

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
CITY OF OTTUMWA, IOWA

FOR THE  
FISCAL YEAR ENDED  
JUNE 30, 2021

DEPARTMENT OF FINANCE

KALA MULDER  
DIRECTOR OF FINANCE

## INTRODUCTORY SECTION

CITY OF OTTUMWA, IOWA

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF OTTUMWA, IOWA

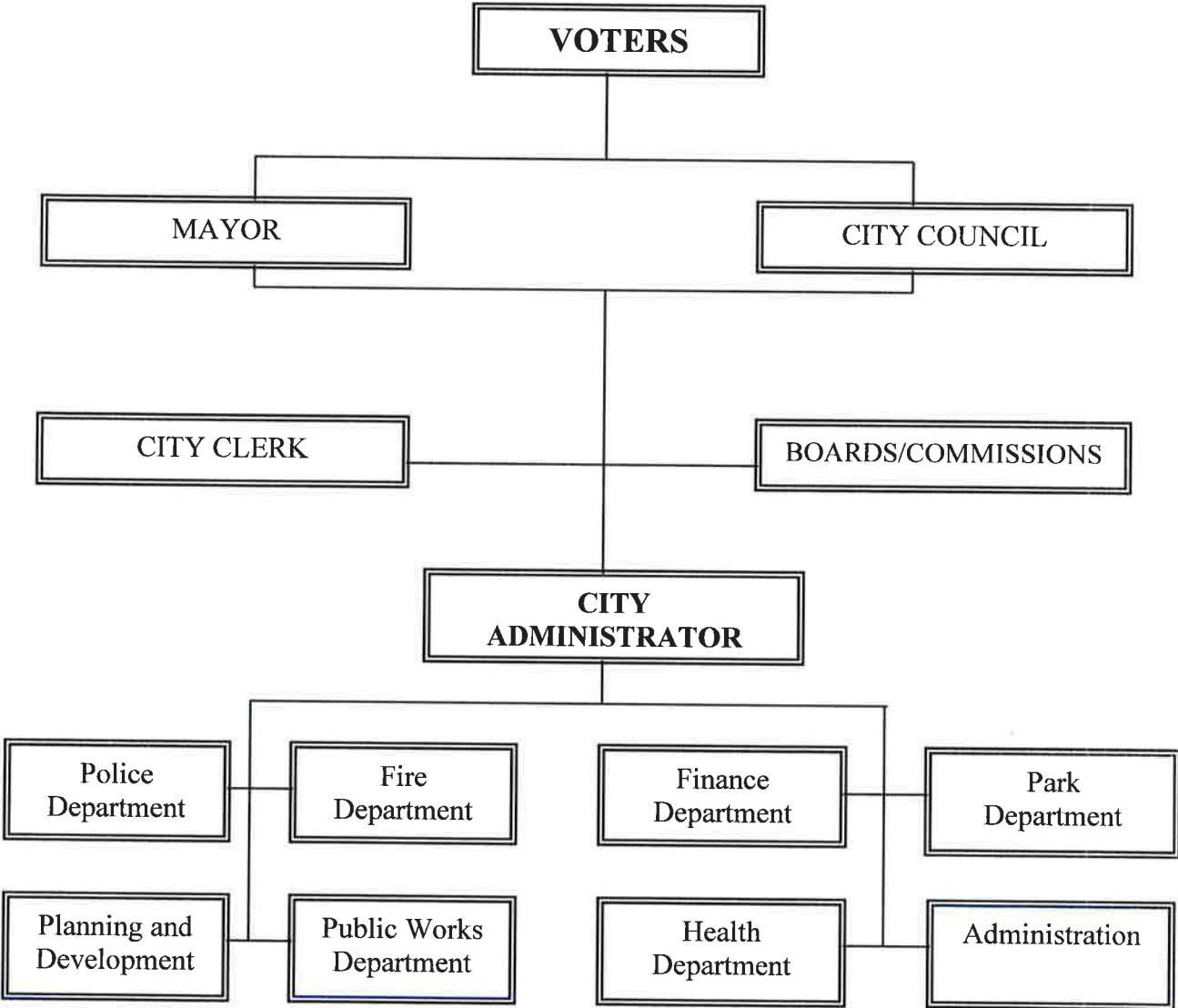
OFFICIALS  
(Before January 2021)

<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

(After January 2021)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tom Lazio	Mayor	January, 2022
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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

# CITY OF OTTUMWA





[ CITY OF ]

O T T U M W A

December 21, 2021

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

State law requires that every City with a population over 2,000 complete a set of audited financial statements. The Comprehensive Annual Financial Report of the City of Ottumwa, Iowa for the fiscal year ended June 30, 2021 (FY21) is submitted herewith in accordance with the provisions of Section 384.22 of the Code of Iowa, 1995, as amended, the recommendations of the Government Finance Officers Association and in conformity with accounting principles generally accepted in the United States of America.

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

Anderson, Larkin & Co, P.C., have issued an unmodified ("clean") opinion on the City of Ottumwa's financial statements for the year ended June 30, 2021. The independent auditor's report is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of the Government**

The City of Ottumwa, incorporated in 1851, is located in the southeastern part of the state. It currently occupies 16 square miles and serves a population of 25,529. The City of Ottumwa is empowered to levy a property tax on real property located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation.

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

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



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

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

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

The city administrator presents the annual budget to the City Council for consideration no later than January 31. The Council holds hearings with the public prior to the budget being adopted. By March 31, the adopted budget is certified to the County Auditor who, in turn, certifies the City budget to the Iowa Department of Management. This budget is effective July 1 and becomes the appropriations for the fiscal year. Strong emphasis is placed on monitoring of budgets especially by major classifications such as personal services, commodities and contractual services and capital outlay. 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.

### **Major Initiatives**

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

The City continued a net housing loss in FY21, however there were three permits for new homes. Housing continues to be a major initiative, with an updated housing study, the City will be identifying priorities and develop a plan for implementing in conjunction with partners in the community.

Tax rates for the City were lowered for the next fiscal year by \$0.2365, with new property valuations assessed, the initiative to continue to lower rates should be obtainable.

### **Awards and Acknowledgments**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Ottumwa for its comprehensive annual financial report for the fiscal year ended June 30, 2020. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "K. Mulder". The signature is stylized and cursive.

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, 2020

*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, 2021, 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 City'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, 2021, 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, 2021 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, 2021



# 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, 2021. 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.

## 2021 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, 2021, by \$131.5 million (net position).
- The government's net position increased by \$2.5 million.
- At the close of the current fiscal year, the City of Ottumwa's governmental funds reported combined ending fund balances of \$25.1 million, an increase of \$5.5 million as compared to the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4.0 million, or 27.2 percent of the total general fund expenditures.
- Total City debt increased by \$3.5 million (11.9 percent) during the current fiscal year. The City issued \$8.4 million new bonds and retired \$5 million of existing bonds.

## Overview of the Financial Statements

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

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

## Government-Wide Financial Statements

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

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

## Statement of Net Position as of June 30, 2021 and 2020:

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, 2021 and 2020 follows:

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

	June 30, 2021			June 30, 2020		
	Governmental Activities	Business Type Activities	Total Government	Governmental Activities	Business Type Activities	Total Government
Cash and investments	\$ 31,200.9	\$ 19,705.5	\$ 50,906.4	\$ 24,970.1	\$ 22,176.1	\$ 47,146.2
Other assets	17,543.1	2,418.8	19,961.9	17,286.1	3,041.0	20,327.1
Capital assets	<u>73,334.1</u>	<u>79,645.8</u>	<u>152,979.9</u>	<u>70,583.1</u>	<u>77,390.3</u>	<u>147,973.4</u>
Total assets	<u>122,078.1</u>	<u>101,770.1</u>	<u>223,848.2</u>	<u>112,839.3</u>	<u>102,607.4</u>	<u>215,446.7</u>
Deferred outflows of resources	<u>4,646.1</u>	<u>635.8</u>	<u>5,281.9</u>	<u>3,641.9</u>	<u>723.3</u>	<u>4,365.2</u>
Current liabilities	7,488.5	3,529.8	11,018.3	7,667.1	2,167.1	9,834.2
Noncurrent liabilities	<u>41,254.5</u>	<u>29,369.2</u>	<u>70,623.7</u>	<u>32,570.6</u>	<u>31,273.2</u>	<u>63,843.8</u>
Total liabilities	<u>48,743.0</u>	<u>32,899.0</u>	<u>81,642.0</u>	<u>40,237.7</u>	<u>33,440.3</u>	<u>73,678.0</u>
Deferred inflows of resources	<u>15,564.5</u>	<u>381.1</u>	<u>15,945.6</u>	<u>15,965.9</u>	<u>1,155.7</u>	<u>17,121.6</u>
Net position:						
Net investment in capital assets	54,412.9	57,604.3	112,017.2	57,619.2	66,252.2	123,871.4
Restricted	20,733.0	95.0	20,828.0	15,517.3	95.0	15,612.3
Unrestricted	<u>(12,729.2)</u>	<u>11,426.5</u>	<u>(1,302.7)</u>	<u>(12,858.9)</u>	<u>2,387.5</u>	<u>(10,471.4)</u>
Total net position	\$ <u>62,416.7</u>	\$ <u>69,125.8</u>	\$ <u>131,542.5</u>	\$ <u>60,277.6</u>	\$ <u>68,734.7</u>	\$ <u>129,012.3</u>

### Governmental Activities

The net position for governmental activities increased approximately \$2.1 million or 3.5 percent. This increase is primarily the result of a \$3.2 million decrease in net investment in capital assets, \$5.2 million increase in restricted net position and \$0.1 million increase in unrestricted net position.

### Business-Type Activities

Net position increased \$0.4 million or 0.5 percent for fiscal year 2021. This increase is primarily the result of a \$8.6 million decrease in net investment in capital assets combined with a \$9.0 million dollar increase in unrestricted net position.

### Statement of Activities for the Fiscal Years Ended June 30, 2021 and 2020:

A summary version of the Statement of Activities follows:

**Changes In Net Position**  
**For Fiscal Years Ended June 30, 2021 and 2020**  
(In Thousands)

	June 30, 2021			June 30, 2020		
	Governmental Activities	Business Type Activities	Total Government	Governmental Activities	Business Type Activities	Total Government
<b>Revenues:</b>						
Charges for services	\$ 7,249.4	\$ 9,667.6	\$ 16,917.0	\$ 8,536.3	\$ 8,779.8	\$ 17,316.1
Operating grants, contributions and restricted interest	5,275.9	15.7	5,291.6	3,781.5	747.7	4,529.2
Capital grants, contributions and restricted interest	2,203.0	-	2,203.0	5,384.4	-	5,384.4
<b>General revenues:</b>						
Property taxes	14,791.5	485.7	15,277.2	14,189.0	499.4	14,688.4
Local option sales tax	4,451.0	-	4,451.0	3,231.8	-	3,231.8
Other taxes	689.1	-	689.1	595.0	-	595.0
Investment income	119.1	127.5	246.6	366.8	218.0	584.8
Other	32.6	1,181.9	1,214.5	42.4	165.2	207.6
<b>Total revenues</b>	<b>34,811.6</b>	<b>11,478.4</b>	<b>46,290.0</b>	<b>36,127.2</b>	<b>10,410.1</b>	<b>46,537.3</b>
<b>Expenses:</b>						
General government	3,280.1	-	3,280.1	3,186.9	-	3,186.9
Public safety	9,970.7	-	9,970.7	10,872.9	-	10,872.9
Public services	10,639.8	-	10,639.8	10,819.9	-	10,819.9
Culture and recreation	3,747.8	-	3,747.8	3,745.8	-	3,745.8
Community development	849.5	-	849.5	1,266.3	-	1,266.3
Interest on long-term debt	572.0	-	572.0	686.3	-	686.3
Solid waste	-	3,471.9	3,471.9	-	3,639.4	3,639.4
Sewer utility	-	8,710.0	8,710.0	-	7,041.7	7,041.7
Events center	-	1,474.8	1,474.8	-	2,067.1	2,067.1
Ottumwa Transit	-	1,017.4	1,017.4	-	1,304.3	1,304.3
Golf course	-	25.8	25.8	-	15.6	15.6
<b>Total expenses</b>	<b>29,059.9</b>	<b>14,699.9</b>	<b>43,759.8</b>	<b>30,578.1</b>	<b>14,068.1</b>	<b>44,646.2</b>
Excess (deficiency) of revenue over (under) expenses	5,751.7	(3,221.5)	2,530.2	5,549.1	(3,658.0)	1,891.1
Transfers	(3,612.6)	3,612.6	-	(1,932.1)	1,932.1	-
Change in net position	2,139.1	391.1	2,530.2	3,617.0	(1,725.9)	1,891.1
Beginning net position	60,277.6	68,734.7	129,012.3	56,660.6	70,460.6	127,121.2
Ending net position	\$ 62,416.7	\$ 69,125.8	\$ 131,542.5	\$ 60,277.6	\$ 68,734.7	\$ 129,012.3

**Governmental Activities**

Charges for services make up 20.9 percent of governmental revenues. The remaining revenue comes from taxes, primarily property taxes (42.4 percent), operating grants, contributions and restricted interest (15.2 percent) and capital grants and contributions (6.4 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, Airport 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 – Increased \$992,960 primarily due to an increase in revenues.

