	2,359	2,359
Traffic signals	26	26	26	26
Culture and Recreation: (1)				
Parks acreage	533	533	533	533
Parks	22	22	22	22
Playgrounds	13	13	13	14
Tennis courts	10	10	10	10
Softball/baseball diamonds	20	20	20	20
Library:				
Items in collection	63,505	64,652	65,123	62,905
Cemeteries:				
Facilities	3	3	3	3
Acreage	88	88	88	88
Sewer:				
Sanitary sewers (miles)	48.8	48.8	48.8	48.8
Storm sewers (miles)	25.4	26.4	27.5	29.9
Combined sewers	55.00	54.00	52.88	50.48
Maximum daily treatment capacity (thousands of gallons)	10,000	10,000	10,000	10,000

Sources: Various City departments.

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

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

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
1	1	1	1	1	1
10	10	10	10	10	12
2	2	2	2	2	2
156.2	156.2	156.2	156.2	156.2	156.2
2,359	2,359	2,359	2,359	2,359	2,359
26	26	26	26	26	26
533	533	533	533	533	533
22	22	22	22	22	22
14	14	14	14	14	14
10	10	10	10	10	10
20	20	20	20	20	20
62,905	59,722	61,695	64,162	63,970	62,969
3	3	3	3	3	3
88	88	88	88	88	140
48.8	48.8	48.8	48.8	48.8	48.8
31.6	33.7	33.9	34.7	34.7	42.0
48.78	46.68	46.48	45.68	45.65	45.7
10,000	10,000	10,000	10,000	10,000	10,000

CITY OF OTTUMWA, IOWA

COMPLIANCE SECTION



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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ottumwa, Iowa, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Ottumwa, Iowa's basic financial statements and have issued our report thereon dated December 21, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Ottumwa, Iowa's Response to Findings

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

Purpose of this Report

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

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

ANDERSON, LARKIN & CO., P.C.

Anderson, Larkin + Co., P.C.

Ottumwa, Iowa
December 21, 2020



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

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

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

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

Report on Compliance for Each Major Federal Program

We have audited the City of Ottumwa, Iowa's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the City of Ottumwa, Iowa's major federal program for the year ended June 30, 2020. The City of Ottumwa, Iowa's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Ottumwa, Iowa's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Ottumwa, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the City of Ottumwa, Iowa complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

ANDERSON, LARKIN & CO., P.C.

Anderson, Larkin & Co., P.C.

Ottumwa, Iowa
December 21, 2020

CITY OF OTTUMWA, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

Part I: Summary of the Independent Auditor's Results

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

CFDA Numbers

20.106 Airport Improvement Program

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

Part II: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES

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

INSTANCES OF NON-COMPLIANCE

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE

No matters were noted.

INTERNAL CONTROL DEFICIENCIES

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

CITY OF OTTUMWA, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-20 Certified Budget – Disbursements during the year ended June 30, 2020 exceeded the amount budgeted in the public safety, culture and recreation, and business-type activities functions. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

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

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

Conclusion – Response accepted.

- IV-B-20 Questionable Expenditures – No expenditures were noted that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- IV-C-20 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- IV-D-20 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Larry Seals, Public Works Director Dixie's Cleaning Service (Spouse is Owner)	Cleaning	\$ <u>16,800</u>

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

- IV-E-20 Restricted Donor Activity – No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- IV-F-20 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- IV-G-20 City Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- IV-H-20 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.
- IV-I-20 Revenue Bonds/Notes – No instances of non-compliance with the revenue bond/note provisions were noted.
- IV-J-20 Annual Urban Renewal Report – The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1.

CITY OF OTTUMWA, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

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

IV-K-20 Financial Condition – Note 20 to the financial statements reported deficit fund balances at June 30, 2020.

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

Response – We are aware of the deficit balances. See Note 20 for further explanation.

Conclusion – Response accepted.