State Road Use Tax – Decreased \$1,744,527 primarily from an increase in transfers out.

Local Option Sales Tax – Increased \$838,638 due to an increase in revenues.

Employee Benefits – Increased \$737,957 due to an increase in revenues.

Street Projects – Increased \$4,239,654 as the result of bond proceeds.

Downtown Streetscape – Decreased \$958,784 as the result of an increase in capital projects expenditures.

Airport Projects – No significant changes.

Debt Service – Decreased \$298,400 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 \$1,104,106 primarily due to an increase in expenditures.

Sewer Utility – Increased \$1,459,449 primarily due to an increase in transfers in.

Events Center – Decreased \$347,743 primarily due to a decrease in revenues.

### **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 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 3 through 8 and 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 \$12,911,331. Other City Tax increased \$1,062,780, Licenses and Permits decreased \$30,000, Intergovernmental increased \$1,092,907, Use of Money and Property increased \$8,000, Charges for Service decreased \$1,173,862, Special Assessments increased \$54,000, Miscellaneous increased \$1,184,218, Other Financing Sources increased \$7,034,809, and Transfers increased \$3,678,479. Total budgeted expenditures and transfers out increased \$11,067,484. Public Safety increased \$108,800. Public Works increased \$160,000. Health and Social Services increased \$134,500. Culture and Recreation increased \$4,000. Community and Economic Development increased \$158,500. General Government increased \$124,500. Capital Projects increased \$6,411,853. Debt Service increased \$731,659. Business Type Activities decreased \$444,807 and transfers out increased \$3,678,479.

The City's receipts were \$3,449,314 less than budgeted receipts, a variance of 7.2 percent. The most significant variance resulted from the City receiving less in intergovernmental, use of money and property tax revenue than originally anticipated, and receiving more in charges for service and miscellaneous revenue.

Total disbursements were \$2,722,008 less than budgeted. Actual disbursements for capital projects were \$1,715,370 less than budgeted. This is primarily due to the timing of various capital projects and other related expenditures.

Even with the amendments listed above, the City exceeded the budgeted amount in the culture and recreation and debt service functions for the year ended June 30, 2021.

### Capital Assets and Debt Administration

#### Capital Assets

As of June 30, 2021, the City had invested \$152,979.9 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)

	Governmental Activities		Business Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 3,542.8	\$ 3,542.8	\$ 2,126.2	\$ 2,126.2	\$ 5,669.0	\$ 5,669.0
Buildings	2,239.6	2,391.2	19,681.9	20,639.3	21,921.5	23,030.5
Improvements other than buildings	3,601.1	4,107.8	5,221.8	4,649.7	8,822.9	8,757.5
Machinery and equipment	3,261.7	2,276.3	1,870.4	2,617.8	5,132.1	4,894.1
Infrastructure	42,977.4	42,032.5	42,138.7	45,130.1	85,116.1	87,162.6
Intangibles	-	-	48.8	60.2	48.8	60.2
Construction in progress	17,711.5	16,232.5	8,558.0	2,167.0	26,269.5	18,399.5
Total	\$ <u>73,334.1</u>	\$ <u>70,583.1</u>	\$ <u>79,645.8</u>	\$ <u>77,390.3</u>	\$ <u>152,979.9</u>	\$ <u>147,973.4</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	\$ 70,583.1	\$ 77,390.3	\$ 147,973.4
Additions, net of disposals	7,550.0	3,671.2	11,221.2
Depreciation, net of disposals	<u>(4,799.0)</u>	<u>(1,415.7)</u>	<u>(6,214.7)</u>
Ending balance	\$ <u>73,334.1</u>	\$ <u>79,645.8</u>	\$ <u>152,979.9</u>

### Debt Administration

The amount of debt outstanding at fiscal year-end was \$41.4 million as compared to \$38.7 million last fiscal year. New debt issued during the year amounted to \$8.4 million, while a total of \$5.7 million was retired. Of the total debt outstanding, \$32.4 million is backed by the full faith and credit of the City. The remaining \$9.0 million is backed by sewer revenue.

	Outstanding Debt at Year End (In Thousand's)	
	Total	
	2021	2020
Governmental		
General obligation		
Abated by:		
Property taxes	\$ <u>19,416.5</u>	\$ <u>14,904.7</u>
Subtotals	<u>19,416.5</u>	<u>14,904.7</u>
Business type		
General obligation		
Abated by:		
Landfill	1,090.0	1,225.0
Sewer utility/Sales tax	11,973.5	12,895.3
Sewer revenue	<u>8,978.0</u>	<u>9,723.0</u>
Subtotals	<u>22,041.5</u>	<u>23,843.3</u>
Totals	\$ <u>41,458.0</u>	\$ <u>38,748.0</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 2021.

During the current fiscal year, the unassigned fund balance in the general fund increased to \$3,977,066, an increase of \$991,023 from last year.

### Next Year's Budget and Rates

Taxable values increased by 1.0 percent which increased the general fund revenue by \$90,645. Taxable rates were reduced by \$0.2365, from \$22.4565 to \$22.22.

### Financial Information Contact

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

## BASIC FINANCIAL STATEMENTS

## CITY OF OTTUMWA, IOWA

Exhibit 1

STATEMENT OF NET POSITION  
JUNE 30, 2021

	Primary Government			Component	Total Reporting Unit
	Governmental Activities	Business Type Activities	Total Primary Government	Unit Hazardous Materials	
<b>ASSETS:</b>					
Current assets:					
Cash, cash equivalents and pooled investments	\$ 31,200,915	\$ 19,705,450	\$ 50,906,365	\$ 141,874	\$ 51,048,239
Receivables:					
Property taxes:					
Delinquent	290,103	9,680	299,783	-	299,783
Succeeding year	13,843,525	84,376	13,927,901	-	13,927,901
Tax increment financing					
Delinquent	1,760	-	1,760	-	1,760
Succeeding year	352,936	-	352,936	-	352,936
Accounts	942,692	475,024	1,417,716	-	1,417,716
Due from other governments	1,640,868	1,364,955	3,005,823	-	3,005,823
Inventory	26,720	-	26,720	-	26,720
Prepaid expenses	419,517	200,857	620,374	5,765	626,139
Total current assets	48,719,036	21,840,342	70,559,378	147,639	70,707,017
Noncurrent assets:					
Due from other governments	-	283,939	283,939	-	283,939
Deposit	25,000	-	25,000	-	25,000
Capital assets:					
Land					
Buildings	13,910,152	2,126,177	5,668,958	-	5,668,958
Improvements other than buildings	7,251,278	47,582,042	61,492,194	204,082	61,696,276
Machinery and equipment	15,085,596	15,176,800	22,428,078	-	22,428,078
Infrastructure	111,099,032	10,728,280	25,813,876	299,983	26,113,859
Construction in progress	17,711,464	64,642,106	175,741,138	-	175,741,138
Less accumulated depreciation	(95,266,256)	(8,558,057)	(26,269,521)	-	(26,269,521)
Intangible assets	-	(69,216,453)	(164,482,709)	(432,070)	(164,914,779)
Less accumulated amortization	-	513,785	513,785	-	513,785
Total noncurrent assets	73,359,047	(79,929,783)	153,288,830	71,995	153,360,825
TOTAL ASSETS	122,078,083	101,770,125	223,848,208	219,634	224,067,842
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>					
Pension related deferred outflows	3,572,316	367,270	3,939,586	-	3,939,586
OPEB related deferred outflows	1,073,840	268,460	1,342,300	-	1,342,300
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,646,156	635,730	5,281,886	-	5,281,886
<b>LIABILITIES:</b>					
Current liabilities:					
Accounts payable	3,291,264	1,952,117	5,243,381	53	5,243,434
Wages and benefits payable	280,815	51,618	332,433	-	332,433
Due to other governments	847,291	-	847,291	-	847,291
Accrued interest payable	75,212	26,668	101,880	-	101,880
Unearned revenue	229,637	-	229,637	-	229,637
General obligation bonds/notes	2,050,455	939,545	2,990,000	-	2,990,000
Revenue notes	-	426,000	426,000	-	426,000
Compensated absences	713,842	133,880	847,722	-	847,722
Total current liabilities	7,488,516	3,529,828	11,018,344	53	11,018,397
Long-term liabilities:					
General obligation bonds/notes	17,365,998	12,124,002	29,490,000	-	29,490,000
Revenue notes	-	8,552,000	8,552,000	-	8,552,000
Compensated absences	116,207	-	116,207	-	116,207
Accrued landfill costs:					
Closure	-	3,008,645	3,008,645	-	3,008,645
Post closure	-	2,127,527	2,127,527	-	2,127,527
Net pension liability	15,665,502	1,530,281	17,195,783	-	17,195,783
Total OPEB liability	8,106,791	2,026,698	10,133,489	-	10,133,489
Total long-term liabilities	41,254,498	29,369,153	70,623,651	-	70,623,651
TOTAL LIABILITIES	48,743,014	32,898,981	81,641,995	53	81,642,048
<b>DEFERRED INFLOWS OF RESOURCES:</b>					
Unavailable revenues:					
Pension related deferred inflows	670,300	122,251	792,551	-	792,551
OPEB related deferred inflows	697,716	174,429	872,145	-	872,145
Succeeding year property tax	13,843,525	84,376	13,927,901	-	13,927,901
Succeeding year tax increment financing	352,936	-	352,936	-	352,936
TOTAL DEFERRED INFLOWS OF RESOURCES	15,564,477	381,056	15,945,533	-	15,945,533
<b>NET POSITION:</b>					
Net investment in capital assets	54,412,946	57,604,297	112,017,243	71,995	112,089,238
Restricted for:					
Nonexpendable:					
Endowments	111,590	-	111,590	-	111,590
Perpetual care	740,372	-	740,372	-	740,372
Expendable:					
Endowments	25,894	-	25,894	-	25,894
State road use tax	4,577,416	-	4,577,416	-	4,577,416
Local option sales tax	4,275,266	-	4,275,266	-	4,275,266
Employee benefits	1,114,567	-	1,114,567	-	1,114,567
Street projects	4,169,864	-	4,169,864	-	4,169,864
Airport projects	144,786	-	144,786	-	144,786
Debt service	395,837	95,000	490,837	-	490,837
Downtown streetscape	72,040	-	72,040	-	72,040
Other purposes	5,105,415	-	5,105,415	-	5,105,415
Unrestricted	(12,729,245)	11,426,521	(1,302,724)	147,586	(1,155,138)
TOTAL NET POSITION	\$ 62,416,748	\$ 69,125,818	\$ 131,542,566	\$ 219,581	\$ 131,762,147

See Accompanying Notes to Financial Statements

CITY OF OTTUMWA, IOWA

STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2021

<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	\$ 3,280,086	\$ 1,832,667	\$ 656,646	\$ -
Public safety	9,970,750	740,580	298,308	-
Public services	10,639,818	3,675,884	4,281,995	1,779,817
Culture and recreation	3,747,806	927,992	39,017	-
Community development	849,463	72,265	-	423,207
Interest on long-term debt	572,033	-	-	-
Total governmental activities	<u>29,059,956</u>	<u>7,249,388</u>	<u>5,275,966</u>	<u>2,203,024</u>
Business-type activities:				
Solid waste	3,471,870	2,117,232	15,742	-
Sewer utility	8,709,991	6,914,785	-	-
Events center	1,474,819	634,931	-	-
Other business-type activities	1,043,198	629	-	-
Total business-type activities	<u>14,699,878</u>	<u>9,667,577</u>	<u>15,742</u>	<u>-</u>
Total primary government	<u>\$ 43,759,834</u>	<u>\$ 16,916,965</u>	<u>\$ 5,291,708</u>	<u>\$ 2,203,024</u>
Component unit:				
Hazardous materials	\$ <u>139,378</u>	\$ <u>1,640</u>	\$ <u>125,458</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	Total
Governmental	Business-type		Unit	Reporting
Activities	Activities	Total	Hazardous	Unit
			Materials	
\$ (790,773)	\$ -	\$ (790,773)	\$ -	\$ (790,773)
(8,931,862)	-	(8,931,862)	-	(8,931,862)
(902,122)	-	(902,122)	-	(902,122)
(2,780,797)	-	(2,780,797)	-	(2,780,797)
(353,991)	-	(353,991)	-	(353,991)
<u>(572,033)</u>	-	<u>(572,033)</u>	-	<u>(572,033)</u>
<u>(14,331,578)</u>	-	<u>(14,331,578)</u>	-	<u>(14,331,578)</u>
-	(1,338,896)	(1,338,896)	-	(1,338,896)
-	(1,795,206)	(1,795,206)	-	(1,795,206)
-	(839,888)	(839,888)	-	(839,888)
-	<u>(1,042,569)</u>	<u>(1,042,569)</u>	-	<u>(1,042,569)</u>
-	<u>(5,016,559)</u>	<u>(5,016,559)</u>	-	<u>(5,016,559)</u>
<u>(14,331,578)</u>	<u>(5,016,559)</u>	<u>(19,348,137)</u>	-	<u>(19,348,137)</u>
-	-	-	(12,280)	(12,280)
14,791,529	485,740	15,277,269	-	15,277,269
4,451,023	-	4,451,023	-	4,451,023
689,080	-	689,080	-	689,080
119,066	127,471	246,537	862	247,399
32,565	1,181,891	1,214,456	-	1,214,456
<u>(3,612,570)</u>	<u>3,612,570</u>	-	-	-
<u>16,470,693</u>	<u>5,407,672</u>	<u>21,878,365</u>	<u>862</u>	<u>21,879,227</u>
2,139,115	391,113	2,530,228	(11,418)	2,518,810
<u>60,277,633</u>	<u>68,734,705</u>	<u>129,012,338</u>	<u>230,999</u>	<u>129,243,337</u>
\$ <u>62,416,748</u>	\$ <u>69,125,818</u>	\$ <u>131,542,566</u>	\$ <u>219,581</u>	\$ <u>131,762,147</u>

CITY OF OTTUMWA, IOWA

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

<u>ASSETS</u>	<u>General</u>	<u>Special Revenue</u>		
		<u>State Road Use Tax</u>	<u>Local Option Sales Tax</u>	<u>Employee Benefits</u>
Cash, cash equivalents and pooled investments	\$ 4,111,150	\$ 4,249,916	\$ 3,956,500	\$ 996,844
Receivables:				
Property taxes:				
Delinquent	107,434	-	-	117,723
Succeeding year	4,694,638	-	-	5,312,533
Tax increment financing:				
Delinquent	-	-	-	-
Succeeding year	-	-	-	-
Accounts	96,125	20,527	-	-
Due from other governments	254,505	391,430	318,766	-
Due from other funds	86,166	80,090	-	-
Inventory	5,507	21,213	-	-
Prepays	15,000	-	-	-
Deposit	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>9,370,525</u></b>	<b>\$ <u>4,763,176</u></b>	<b>\$ <u>4,275,266</u></b>	<b>\$ <u>6,427,100</u></b>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ 390,980	\$ 129,458	\$ -	\$ -
Wages and benefits payable	214,787	35,089	-	-
Unearned revenue	87,547	-	-	-
Due to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<b>\$ <u>693,314</u></b>	<b>\$ <u>164,547</u></b>	<b>\$ -</b>	<b>\$ -</b>
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Unavailable revenues:				
Succeeding year property tax	4,694,638	-	-	5,312,533
Succeeding year tax increment financing	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$ <u>4,694,638</u></b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ <u>5,312,533</u></b>
<u>FUND BALANCES:</u>				
Nonspendable	20,507	21,213	-	-
Restricted	-	4,577,416	4,275,266	1,114,567
Unassigned	3,962,066	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCES</b>	<b>\$ <u>3,982,573</u></b>	<b>\$ <u>4,598,629</u></b>	<b>\$ <u>4,275,266</u></b>	<b>\$ <u>1,114,567</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ <u>9,370,525</u></b>	<b>\$ <u>4,763,176</u></b>	<b>\$ <u>4,275,266</u></b>	<b>\$ <u>6,427,100</u></b>



Street Projects	Capital Projects		Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
	Airport Projects	Downtown Streetscape			
\$ 4,091,069	\$ 258,839	\$ 240,940	\$ 353,458	\$ 6,270,694	\$ 24,529,410
-	-	-	43,879	21,067	290,103
-	-	-	2,659,420	1,176,934	13,843,525
-	-	-	-	1,760	1,760
-	-	-	-	352,936	352,936
477,058	-	-	-	348,982	942,692
142,347	252,275	22,000	-	259,545	1,640,868
-	-	-	-	41,200	207,456
-	-	-	-	-	26,720
-	-	-	-	369,540	384,540
-	-	-	-	25,000	25,000
<u>\$ 4,710,474</u>	<u>\$ 511,114</u>	<u>\$ 262,940</u>	<u>\$ 3,056,757</u>	<u>\$ 8,867,658</u>	<u>\$ 42,245,010</u>
\$ 540,610	\$ 366,328	\$ 190,900	\$ 1,500	\$ 604,566	\$ 2,224,342
-	-	-	-	30,939	280,815
-	-	-	-	142,090	229,637
-	-	-	-	207,456	207,456
<u>540,610</u>	<u>366,328</u>	<u>190,900</u>	<u>1,500</u>	<u>985,051</u>	<u>2,942,250</u>
-	-	-	2,659,420	1,176,934	13,843,525
-	-	-	-	352,936	352,936
-	-	-	2,659,420	1,529,870	14,196,461
-	-	-	-	1,221,428	1,263,148
4,169,864	144,786	72,040	395,837	5,131,309	19,881,085
-	-	-	-	-	3,962,066
<u>4,169,864</u>	<u>144,786</u>	<u>72,040</u>	<u>395,837</u>	<u>6,352,737</u>	<u>25,106,299</u>
<u>\$ 4,710,474</u>	<u>\$ 511,114</u>	<u>\$ 262,940</u>	<u>\$ 3,056,757</u>	<u>\$ 8,867,658</u>	<u>\$ 42,245,010</u>

CITY OF OTTUMWA, IOWA

Exhibit 4

RECONCILIATION OF THE BALANCE SHEET -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021

Total governmental fund balances	\$	25,106,299
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>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 \$168,600,303 and the accumulated depreciation is \$95,266,256.</p>		73,334,047
<p>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.</p>		5,639,560
<p>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.</p>		(75,212)
<p>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.</p>		(847,291)
<p>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:</p>		
Deferred outflows of resources	\$	4,646,156
Deferred inflows of resources		(1,368,016)
		3,278,140
<p>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.</p>		(44,018,795)
Net position of governmental activities	\$	62,416,748

CITY OF OTTUMWA, IOWA

STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>State Road Use Tax</u>	<u>Special Revenue Local Option Sales Tax</u>	<u>Employee Benefits</u>
<u>REVENUES:</u>				
Property tax	\$ 5,006,607	\$ -	\$ -	\$ 5,907,485
Other city tax	689,080	-	4,451,023	-
Licenses and permits	160,625	-	-	-
Intergovernmental	954,954	3,451,499	-	-
Use of money and property	131,530	-	-	2,283
Charges for service	4,259,392	655,526	-	-
Other fines	164,775	-	-	-
Miscellaneous	118,722	24,589	-	-
Total revenues	<u>11,485,685</u>	<u>4,131,614</u>	<u>4,451,023</u>	<u>5,909,768</u>
<u>EXPENDITURES:</u>				
Operating:				
Public safety	8,969,689	-	-	-
Public works	2,257,091	4,322,161	-	-
Health and social services	570,662	-	-	-
Culture and recreation	1,185,133	-	-	-
Community and economic development	305,218	-	-	-
General government	1,340,722	-	-	-
Capital projects	-	-	-	-
Debt service	-	-	-	-
Total expenditures	<u>14,628,515</u>	<u>4,322,161</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,142,830)</u>	<u>(190,547)</u>	<u>4,451,023</u>	<u>5,909,768</u>
Other financing sources (uses):				
Issuance of debt	-	-	-	-
Proceeds from sale	-	1,211	-	-
Transfers in	4,345,238	645,868	-	-
Transfers out	(209,448)	(2,201,059)	(3,612,385)	(5,171,811)
Total other financing sources (uses)	<u>4,135,790</u>	<u>(1,553,980)</u>	<u>(3,612,385)</u>	<u>(5,171,811)</u>
Net change in fund balances	992,960	(1,744,527)	838,638	737,957
Fund balances - Beginning of year	<u>2,989,613</u>	<u>6,343,156</u>	<u>3,436,628</u>	<u>376,610</u>
Fund balances - End of year	\$ <u>3,982,573</u>	\$ <u>4,598,629</u>	\$ <u>4,275,266</u>	\$ <u>1,114,567</u>

See Accompanying Notes to Financial Statements

	Capital Projects			Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
	Street Projects	Airport Projects	Downtown Streetscape			
\$ -	\$ -	\$ -	\$ 2,228,858	\$ 1,648,579	\$ 14,791,529	
-	-	-	-	-	5,140,103	
-	-	-	-	-	160,625	
1,361,169	130,628	291,976	-	472,603	6,662,829	
13,568	531	-	-	487,962	635,874	
-	-	-	-	403,326	5,318,244	
-	-	-	-	-	164,775	
<u>649,000</u>	-	<u>49,775</u>	-	<u>669,279</u>	<u>1,511,365</u>	
<u>2,023,737</u>	<u>131,159</u>	<u>341,751</u>	<u>2,228,858</u>	<u>3,681,749</u>	<u>34,385,344</u>	
-	-	-	-	297,081	9,266,770	
-	-	-	-	1,033,205	7,612,457	
-	-	-	-	211,940	782,602	
-	-	-	-	1,466,788	2,651,921	
-	-	-	-	130,797	436,015	
3,449,513	146,427	1,975,396	-	1,696,551	3,037,273	
-	-	-	4,439,371	158,995	5,730,331	
<u>3,449,513</u>	<u>146,427</u>	<u>1,975,396</u>	<u>4,439,371</u>	<u>4,995,357</u>	<u>33,956,740</u>	
<u>(1,425,776)</u>	<u>(15,268)</u>	<u>(1,633,645)</u>	<u>(2,210,513)</u>	<u>(1,313,608)</u>	<u>428,604</u>	
3,758,071	30,000	-	2,224,191	2,407,738	8,420,000	
-	-	-	-	-	1,211	
1,907,359	-	674,861	-	1,631,374	9,204,700	
-	-	-	(312,078)	(1,061,920)	(12,568,701)	
<u>5,665,430</u>	<u>30,000</u>	<u>674,861</u>	<u>1,912,113</u>	<u>2,977,192</u>	<u>5,057,210</u>	
4,239,654	14,732	(958,784)	(298,400)	1,663,584	5,485,814	
<u>(69,790)</u>	<u>130,054</u>	<u>1,030,824</u>	<u>694,237</u>	<u>4,689,153</u>	<u>19,620,485</u>	
\$ <u>4,169,864</u>	\$ <u>144,786</u>	\$ <u>72,040</u>	\$ <u>395,837</u>	\$ <u>6,352,737</u>	\$ <u>25,106,299</u>	

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, 2021

Change in fund balances - Total governmental funds	\$	5,485,814
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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		6,674,117
Disposal of capital assets		(29,387)
Depreciation expense		(5,372,739)

Expenses in the statement of revenues, expenditures and changes in fund balances shown as construction in progress in the statement of activities.		1,478,973
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Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Current year issuances exceeded payments, as follows:

Issued		(8,420,000)
Repaid		3,908,256

The current year City MFPRSI and IPERS contributions are reported as expenditures in the governmental funds but are reported as deferred outflows of resources in the Statement of Net Position.		1,534,050
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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		69,171
OPEB expense		(305,750)
Pension expense		(3,015,289)
Interest on long-term debt		(40,918)

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.		<u>172,817</u>
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Change in net position of governmental activities	\$	<u>2,139,115</u>
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See Accompanying Notes to Financial Statements

CITY OF OTTUMWA, IOWA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 JUNE 30, 2021

Exhibit 7

	Business-Type Activities					Governmental
	Solid Waste	Sewer Utility	Events Center	Nonmajor Proprietary Funds	Total Proprietary Funds	Internal Service Funds
<b>ASSETS:</b>						
Current assets:						
Cash, cash equivalents and pooled investments	\$ 2,362,112	\$ 16,430,357	\$ 238,974	\$ 674,007	\$ 19,705,450	\$ 6,671,505
Receivables:						
Accounts	358,019	117,005	-	-	475,024	-
Property taxes:						
Delinquent	-	-	-	9,680	9,680	-
Succeeding year	-	-	84,376	-	84,376	-
Due from other governments	987	518,692	-	1,744	521,423	-
Prepaid expenses	21,252	43,526	133,135	2,944	200,857	34,977
Total current assets	<u>2,742,370</u>	<u>17,109,580</u>	<u>456,485</u>	<u>688,375</u>	<u>20,996,810</u>	<u>6,706,482</u>
Noncurrent assets:						
Due from other governments	-	283,939	-	-	283,939	-
Capital assets:						
Land	207,500	194,029	1,644,648	80,000	2,126,177	-
Buildings	1,195,103	23,916,097	21,000,269	1,470,573	47,582,042	-
Improvements other than buildings	7,221,919	6,817,825	243,495	893,561	15,176,800	-
Machinery and equipment	4,385,958	5,097,871	916,376	328,075	10,728,280	-
Infrastructure	-	64,340,106	302,000	-	64,642,106	-
Construction in progress	-	8,558,057	-	-	8,558,057	-
Less accumulated depreciation	(8,984,340)	(50,529,217)	(7,746,245)	(1,956,651)	(69,216,453)	-
Total capital assets	<u>4,026,140</u>	<u>58,394,768</u>	<u>16,360,543</u>	<u>815,558</u>	<u>79,597,009</u>	<u>-</u>
Other assets:						
Intangible assets	-	113,785	400,000	-	513,785	-
Less accumulated amortization	-	(64,950)	(400,000)	-	(464,950)	-
Total other assets	<u>-</u>	<u>48,835</u>	<u>-</u>	<u>-</u>	<u>48,835</u>	<u>-</u>
Total noncurrent assets	<u>4,026,140</u>	<u>58,727,542</u>	<u>16,360,543</u>	<u>815,558</u>	<u>79,929,783</u>	<u>-</u>
TOTAL ASSETS	<u>6,768,510</u>	<u>75,837,122</u>	<u>16,817,028</u>	<u>1,503,933</u>	<u>100,926,593</u>	<u>6,706,482</u>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>						
Pension related deferred outflows	100,747	266,523	-	-	367,270	-
OPEB related deferred outflows	68,457	200,003	-	-	268,460	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>169,204</u>	<u>466,526</u>	<u>-</u>	<u>-</u>	<u>635,730</u>	<u>-</u>
<b>LIABILITIES:</b>						
Current liabilities:						
Accounts payable	59,963	1,891,044	-	1,110	1,952,117	1,066,922
Wages and benefits payable	13,918	37,700	-	-	51,618	-
Accrued interest payable	-	26,668	-	-	26,668	-
Compensated absences payable	46,064	87,816	-	-	133,880	-
Current portion of GO bonds/notes payable	135,000	804,545	-	-	939,545	-
Current portion of revenue notes payable	-	426,000	-	-	426,000	-
Total current liabilities	<u>254,945</u>	<u>3,273,773</u>	<u>-</u>	<u>1,110</u>	<u>3,529,828</u>	<u>1,066,922</u>
Long-term liabilities:						
Accrued landfill costs:						
Closure	3,008,645	-	-	-	3,008,645	-
Post closure	2,127,527	-	-	-	2,127,527	-
Net pension liability	419,775	1,110,506	-	-	1,530,281	-
Total OPEB liability	516,808	1,509,890	-	-	2,026,698	-
GO Bonds/Notes payable:						
Long-term	955,000	11,169,002	-	-	12,124,002	-
Revenue notes payable:						
Long-term	-	8,552,000	-	-	8,552,000	-
Total long-term liabilities	<u>7,027,755</u>	<u>22,341,398</u>	<u>-</u>	<u>-</u>	<u>29,369,153</u>	<u>-</u>
TOTAL LIABILITIES	<u>7,282,700</u>	<u>25,615,171</u>	<u>-</u>	<u>1,110</u>	<u>32,898,981</u>	<u>1,066,922</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Unavailable revenues:						
Pension related deferred inflows	33,535	88,716	-	-	122,251	-
OPEB related deferred inflows	44,479	129,950	-	-	174,429	-
Succeeding year property tax	-	-	84,376	-	84,376	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>78,014</u>	<u>218,666</u>	<u>84,376</u>	<u>-</u>	<u>381,056</u>	<u>-</u>
<b>NET POSITION:</b>						
Net investment in capital assets	2,936,140	46,215,911	16,360,543	815,558	66,328,152	-
Restricted for:						
Health insurance	-	-	-	-	-	4,319,121
Debt service	-	95,000	-	-	95,000	-
Unrestricted	(3,359,140)	4,158,900	372,109	687,265	1,859,134	1,320,439
TOTAL NET POSITION	<u>\$ (423,000)</u>	<u>\$ 50,469,811</u>	<u>\$ 16,732,652</u>	<u>\$ 1,502,823</u>	<u>\$ 68,282,286</u>	<u>\$ 5,639,560</u>

CITY OF OTTUMWA, IOWA

Exhibit 8

RECONCILIATION OF THE STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
TO THE STATEMENT OF NET POSITION  
JUNE 30, 2021

Ending fund balance - Proprietary funds	\$ 68,282,286
Amounts reported for business-type activities in the statement of net position are different because:	
Allocation of internal service funds accumulated income increases due from other funds	<u>843,532</u>
Net position of business-type activities	\$ <u>69,125,818</u>

CITY OF OTTUMWA, IOWA

Exhibit 9

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2021**

	Business-Type Activities					Governmental
	Solid Waste	Sewer Utility	Events Center	Nonmajor Proprietary Funds	Total	Internal Service Funds
Operating revenues:						
Charges for service	\$ 2,118,232	\$ 6,914,785	\$ 634,931	\$ 629	\$ 9,668,577	\$ 4,691,784
Miscellaneous	8,718	170,121	189,662	10,000	378,501	-
Total operating revenues	<u>2,126,950</u>	<u>7,084,906</u>	<u>824,593</u>	<u>10,629</u>	<u>10,047,078</u>	<u>4,691,784</u>
Operating expenses:						
Operations	2,644,122	4,108,229	1,004,491	677,878	8,434,720	4,170,917
Loss on disposal of fixed assets	-	-	-	294,061	294,061	-
Depreciation/amortization	715,100	4,180,105	470,328	71,265	5,436,798	-
Total operating expenses	<u>3,359,222</u>	<u>8,288,334</u>	<u>1,474,819</u>	<u>1,043,204</u>	<u>14,165,579</u>	<u>4,170,917</u>
Operating income (loss)	(1,232,272)	(1,203,428)	(650,226)	(1,032,575)	(4,118,501)	520,867
Nonoperating revenue (expense):						
Other	-	-	-	803,390	803,390	-
Interest income	15,474	111,997	-	-	127,471	27,657
Interest on long-term debt	(150,000)	(511,257)	-	-	(661,257)	-
Property taxes	-	-	-	485,740	485,740	-
Intergovernmental	14,742	-	-	-	14,742	-
Total nonoperating revenue (expense)	<u>(119,784)</u>	<u>(399,260)</u>	<u>-</u>	<u>1,289,130</u>	<u>770,086</u>	<u>27,657</u>
Income (loss) before transfers	(1,352,056)	(1,602,688)	(650,226)	256,555	(3,348,415)	548,524
Transfers in	247,950	3,062,137	399,094	-	3,709,181	1,394,500
Transfers out	-	-	(96,611)	-	(96,611)	(1,643,069)
Change in net position	(1,104,106)	1,459,449	(347,743)	256,555	264,155	299,955
Net position - Beginning 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>
Net position - End of year	\$ <u>(423,000)</u>	\$ <u>50,469,811</u>	\$ <u>16,732,652</u>	\$ <u>1,502,823</u>	\$ <u>68,282,286</u>	\$ <u>5,639,560</u>



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, 2021

Change in net position - Total proprietary funds \$ 264,155

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.

126,958

Change in net position of business-type activities \$ 391,113

CITY OF OTTUMWA, IOWA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2021

Solid  
Waste

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from operations	\$	2,119,828
Cash paid to employees		(800,111)
Cash paid to suppliers		<u>(1,634,582)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		<u>(314,865)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:

Property taxes		-
Intergovernmental		14,742
Transfers from other funds		247,950
Transfers to other funds		-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES		<u>262,692</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		(150,000)
Acquisition of capital assets		<u>(117,565)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES		<u>(402,565)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest income received		<u>15,474</u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS		(439,264)

CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - Beginning of year 2,801,376

CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS - End of year \$ 2,362,112

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

Operating income (loss)	\$	(1,232,272)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization expense		715,100
Changes in assets and liabilities:		
Decrease (increase) in receivables		(6,723)
Decrease (increase) in prepaid expenses		(2,694)
Loss on disposal of fixed assets		-
Decrease (increase) in due from other governments		(399)
Increase (decrease) in accounts payable		(61,307)
Decrease in wages and benefits payable		(1,082)
Increase (decrease) in compensated absences payable		3,298
Increase (decrease) in net pension liability		55,935
Increase in deferred outflows of resources		(20,201)
Decrease in deferred inflows of resources		(49,274)
Increase in other post employment benefits		47,421
Increase in accrued landfill costs		<u>237,333</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$	<u>(314,865)</u>

Sewer Utility	Events Center	Nonmajor Proprietary Funds	Total Enterprise Funds	Internal Service Funds
\$ 7,341,835	\$ 824,593	\$ 10,629	\$ 10,296,885	\$ 4,767,307
(1,935,290)	-	(142,577)	(2,877,978)	(272,859)
(450,895)	(1,052,115)	(559,398)	(3,696,990)	(3,919,617)
<u>4,955,650</u>	<u>(227,522)</u>	<u>(691,346)</u>	<u>3,721,917</u>	<u>574,831</u>
-	-	483,523	483,523	-
-	-	111,095	125,837	-
3,062,137	399,094	-	3,709,181	1,394,500
-	(96,611)	-	(96,611)	(1,643,069)
<u>3,062,137</u>	<u>302,483</u>	<u>594,618</u>	<u>4,221,930</u>	<u>(248,569)</u>
(921,744)	-	-	(1,056,744)	-
(745,000)	-	-	(745,000)	-
(511,257)	-	-	(661,257)	-
(7,961,445)	-	-	(8,079,010)	-
<u>(10,139,446)</u>	<u>-</u>	<u>-</u>	<u>(10,542,011)</u>	<u>-</u>
<u>111,997</u>	<u>-</u>	<u>-</u>	<u>127,471</u>	<u>27,657</u>
(2,009,662)	74,961	(96,728)	(2,470,693)	353,919
<u>18,440,019</u>	<u>164,013</u>	<u>770,735</u>	<u>22,176,143</u>	<u>6,317,586</u>
\$ <u>16,430,357</u>	\$ <u>238,974</u>	\$ <u>674,007</u>	\$ <u>19,705,450</u>	\$ <u>6,671,505</u>
\$ (1,203,428)	\$ (650,226)	\$ (1,032,575)	\$ (4,118,501)	\$ 520,867
4,180,105	470,328	71,265	5,436,798	-
(110,529)	-	457,291	340,039	-
15,202	(25,975)	28,202	14,735	(34,977)
-	-	294,061	294,061	-
367,458	-	-	367,059	-
1,601,055	(21,649)	(5,134)	1,512,965	88,941
-	-	(17,700)	(18,782)	-
13,854	-	(16,852)	300	-
133,425	-	-	189,360	-
(52,986)	-	-	(73,187)	-
(136,731)	-	(469,904)	(655,909)	-
148,225	-	-	195,646	-
-	-	-	237,333	-
\$ <u>4,955,650</u>	\$ <u>(227,522)</u>	\$ <u>(691,346)</u>	\$ <u>3,721,917</u>	\$ <u>574,831</u>

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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.

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

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Government-wide Financial Statements (Continued)

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

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

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

Special Revenue:

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

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

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

Capital Projects:

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

Airport Projects – to account for airport construction 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, 2021

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, 2021

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, 2021

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

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



CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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, 2021, disbursements exceeded the amount budgeted in the culture and recreation and debt service 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, 2021 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, 2021

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, 2021 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, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2020.

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, 2021, 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, 2021

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, 2021

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, 2021. 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, 2021

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, 2021

**NOTE 2: CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2021 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	16,232,491	6,248,622	(4,769,649)	17,711,464
Total capital assets not being depreciated	<u>19,775,272</u>	<u>6,248,622</u>	<u>(4,769,649)</u>	<u>21,254,245</u>
Capital assets being depreciated:				
Buildings	13,793,425	116,727	-	13,910,152
Improvements other than buildings	7,230,239	21,039	-	7,251,278
Machinery and equipment	13,655,648	1,776,758	(346,810)	15,085,596
Infrastructure	106,339,439	4,759,593	-	111,099,032
	<u>141,018,751</u>	<u>6,674,117</u>	<u>(346,810)</u>	<u>147,346,058</u>
Less accumulated depreciation:				
Buildings	11,402,274	268,237	-	11,670,511
Improvements other than buildings	3,122,411	527,791	-	3,650,202
Machinery and equipment	11,379,283	762,086	(317,423)	11,823,946
Infrastructure	64,306,972	3,814,625	-	68,121,597
	<u>90,210,940</u>	<u>5,372,739</u>	<u>(317,423)</u>	<u>95,266,256</u>
Total capital assets being depreciated, net	<u>50,807,811</u>	<u>1,301,378</u>	<u>(29,387)</u>	<u>52,079,802</u>
Governmental activities capital assets, net	<u>\$ 70,583,083</u>	<u>\$ 7,550,000</u>	<u>\$ (4,799,036)</u>	<u>\$ 73,334,047</u>
By function and activity:				
General government:				
City clerk	\$ 10,373	\$ -	\$ -	\$ 10,373
Finance	303,376	6,250	-	309,626
City hall	4,036,114	73,234	-	4,109,348
Public information	55,269	-	-	55,269
Total general government	<u>4,405,132</u>	<u>79,484</u>	<u>-</u>	<u>4,484,616</u>
Public safety:				
Police	1,796,617	192,011	(151,568)	1,837,060
Fire	4,472,806	588,544	(42,000)	5,019,350
Health and inspection	122,151	15,000	-	137,151
Animal control	72,876	-	-	72,876
Total public safety	<u>6,464,450</u>	<u>795,555</u>	<u>(193,568)</u>	<u>7,066,437</u>
Highways and streets:				
Traffic maintenance	697,598	-	-	697,598
Electric/traffic light maintenance	420,116	22,215	-	442,331
Engineering	185,887	10,500	-	196,387
Street maintenance (including culverts)	3,572,407	633,787	(88,958)	4,117,236
Snow/ice maintenance	194,807	25,680	-	220,487
Street cleaning	567,052	-	-	567,052
Street projects (including sidewalks)	74,080,705	4,420,746	-	78,501,451
Parking	2,189,825	-	-	2,189,825
Total highways and streets	<u>81,908,397</u>	<u>5,112,928</u>	<u>(88,958)</u>	<u>86,932,367</u>

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 2: CAPITAL ASSETS (Continued)

<u>By function and activity: (Continued)</u>	<u>Balance Beginning of Year</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>Balance End of Year</u>
Culture and recreation:				
Library	2,063,776	-	-	2,063,776
Parks	2,669,704	176,775	(64,284)	2,782,195
Senior citizens center	131,016	-	-	131,016
The Beach	7,455,726	21,038	-	7,476,764
Trails	2,116,116	-	-	2,116,116
Total culture and recreation	<u>14,436,338</u>	<u>197,813</u>	<u>(64,284)</u>	<u>14,569,867</u>
Cemetery	<u>843,346</u>	<u>-</u>	<u>-</u>	<u>843,346</u>
Airport	<u>22,174,612</u>	<u>488,337</u>	<u>-</u>	<u>22,662,949</u>
Construction in progress	<u>16,232,491</u>	<u>6,248,622</u>	<u>(4,769,649)</u>	<u>17,711,464</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>\$ 160,794,023</u>	<u>\$ 12,922,739</u>	<u>\$ (5,116,459)</u>	<u>\$ 168,600,303</u>



CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 2: CAPITAL ASSETS (Continued)

	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Infra- structure</u>	<u>Construction in Progress</u>	<u>Total</u>
By function and activity							
General government:							
City clerk	\$ -	\$ -	\$ -	\$ 10,373	\$ -	\$ -	\$ 10,373
Finance	-	-	-	309,626	-	-	309,626
City hall	-	3,608,993	-	292,932	207,423	-	4,109,348
Public information	-	-	-	55,269	-	-	55,269
Total general government	-	3,608,993	-	668,200	207,423	-	4,484,616
Public safety:							
Police	-	-	-	1,837,060	-	-	1,837,060
Fire	-	1,005,476	191,417	3,711,655	110,802	-	5,019,350
Health and inspection	-	-	-	137,151	-	-	137,151
Animal control	-	-	-	45,673	27,203	-	72,876
Total public safety	-	1,005,476	191,417	5,731,539	138,005	-	7,066,437
Highways and streets:							
Traffic maintenance	-	134,900	-	392,769	169,929	-	697,598
Electric/traffic light maintenance	-	-	-	197,199	245,132	-	442,331
Engineering	-	-	-	196,387	-	-	196,387
Street maintenance	66,240	617,144	31,900	3,291,658	110,294	-	4,117,236
Snow/ice maintenance (including culverts)	-	63,679	-	156,808	-	-	220,487
Street cleaning	-	-	-	567,052	-	-	567,052
Street projects (including sidewalks)	-	-	-	-	78,501,451	-	78,501,451
Parking	653,718	39,754	886,733	10,895	598,725	-	2,189,825
Total highways and streets	719,958	855,477	918,633	4,812,768	79,625,531	-	86,932,367
Culture and recreation:							
Library	-	1,496,091	168,977	363,224	35,484	-	2,063,776
Parks	-	256,957	770,560	1,067,352	687,326	-	2,782,195
Senior citizens center	-	-	-	-	131,016	-	131,016
The Beach	283,421	2,651,850	3,201,752	1,309,167	30,574	-	7,476,764
Trails	-	-	-	-	2,116,116	-	2,116,116
Total culture and recreation	283,421	4,404,898	4,141,289	2,739,743	3,000,516	-	14,569,867
Cemetery	26,000	293,394	146,032	193,003	184,917	-	843,346
Airport	372,575	3,611,658	1,685,327	940,343	16,053,046	-	22,662,949
Construction in progress	-	-	-	-	-	17,711,464	17,711,464
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	\$ 13,910,152	\$ 7,251,278	\$ 15,085,596	\$ 111,099,032	\$ 17,711,464	\$ 168,600,303

## CITY OF OTTUMWA, IOWA

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

## NOTE 2: CAPITAL ASSETS (Continued)

	Balance Beginning of Year	Additions/ Transfers In	Deletions/ Transfers Out	Balance End of Year				
<b>Business type activities:</b>								
<b>By type:</b>								
<b>Capital assets not being depreciated:</b>								
Land	\$ 2,126,177	\$ -	\$ -	\$ 2,126,177				
Construction in progress	2,166,953	7,507,033	(1,115,929)	8,558,057				
Total capital assets not being depreciated	<u>4,293,130</u>	<u>7,507,033</u>	<u>(1,115,929)</u>	<u>10,684,234</u>				
<b>Capital assets being depreciated/amortized:</b>								
Buildings	47,553,646	28,396	-	47,582,042				
Improvements other than buildings	13,859,078	1,317,722	-	15,176,800				
Machinery and equipment	14,225,609	127,697	(3,625,026)	10,728,280				
Infrastructure	64,514,870	127,236	-	64,642,106				
Intangibles	513,785	-	-	513,785				
	<u>140,666,988</u>	<u>1,601,051</u>	<u>(3,625,026)</u>	<u>138,643,013</u>				
<b>Less accumulated depreciation/amortization:</b>								
Buildings	26,914,332	985,790	-	27,900,122				
Improvements other than buildings	9,209,413	745,626	-	9,955,039				
Machinery and equipment	11,607,827	580,995	(3,330,965)	8,857,857				
Infrastructure	19,384,738	3,118,697	-	22,503,435				
Intangibles	459,260	5,690	-	464,950				
	<u>67,575,570</u>	<u>5,436,798</u>	<u>(3,330,965)</u>	<u>69,681,403</u>				
Total capital assets being depreciated/amortized, net	<u>73,091,418</u>	<u>(3,835,747)</u>	<u>(294,061)</u>	<u>68,961,610</u>				
<b>Business type activities capital assets, net</b>	<b>\$ <u>77,384,548</u></b>	<b>\$ <u>3,671,286</u></b>	<b>\$ <u>(1,409,990)</u></b>	<b>\$ <u>79,645,844</u></b>				
<b>By function and activity:</b>								
Solid waste	\$ 11,847,883	\$ 1,162,597	\$ -	\$ 13,010,480				
Sewer utility	100,057,136	438,454	(15,877)	100,479,713				
Events center	24,506,788	-	-	24,506,788				
Transit	4,892,610	-	(3,596,892)	1,295,718				
Golf course	1,488,748	-	(12,257)	1,476,491				
Construction in progress	2,166,953	7,507,033	(1,115,929)	8,558,057				
Total business type	<u>\$ 144,960,118</u>	<u>\$ 9,108,084</u>	<u>\$ (4,740,955)</u>	<u>\$ 149,327,247</u>				
	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Infra- structure</u>	<u>Intangibles</u>	<u>Construction in Progress</u>	<u>Total</u>
By function and activity								
Solid waste	\$ 207,500	\$ 1,195,103	\$ 7,221,919	\$ 4,385,958	\$ -	\$ -	\$ -	\$ 13,010,480
Sewer utility	194,029	23,916,097	6,817,825	5,097,871	64,340,106	113,785	-	100,479,713
Events center	1,644,648	21,000,269	243,495	916,376	302,000	400,000	-	24,506,788
Transit	-	1,295,718	-	-	-	-	-	1,295,718
Golf course	80,000	174,855	893,561	328,075	-	-	-	1,476,491
Construction in progress	-	-	-	-	-	-	8,558,057	8,558,057
Total business type assets	<u>\$ 2,126,177</u>	<u>\$ 47,582,042</u>	<u>\$ 15,176,800</u>	<u>\$ 10,728,280</u>	<u>\$ 64,642,106</u>	<u>\$ 513,785</u>	<u>\$ 8,558,057</u>	<u>\$ 149,327,247</u>

CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 2: CAPITAL ASSETS (Continued)

A summary of property, plant and equipment at June 30, 2021, 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	8,558,057	17,711,464
Total capital assets not being depreciated	<u>10,684,234</u>	<u>21,254,245</u>
Capital assets being depreciated/amortized:		
Buildings	47,582,042	13,910,152
Improvements other than buildings	15,176,800	7,251,278
Machinery and equipment	10,728,280	15,085,596
Infrastructure	64,642,106	111,099,032
Intangibles	513,785	-
	<u>138,643,013</u>	<u>147,346,058</u>
Less accumulated depreciation/amortization	<u>(69,681,403)</u>	<u>(95,266,256)</u>
Total capital assets being depreciated/amortized, net	<u>68,961,610</u>	<u>52,079,802</u>
Total capital assets, net	<u>\$ 79,645,844</u>	<u>\$ 73,334,047</u>

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

Government activities:	
General government	\$ 70,247
Public safety	312,504
Public services	3,812,606
Culture and recreation	798,918
Community development	378,464
Total depreciation expense - Governmental activities	<u>\$ 5,372,739</u>
Business type activities	
Solid waste	\$ 715,100
Sewer utility	4,180,105
Events center	470,328
Transit	46,047
Golf course	25,218
Total depreciation/amortization expense - Business type activities	<u>\$ 5,436,798</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	145,408	10,204	-	155,612
Machinery and equipment	<u>250,123</u>	<u>26,335</u>	<u>-</u>	<u>276,458</u>
	<u>395,531</u>	<u>36,539</u>	<u>-</u>	<u>432,070</u>
Total assets being depreciated, net	<u>108,534</u>	<u>(36,539)</u>	<u>-</u>	<u>71,995</u>
Total discretely presented component unit capital assets, net	<u>\$ 108,534</u>	<u>\$ (36,539)</u>	<u>\$ -</u>	<u>\$ 71,995</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, 2021**

**NOTE 3: LONG-TERM LIABILITIES**

A summary of the changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 13,535,000	\$ -	\$ 3,695,000	\$ 9,840,000	\$ 1,840,000
General obligation notes	1,369,709	8,420,000	213,256	9,576,453	210,455
Compensated absences	899,220	830,049	899,220	830,049	713,842
Net pension liability	12,664,725	3,000,777	-	15,665,502	-
Total OPEB liability	<u>7,412,385</u>	<u>694,406</u>	<u>-</u>	<u>8,106,791</u>	<u>-</u>
<b>Total</b>	<b>\$ 35,881,039</b>	<b>\$ 12,945,232</b>	<b>\$ 4,807,476</b>	<b>\$ 44,018,795</b>	<b>\$ 2,764,297</b>
<b>Business type activities:</b>					
General obligation bonds	\$ 1,375,000	\$ -	\$ 285,000	\$ 1,090,000	\$ 135,000
General obligation notes	12,745,291	-	771,744	11,973,547	804,545
Revenue notes	9,723,000	-	745,000	8,978,000	426,000
Compensated absences	133,580	133,880	133,580	133,880	133,880
Net pension liability	1,801,750	-	271,469	1,530,281	-
Total OPEB liability	<u>2,214,090</u>	<u>-</u>	<u>187,392</u>	<u>2,026,698</u>	<u>-</u>
<b>Total</b>	<b>\$ 27,992,711</b>	<b>\$ 133,880</b>	<b>\$ 2,394,185</b>	<b>\$ 25,732,406</b>	<b>\$ 1,499,425</b>

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

**Governmental activities:**

June 30,	General Obligation Bonds		General Obligation Notes		Totals *	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,840,000	\$ 88,248	\$ 210,455	\$ 251,078	\$ 2,050,455	\$ 339,326
2023	1,965,000	69,535	217,170	193,764	2,182,170	263,299
2024	1,815,000	47,638	225,602	188,922	2,040,602	236,560
2025	1,520,000	29,283	238,226	183,742	1,758,226	213,025
2026	1,475,000	17,020	240,000	177,918	1,715,000	194,938
2027-2031	1,225,000	17,700	3,070,000	737,232	4,295,000	754,932
2032-2036	-	-	2,690,000	378,200	2,690,000	378,200
2037-2041	-	-	2,685,000	109,400	2,685,000	109,400
<b>Total</b>	<b>\$ 9,840,000</b>	<b>\$ 269,424</b>	<b>\$ 9,576,453</b>	<b>\$ 2,220,256</b>	<b>\$ 19,416,453</b>	<b>\$ 2,489,680</b>

**Business type activities:**

June 30,	General Obligation Bonds		General Obligation Notes		Totals *	
	Principal	Interest	Principal	Interest	Principal	Interest
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	135,000	16,500	640,000	321,900	775,000	338,400
2027-2031	415,000	25,050	2,465,000	1,292,102	2,880,000	1,317,152
2032-2036	-	-	3,005,000	757,702	3,005,000	757,702
2037-2041	-	-	2,800,000	213,000	2,800,000	213,000
<b>Total</b>	<b>\$ 1,090,000</b>	<b>\$ 148,050</b>	<b>\$ 11,973,547</b>	<b>\$ 4,167,920</b>	<b>\$ 13,063,547</b>	<b>\$ 4,315,970</b>

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

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

With respect to general obligation debt, the City is subject to a maximum indebtedness equal to 5% of total assessed property value. As of June 30, 2021, the City's legal debt margin was \$52,054,155.

\* 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, 2021

NOTE 3: LONG-TERM LIABILITIES (Continued)

The following is a summary of bond/note transactions for the year ended June 30, 2021, and details of bonds/notes payable at June 30, 2021:

<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 2014A	April 14, 2014	2.00-2.10	4,100,000
Corporate Purpose - Series 2016A	November 30, 2016	1.15-2.00	1,400,000
Corporate Purpose - Series 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 2021	February 16, 2021	0.41-1.73	1,395,000
Corporate Purpose - Series 2021	February 16, 2021	2.00	7,035,000
Corporate Purpose - Series 2020	May 14, 2020	3.00-4.00	1,369,709
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 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>
\$ 1,360,000	\$ -	\$ 1,360,000	\$ -
1,600,000	-	495,000	1,105,000
1,365,000	-	250,000	1,115,000
125,000	-	125,000	-
2,225,000	-	570,000	1,655,000
3,755,000	-	540,000	3,215,000
1,795,000	-	125,000	1,670,000
1,310,000	-	230,000	1,080,000
<u>13,535,000</u>	<u>-</u>	<u>3,695,000</u>	<u>9,840,000</u>
-	1,395,000	115,000	1,280,000
-	7,025,000	-	7,025,000
1,369,709	-	98,256	1,271,453
<u>1,369,709</u>	<u>8,420,000</u>	<u>213,256</u>	<u>9,576,453</u>
<u>14,904,709</u>	<u>8,420,000</u>	<u>3,908,256</u>	<u>19,416,453</u>
1,225,000	-	135,000	1,090,000
150,000	-	150,000	-
<u>1,375,000</u>	<u>-</u>	<u>285,000</u>	<u>1,090,000</u>
12,745,291	-	771,744	11,973,547
<u>12,745,291</u>	<u>-</u>	<u>771,744</u>	<u>11,973,547</u>
14,120,291	-	1,056,744	13,063,547
<u>\$ 29,025,000</u>	<u>\$ 8,420,000</u>	<u>\$ 4,965,000</u>	<u>\$ 32,480,000</u>

CITY OF OTTUMWA, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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 \$10,698,159. 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 \$979,517 and \$2,976,677, 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, 2021, the City was in compliance with the revenue note provisions.

Details of revenue notes payable at June 30, 2021 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, 2021

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, 2021:

<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%	\$ 2,485,000	\$ -	\$ 99,000	\$ 2,386,000	\$ 74,550
Phase 3 – construction	3.00%	4,697,000	-	476,000	4,221,000	140,910
Phase 5 – division 2	1.75%	<u>2,541,000</u>	<u>-</u>	<u>170,000</u>	<u>2,371,000</u>	<u>19,057</u>
Total enterprise funds		\$ <u>9,723,000</u>	\$ <u>-</u>	\$ <u>745,000</u>	\$ <u>8,978,000</u>	\$ <u>234,517</u>

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>
2022	\$ 426,000	\$ 163,231	\$ 589,231
2023	434,000	156,220	590,220
2024	444,000	149,043	593,043
2025	455,000	141,673	596,673
2026	467,000	134,093	601,093
2027 – 2031	2,501,000	548,931	3,049,931
2032 – 2036	2,430,000	325,908	2,755,908
2037 – 2041	<u>1,821,000</u>	<u>101,062</u>	<u>1,922,062</u>
Total	\$ <u>8,978,000</u>	\$ <u>1,720,161</u>	\$ <u>10,698,161</u>

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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, 2021, 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	\$ 12,064,055	\$ 17,195,783
Deferred Inflows	409,964	382,587	792,551
Deferred Outflows	1,231,622	2,707,964	3,939,586

For the year ended June 30, 2021, the City recognized pension expense of \$3,092,313 between the two employee retirement systems.

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

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

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

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

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, 2021

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, 2021.

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 - 25.31% for the year ended June 30, 2021.

The City's contributions to MFPRSI for the year ended June 30, 2021 totaled \$1,130,085.

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, 2021.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the City reported a liability of \$12,064,055 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 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, 2020, the City's proportion was 1.512544% which was an increase of .08941% from its proportion measured as of June 30, 2019.

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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, 2021, the City recognized pension expense of \$2,337,562. At June 30, 2021, 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	\$ 331,696	\$ 65,533
Changes of assumptions	298,841	14,393
Net difference between projected and actual earnings on MFPRSI's investments	947,342	-
Changes in proportion and differences between City contributions and the City's proportionate share of contributions	-	302,661
City contributions subsequent to the measurement date	<u>1,130,085</u>	<u>-</u>
Total	\$ <u>2,707,964</u>	\$ <u>382,587</u>

\$1,130,085 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. 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>
2022	\$	250,008
2023		326,654
2024		342,870
2025		269,753
2026		<u>6,007</u>
	\$	<u>1,195,292</u>

Actuarial Assumptions – The total pension liability in the June 30, 2020 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, 2021

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2007 through June 30, 2017.

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

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

<u>Asset Class</u>	<u>Long-Term Expected 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.

	1% Decrease <u>(6.50%)</u>	Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
City’s proportionate share of the net pension liability	\$ <u>18,503,913</u>	\$ <u>12,064,055</u>	\$ <u>6,729,806</u>



CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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](http://www.mfprsi.org).

Payables to the MFPRSI – At June 30, 2021, the City reported payables to the defined benefit pension plan of \$88,905 for legally required employer contributions and \$33,019 for legally required employee contributions which had been withheld from employee wages but not yet remitted to MFPRSI.

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

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

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

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

- 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, 2021

**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 2021, 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, 2021 totaled \$574,825.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, 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, 2020, 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, 2020, the City's collective proportion was 0.084337%, which was a decrease of 0.003693% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$754,751. At June 30, 2021, 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, 2021

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	\$ 6,499	\$ 139,445
Changes of assumptions	301,979	-
Net difference between projected and actual earnings on IPERS' investments	330,725	-
Changes in proportion and differences between City contributions and the City's proportionate share of contributions	17,594	270,519
City contributions subsequent to the measurement date	<u>574,825</u>	<u>-</u>
Total	\$ <u>1,231,622</u>	\$ <u>409,964</u>

\$574,825 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, 2021. 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>
2022	\$	18,122
2023		45,146
2024		58,508
2025		146,843
2026		<u>(21,786)</u>
	\$	<u>246,833</u>

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, as follows:

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

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

**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, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

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

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0 %	4.43 %
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	<u>3.0</u>	3.11
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.

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
City's proportionate share of the net pension liability	\$ <u>9,809,606</u>	\$ <u>5,131,728</u>	\$ <u>2,590,821</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](http://www.ipers.org).

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 4: EMPLOYEE RETIREMENT SYSTEMS (Continued)

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

Payables to IPERS – At June 30, 2021, the City reported payables to IPERS of \$43,855 for legally required employer contributions and \$29,222 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

NOTE 5: OTHER EMPLOYEE BENEFITS

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

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

<u>Business Type Funds</u>	<u>Vacation</u>	<u>Due Within One Year</u>
<u>Enterprise Funds:</u>		
Solid waste	\$ 46,064	\$ 46,064
Sewer utility	<u>87,816</u>	<u>87,816</u>
Total Enterprise Funds	<u>133,880</u>	<u>133,880</u>
<u>Governmental Funds</u>		
<u>Special Revenue Funds:</u>		
Airport	17,586	17,586
Library	18,245	18,245
Cemetery	9,426	9,426
State road use tax	<u>92,689</u>	<u>92,689</u>
Total Special Revenue Funds	<u>137,946</u>	<u>137,946</u>
<u>General</u>	<u>692,103</u>	<u>575,896</u>
Total Governmental Funds	<u>830,049</u>	<u>713,842</u>
Total – All funds	\$ <u>963,929</u>	\$ <u>847,722</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, 2021

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

Retired Participants must be age 55 or older at retirement. At June 30, 2021, 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 \$10,133,489 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2021 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, 2021)	2.50% per annum.
Rates of salary increase (effective June 30, 2021)	3.50% per annum, including inflation.
Discount rate (effective June 30, 2021)	2.18% compounded annually, including inflation.
Healthcare cost trend rate (effective June 30, 2021)	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 2.18% 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, 2021 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>9,626,475</u>
Changes for the year:		
Service Cost		66,376
Interest		261,299
Changes in assumptions		701,201
Benefit payments		<u>(521,862)</u>
Net changes		<u>507,014</u>
Total OPEB liability end of year	\$	<u>10,133,489</u>

CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

Changes of assumptions reflect a change in the discount rate from 2.79% in fiscal year 2020 to 2.18% in fiscal year 2021.

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 (1.18%) or 1% higher (3.18%) than the current discount rate.

	1% Decrease <u>(1.18%)</u>	Discount Rate <u>(2.18%)</u>	1% Increase <u>(3.18%)</u>
Total OPEB liability	\$ <u>11,450,522</u>	\$ <u>10,133,489</u>	\$ <u>9,050,891</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 <u>(5.50%)</u>	Healthcare Cost Trend Rate <u>(6.50%)</u>	1% Increase <u>(7.50%)</u>
Total OPEB liability	\$ <u>9,011,848</u>	\$ <u>10,133,489</u>	\$ <u>11,485,076</u>

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the City recognized OPEB expense of \$542,394. At June 30, 2021, the City reported deferred outflows and inflows of resources related to OPEB from the following resources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 462,575
Changes in assumptions	<u>1,342,300</u>	<u>409,570</u>
Total	\$ <u>1,342,300</u>	\$ <u>872,145</u>

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

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ 214,720
2023	123,606
2024	<u>131,829</u>
Total	\$ <u>470,155</u>



CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 7: CONSTRUCTION CONTRACT COMMITMENTS

Prior to June 30, 2021 the City had signed several construction contracts that are summarized below:

Total commitments	\$	<u>26,787,474</u>
Less amounts paid or accrued		<u>15,211,848</u>
Remaining commitments	\$	<u>11,575,626</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, 2021 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, 2021:

	<u>Equipment Purchasing</u>	<u>Employee Insurance</u>	<u>Total</u>
Net position - Beginning of year	\$ 1,469,747	\$ 3,869,858	\$ 5,339,605
Change in net position	<u>(149,308)</u>	<u>449,263</u>	<u>299,955</u>
Net position - End of year	\$ <u>1,320,439</u>	\$ <u>4,319,121</u>	\$ <u>5,639,560</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, 2021, 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, 2021:

<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 \$5,136,172 reported as landfill closure and post closure care liability at June 30, 2021, 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, 2021

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

	<u>Closure</u>	<u>Post Closure</u>	<u>Total</u>
Balance, July 1, 2020	\$ 2,802,933	\$ 2,095,906	\$ 4,898,839
Fiscal year 2021 costs adjusted	<u>205,712</u>	<u>31,621</u>	<u>237,333</u>
Balance, June 30, 2021	\$ <u>3,008,645</u>	\$ <u>2,127,527</u>	\$ <u>5,136,172</u>

The City currently has funded \$757,037 for post closure and \$388,241 for closure cost. The unfunded portion of the closure and post closure liability of \$3,990,894 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 \$17,200 during the year ended June 30, 2021.

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 785 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, 2021 were \$514,291.

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, 2021

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, 2021, no liability has been recorded in the City's financial statements. As of June 30, 2021, 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, 2021</u>
Liability - Beginning of year	\$ 486,113
Payments and accruals	(3,919,617)
Estimated claims incurred	<u>4,170,917</u>
Liability – End of year	\$ <u>737,413</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, 2021

NOTE 15: SEWER UTILITY FUND

The combining statement of net position for the Sewer Utility Fund as of June 30, 2021 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	\$ 2,779,502	\$ 1,377,000	\$ 3,550,000	\$ 8,723,855	\$ 16,430,357
Other assets	<u>59,310,235</u>	<u>-</u>	<u>-</u>	<u>96,530</u>	<u>59,406,765</u>
Total assets	<u>62,089,737</u>	<u>1,377,000</u>	<u>3,550,000</u>	<u>8,820,385</u>	<u>75,837,122</u>
<u>Deferred outflows of resources</u>	<u>466,526</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>466,526</u>
<u>Liabilities</u>	<u>23,848,201</u>	<u>-</u>	<u>-</u>	<u>1,766,970</u>	<u>25,615,171</u>
<u>Deferred inflows of resources</u>	<u>218,666</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>218,666</u>
<u>Net position:</u>					
Net investment in capital assets	37,492,056	-	-	8,723,855	46,215,911
Restricted:					
Debt service	-	95,000	-	-	95,000
Unrestricted	<u>997,340</u>	<u>1,282,000</u>	<u>3,550,000</u>	<u>(1,670,440)</u>	<u>4,158,900</u>
Total net position	\$ <u>38,489,396</u>	\$ <u>1,377,000</u>	\$ <u>3,550,000</u>	\$ <u>7,053,415</u>	\$ <u>50,469,811</u>

The combining statement of revenues, expenses and changes in fund net position for the Sewer Utility Fund for the year ended June 30, 2021 is as follows:

	<u>Sewer Utility</u>	<u>Sewer Sinking</u>	<u>Sewer Improvement</u>	<u>Sewer Construction</u>	<u>Total</u>
Operating revenues	\$ 7,084,906	\$ -	\$ -	\$ -	\$ 7,084,906
Operating expenses	<u>7,605,828</u>	<u>-</u>	<u>-</u>	<u>682,506</u>	<u>8,288,334</u>
Operating loss	(520,922)	-	-	(682,506)	(1,203,428)
Nonoperating revenue (expense), net	<u>(399,260)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(399,260)</u>
Loss before transfers	(920,182)	-	-	(682,506)	(1,602,688)
Transfers in	8,219,650	1,282,000	500,000	2,096,530	12,098,180
Transfers out	<u>(2,289,238)</u>	<u>-</u>	<u>-</u>	<u>(6,746,805)</u>	<u>(9,036,043)</u>
	<u>5,930,412</u>	<u>1,282,000</u>	<u>500,000</u>	<u>(4,650,275)</u>	<u>3,062,137</u>
Change in net position	5,010,230	1,282,000	500,000	(5,332,781)	1,459,449
Net position - Beginning of year	<u>33,479,166</u>	<u>95,000</u>	<u>3,050,000</u>	<u>12,386,196</u>	<u>49,010,362</u>
Net position - End of year	\$ <u>38,489,396</u>	\$ <u>1,377,000</u>	\$ <u>3,550,000</u>	\$ <u>7,053,415</u>	\$ <u>50,469,811</u>

Schedule of sewer rates/Customer census

<u>Rate of Usage:</u>	<u>Fiscal year 2021</u>
Base charge	\$15.65
Each 100 cubic foot unit	\$5.15

The Sewer Funds had 9,640 meters in service at June 30, 2021.

CITY OF OTTUMWA, IOWA  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021

NOTE 16: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Employee Benefits	\$ 3,755,951
	Local Option Sales Tax	492,676
	Proprietary:	
	Events Center	<u>96,611</u>
		<u>4,345,238</u>
Special Revenue:		
State Road Use Tax Fund	Internal service	<u>645,868</u>
		<u>645,868</u>
Street Projects	Special Revenue:	
	State Road Use Tax Fund	<u>1,907,359</u>
		<u>1,907,359</u>
Downtown Streetscape	Non-major Governmental Funds	362,783
	Debt service	<u>312,078</u>
		<u>674,861</u>
Non-major Governmental Funds	Special Revenue:	
	Employee Benefits	1,415,860
	Internal service	<u>215,514</u>
		<u>1,631,374</u>
Proprietary:		
Solid Waste	Special Revenue:	
	Local Option Sales Tax	<u>247,950</u>
		<u>247,950</u>
Sewer Utility	Special Revenue:	
	Non-major Governmental Funds	699,137
	Local Option Sales Tax	1,770,959
	Internal service	<u>592,041</u>
		<u>3,062,137</u>
Events Center	General	209,448
	Internal service	<u>189,646</u>
		<u>399,094</u>
Internal Service	Special Revenue:	
	State Road Use Tax	293,700
	Local Option Sales Tax	<u>1,100,800</u>
		<u>1,394,500</u>
Total		\$ <u>14,308,381</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, 2021

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	\$ 2,728
General	Special Revenue: Tax Increment Financing	83,438
Special Revenue: Airport	Special Revenue: Tax Increment Financing	41,200
Special Revenue: State Road Use Tax	Special Revenue: Airport	90
Special Revenue: State Road Use Tax	Capital Projects: Sidewalks	<u>80,000</u>
		\$ <u>207,456</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, 2021, the City abated \$19,669 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, 2021 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	\$ 6,008
Ottumwa Community School District	Urban renewal and economic development projects	12,130
Wapello County Agricultural Extension	Urban renewal and economic development projects	341
Indian Hills Community College	Urban renewal and economic development projects	870
State Tuberculosis and Brucellosis Eradication Fund	Urban renewal and economic development projects	22
Wapello County Assessor	Urban renewal and economic development projects	298

CITY OF OTTUMWA, IOWA  
 NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

**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	\$ 20,507	\$ -	\$ -	\$ 45,393	\$ -	\$ 65,900
Insurance	-	-	-	345,360	-	345,360
Cemetery perpetual care	-	-	-	-	740,298	740,298
Cemetery memorial	-	-	-	-	111,590	111,590
Total nonspendable	<u>5,507</u>	<u>-</u>	<u>-</u>	<u>390,753</u>	<u>851,888</u>	<u>1,263,148</u>
Restricted for:						
Debt service	-	395,837	-	-	-	395,837
Road improvements	-	-	-	4,577,416	-	4,577,416
Local option sales tax	-	-	-	4,275,266	-	4,275,266
Employee benefits	-	-	-	1,114,567	-	1,114,567
Airport	-	-	-	267,261	-	267,261
Library/Library bequest	-	-	-	389,126	-	389,126
Cemetery	-	-	-	105,643	-	105,643
Block grants	-	-	-	25,706	-	25,706
Risk management	-	-	-	782,608	-	782,608
Fire	-	-	-	18,682	-	18,682
RAGBRAI	-	-	-	31,250	-	31,250
Retiree health insurance	-	-	-	1,209,526	-	1,209,526
Parks	-	-	-	134,550	-	134,550
Police	-	-	-	180,355	-	180,355
Tax increment financing	-	-	-	(547,876)	-	(547,876)
Historic preservation	-	-	-	1,499	-	1,499
Sidewalks	-	-	144,279	-	-	144,279
Airport projects	-	-	144,786	-	-	144,786
Street projects	-	-	4,169,864	-	-	4,169,864
Park projects	-	-	360,801	-	-	360,801
Other bond projects	-	-	1,516,627	-	-	1,516,627
Levee repairs	-	-	485,304	-	-	485,304
Downtown Streetscape	-	-	72,040	-	-	72,040
Cemetery perpetual care	-	-	-	-	74	74
Cemetery memorial	-	-	-	-	25,894	25,894
Total restricted	<u>-</u>	<u>395,837</u>	<u>6,893,701</u>	<u>12,565,579</u>	<u>25,968</u>	<u>19,881,085</u>
Unassigned	<u>3,962,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,962,066</u>
Total fund balances	\$ <u>3,982,573</u>	\$ <u>395,837</u>	\$ <u>6,893,701</u>	\$ <u>12,956,332</u>	\$ <u>877,856</u>	\$ <u>25,106,299</u>



CITY OF OTTUMWA, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

NOTE 20: DEFICIT BALANCES

The Tax Increment Financing special revenue fund had a deficit balance of \$547,876 at June 30, 2021. 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 Solid Waste fund had deficit balance of \$423,000 at June 30, 2021. This deficit is a result of expenditures exceeding revenues, which will be eliminated by future charges for services.

NOTE 21: RECLASSIFICATIONS

Certain amounts for the year ended June 30, 2020 have been reclassified to conform with the June 30, 2021 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, 2021, 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 certain services, equipment, and facilities from the City to 10-15 Transit. Accordingly, effective July 1, 2020, 10-15 Transit assumed all transit operating activities and related equipment and facilities. In addition, as part of the agreement, the City transferred \$407,000 to 10-15 Transit. The City recognized a loss on disposal of capital assets in the amount of \$294,061 as a result of the transaction.

NOTE 24: PROSPECTIVE ACCOUNTING CHANGE

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement will require reporting of certain potentially significant lease liabilities that are not currently reported.

NOTE 25: COVID-19

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.

NOTE 26: SUBSEQUENT EVENTS

The City has evaluated subsequent events through December 21, 2021 the date statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OTTUMWA, IOWA

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

REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2021

	Governmental Funds <u>Actual</u>	Proprietary Funds	Total <u>Actual</u>
<u>RECEIPTS:</u>			
Property tax	\$ 14,303,443	\$ -	\$ 14,303,443
Other city tax	6,149,620	-	6,149,620
Licenses and permits	235,556	-	235,556
Intergovernmental	7,313,818	2,128	7,315,946
Use of money and property	495,503	164,529	660,032
Charges for service	4,997,109	13,636,943	18,634,052
Other fines	111,388	-	111,388
Miscellaneous	<u>2,994,613</u>	<u>894,890</u>	<u>3,889,503</u>
Total receipts	<u>36,601,050</u>	<u>14,698,490</u>	<u>51,299,540</u>
<u>DISBURSEMENTS:</u>			
Current:			
Public safety	9,183,293	-	9,183,293
Public works	7,257,782	-	7,257,782
Health and social services	782,601	-	782,601
Culture and recreation	2,651,921	-	2,651,921
Community and economic development	477,193	-	477,193
General government	3,037,273	-	3,037,273
Capital projects	13,569,877	-	13,569,877
Debt service	4,507,415	-	4,507,415
Business-type activities	-	13,981,879	13,981,879
Total disbursements	<u>41,467,355</u>	<u>13,981,879</u>	<u>55,449,234</u>
Excess (deficiency) of revenues over (under) expenses	(4,866,305)	716,611	(4,149,694)
Other financing sources (uses), net	<u>5,929,292</u>	<u>1,567,821</u>	<u>7,497,113</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,062,987	2,284,432	3,347,419
Balances - Beginning of year	<u>30,452,070</u>	<u>15,833,921</u>	<u>46,285,991</u>
Balances - End of year	\$ <u>31,515,057</u>	\$ <u>18,118,353</u>	\$ <u>49,633,410</u>

See Accompanying Independent Auditor's Report

<u>Budgeted Amounts</u>		<u>Final to Actual Variance</u>
<u>Original</u>	<u>Final</u>	
\$ 13,432,515	\$ 13,432,515	\$ 870,928
4,964,614	6,027,394	122,226
350,266	320,266	(84,710)
6,397,986	7,490,893	(174,947)
1,151,973	1,159,973	(499,941)
17,919,345	16,745,483	1,888,569
44,000	98,000	13,388
<u>1,391,484</u>	<u>2,575,702</u>	<u>1,313,801</u>
<u>45,652,183</u>	<u>47,850,226</u>	<u>3,449,314</u>
9,248,785	9,357,585	174,292
7,632,731	7,792,731	534,949
687,287	821,787	39,186
2,409,341	2,413,341	(238,580)
444,503	603,003	125,810
3,111,127	3,235,627	198,354
8,873,394	15,285,247	1,715,370
3,769,551	4,501,210	(6,205)
<u>14,605,518</u>	<u>14,160,711</u>	<u>178,832</u>
<u>50,782,237</u>	<u>58,171,242</u>	<u>2,722,008</u>
(5,130,054)	(10,321,016)	6,171,322
<u>2,600,000</u>	<u>9,634,809</u>	<u>(2,137,696)</u>
(2,530,054)	(686,207)	4,033,626
<u>37,350,825</u>	<u>37,350,825</u>	<u>8,935,166</u>
\$ <u>34,820,771</u>	\$ <u>36,664,618</u>	\$ <u>12,968,792</u>

CITY OF OTTUMWA, IOWA

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

**YEAR ENDED JUNE 30, 2021**

	Governmental Funds			Proprietary Funds		
	Cash Basis	Modified Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 36,601,050	\$ 2,215,706	\$ 34,385,344	\$ 14,698,490	\$ (3,220,069)	\$ 11,478,421
Expenditures/expenses	<u>41,467,355</u>	<u>(7,510,815)</u>	<u>33,956,740</u>	<u>13,981,879</u>	<u>844,957</u>	<u>14,826,836</u>
Net	(4,866,305)	(5,294,909)	428,604	716,611	(2,375,112)	(3,348,415)
Other financing sources (uses), net	5,929,292	872,082	5,057,210	1,567,821	(2,044,749)	3,612,570
Beginning 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>
Ending fund balances/net position	\$ <u>31,515,057</u>	\$ <u>6,408,758</u>	\$ <u>25,106,299</u>	\$ <u>18,118,353</u>	\$ <u>(50,163,933)</u>	\$ <u>68,282,286</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 \$7,389,005. This budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2021, disbursements exceeded the amounts budgeted in the culture and recreation and debt service 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 SEVEN FISCAL YEARS\*

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2021</u>	<u>2020</u>
City's proportion of the net pension liability	1.512544 %	1.423139 %
City's proportionate share of the net pension liability	\$ 12,064,055	\$ 9,334,747
City's covered payroll	\$ 4,805,501	\$ 4,308,033
City's proportionate share of the net pension liability as a percentage of its covered payroll	251.05 %	216.68 %
Plan fiduciary net position as a percentage of the total pension liability	76.47 %	79.94 %

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

CITY OF OTTUMWA, IOWA

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

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2021</u>	<u>2020</u>
City's proportion of the net pension liability	0.084337 %	0.088029 %
City's proportionate share of the net pension liability	\$ 5,131,728	\$ 5,131,728
City's covered payroll	\$ 6,647,592	\$ 6,736,161
City's proportionate share of the net pension liability as a percentage of its covered payroll	77.20 %	76.18 %
Plan fiduciary net position as a percentage of the total pension liability	82.90 %	85.45 %

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

CITY OF OTTUMWA, IOWA

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

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 1,130	\$ 1,163	\$ 1,121
Contributions in relation to the statutorily required contribution	<u>(1,130)</u>	<u>(1,163)</u>	<u>(1,121)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's covered payroll	\$ 4,465	\$ 4,805	\$ 4,308
Contributions as a percentage of covered payroll	25.31 %	24.20 %	26.02 %

\* State mandated minimum contribution rate.

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$	1,014	\$ 1,078	\$ 1,078	\$ 1,164	\$ 1,141	\$ 970	\$ 897
	<u>(1,014)</u>	<u>(1,078)</u>	<u>(1,078)</u>	<u>(1,164)</u>	<u>(1,141)</u>	<u>(970)</u>	<u>(897)</u>
\$	<u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$	3,948	\$ 3,882	\$ 3,882	\$ 3,827	\$ 3,788	\$ 3,715	\$ 3,622
	25.68 %	27.77 %	27.77 %	30.41 %	30.12 %	26.12 %	24.76 %

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

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 575	\$ 628	\$ 637
Contributions in relation to the statutorily required contribution	<u>(575)</u>	<u>(628)</u>	<u>(637)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's covered payroll	\$ 6,089	\$ 6,648	\$ 6,736
Contributions as a percentage of covered payroll	9.44 %	9.44 %	9.44 %



<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 594	\$ 605	\$ 572	\$ 554	\$ 579	\$ 568	\$ 528
<u>(594)</u>	<u>(605)</u>	<u>(572)</u>	<u>(554)</u>	<u>(579)</u>	<u>(568)</u>	<u>(528)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 6,647	\$ 6,770	\$ 6,405	\$ 6,202	\$ 6,509	\$ 6,555	\$ 6,537
8.93 %	8.93 %	8.93 %	8.93 %	8.90 %	8.67 %	8.07 %

CITY OF OTTUMWA, IOWA

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

YEAR END JUNE 30, 2021

*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, 2021

*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 FOUR YEARS

REQUIRED SUPPLEMENTARY INFORMATION

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 66,376	\$ 49,168	\$ 46,196	\$ 56,386
Interest cost	261,299	319,566	367,189	316,330
Difference between expected and actual experiences	-	(821,167)	(24,013)	(132,051)
Changes in assumptions	701,201	458,467	136,614	747,155
Benefit payments	(521,862)	(520,509)	(568,899)	(585,335)
Other changes	-	17,552	(384,736)	385,289
Net change in total OPEB liability	<u>507,014</u>	<u>(496,923)</u>	<u>(427,649)</u>	<u>787,774</u>
Total OPEB liability beginning of year	<u>9,626,475</u>	<u>10,123,398</u>	<u>10,551,047</u>	<u>9,763,273</u>
Total OPEB liability end of year	\$ <u>10,133,489</u>	\$ <u>9,626,475</u>	\$ <u>10,123,398</u>	\$ <u>10,551,047</u>
Covered payroll	\$ 10,465,408	\$ 10,465,408	\$ 1,266,360	\$ 1,229,476
Total OPEB liability as a percentage of covered payroll	96.83%	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, 2021	2.18%	6.50%
Year ended June 30, 2020	2.79%	6.50%
Year ended June 30, 2019	3.56%	8.00%
Year ended June 30, 2018	4.00%	9.00%
Year ended June 30, 2017	3.24%	8.00%

OTHER SUPPLEMENTARY INFORMATION

CITY OF OTTUMWA, IOWA

Schedule 1

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2021

<u>ASSETS</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Permanent Funds</u>	<u>Total Nonmajor Governmental Funds</u>
Cash, cash equivalents and pooled investments	\$ 2,876,898	\$ 2,515,940	\$ 877,856	\$ 6,270,694
Receivables:				
Property taxes:				
Delinquent	21,067	-	-	21,067
Succeeding year	1,176,934	-	-	1,176,934
Tax increment financing:				
Delinquent	1,760	-	-	1,760
Succeeding year	352,936	-	-	352,936
Accounts	65,928	282,002	1,052	348,982
Due from other governments	259,545	-	-	259,545
Due from other funds	41,200	-	-	41,200
Prepays	369,540	-	-	369,540
Deposit	25,000	-	-	25,000
	<u>5,190,808</u>	<u>2,797,942</u>	<u>878,908</u>	<u>8,867,658</u>
TOTAL ASSETS	\$	\$	\$	\$
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
<u>LIABILITIES:</u>				
Accounts payable	\$ 534,673	\$ 68,841	\$ 1,052	\$ 604,566
Wages and benefits payable	30,939	-	-	30,939
Unearned revenue	-	142,090	-	142,090
Due to other funds	127,456	80,000	-	207,456
	<u>693,068</u>	<u>290,931</u>	<u>1,052</u>	<u>985,051</u>
TOTAL LIABILITIES	\$	\$	\$	\$
 <u>DEFERRED INFLOWS OF RESOURCES:</u>				
<u>Unavailable revenues:</u>				
Succeeding year property tax	1,176,934	-	-	1,176,934
Succeeding year tax increment financing	352,936	-	-	352,936
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>1,529,870</u>	<u>-</u>	<u>-</u>	<u>1,529,870</u>
 <u>FUND BALANCES:</u>				
Nonspendable	369,540	-	851,888	1,221,428
Restricted	2,598,330	2,507,011	25,968	5,131,309
	<u>2,967,870</u>	<u>2,507,011</u>	<u>877,856</u>	<u>6,352,737</u>
TOTAL FUND BALANCES	\$	\$	\$	\$
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u>5,190,808</u>	\$ <u>2,797,942</u>	\$ <u>878,908</u>	\$ <u>8,867,658</u>

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, 2021

	Special Revenue Funds	Capital Projects Funds	Permanent Funds	Total Nonmajor Governmental Funds
<u>REVENUES:</u>				
Property tax	\$ 1,648,579	\$ -	\$ -	\$ 1,648,579
Intergovernmental	370,552	102,051	-	472,603
Use of money and property	467,539	2,701	17,722	487,962
Charges for service	394,709	-	8,617	403,326
Miscellaneous	649,361	19,918	-	669,279
Total revenues	<u>3,530,740</u>	<u>124,670</u>	<u>26,339</u>	<u>3,681,749</u>
<u>EXPENDITURES:</u>				
Operating:				
Public safety	200,841	96,240	-	297,081
Public works	1,033,205	-	-	1,033,205
Health and social services	-	211,940	-	211,940
Culture and recreation	1,283,823	182,965	-	1,466,788
Community and economic development	76,457	54,340	-	130,797
General government	1,696,551	-	-	1,696,551
Capital projects	-	158,995	-	158,995
Total expenditures	<u>4,290,877</u>	<u>704,480</u>	<u>-</u>	<u>4,995,357</u>
Excess (deficiency) of revenues over (under) expenditures	(760,137)	(579,810)	26,339	(1,313,608)
Other financing sources (uses):				
Issuance of debt	75,000	2,332,738	-	2,407,738
Transfers in	1,631,374	-	-	1,631,374
Transfers out	<u>(1,044,198)</u>	<u>-</u>	<u>(17,722)</u>	<u>(1,061,920)</u>
Total other financing sources (uses)	<u>662,176</u>	<u>2,332,738</u>	<u>(17,722)</u>	<u>2,977,192</u>
Net change in fund balances	(97,961)	1,752,928	8,617	1,663,584
Fund balances - Beginning of year	<u>3,065,831</u>	<u>754,083</u>	<u>869,239</u>	<u>4,689,153</u>
Fund balances - End of year	\$ <u>2,967,870</u>	\$ <u>2,507,011</u>	\$ <u>877,856</u>	\$ <u>6,352,737</u>

See Accompanying Independent Auditor's Report

CITY OF OTTUMWA, IOWA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2021

<u>ASSETS</u>	<u>Airport</u>	<u>Emergency</u>	<u>Library</u>	<u>Cemetery</u>	<u>Block Grants</u>	<u>Tax Increment Financing</u>
Cash, cash equivalents and pooled investments	\$ -	\$ -	\$ 256,586	\$ 115,666	\$ 25,706	\$ -
Receivables:						
Property taxes:						
Delinquent	-	2,728	8,179	2,754	-	-
Succeeding year	-	168,751	401,396	138,214	-	-
Tax increment financing:						
Delinquent	-	-	-	-	-	1,760
Succeeding year	-	-	-	-	-	352,936
Accounts	39,407	-	-	-	-	-
Due from other governments	259,545	-	-	-	-	-
Due from other funds	41,200	-	-	-	-	-
Prepays	32,731	-	13,076	2,840	-	-
Deposit	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 372,883</u>	<u>\$ 171,479</u>	<u>\$ 679,237</u>	<u>\$ 259,474</u>	<u>\$ 25,706</u>	<u>\$ 354,696</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>						
<u>LIABILITIES:</u>						
Accounts payable	\$ 65,873	\$ -	\$ 3,202	\$ 8,579	\$ -	\$ 424,998
Wages and benefits payable	6,928	-	17,343	4,198	-	-
Due to other funds	90	2,728	-	-	-	124,638
TOTAL LIABILITIES	<u>72,891</u>	<u>2,728</u>	<u>20,545</u>	<u>12,777</u>	<u>-</u>	<u>549,636</u>
 <u>DEFERRED INFLOWS OF RESOURCES:</u>						
Unavailable resources:						
Succeeding year property tax	-	168,751	401,396	138,214	-	-
Succeeding year tax increment financing	-	-	-	-	-	352,936
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>168,751</u>	<u>401,396</u>	<u>138,214</u>	<u>-</u>	<u>352,936</u>
 <u>FUND BALANCES:</u>						
Nonspendable	32,731	-	13,076	2,840	-	-
Restricted	267,261	-	244,220	105,643	25,706	(547,876)
TOTAL FUND BALANCES	<u>299,992</u>	<u>-</u>	<u>257,296</u>	<u>108,483</u>	<u>25,706</u>	<u>(547,876)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 372,883</u>	<u>\$ 171,479</u>	<u>\$ 679,237</u>	<u>\$ 259,474</u>	<u>\$ 25,706</u>	<u>\$ 354,696</u>

<u>Risk Management</u>	<u>Fire Bequest</u>	<u>RAGBRAI</u>	<u>Retiree Health Insurance</u>	<u>Library Bequest</u>	<u>Park Bequest</u>	<u>Police Bequest</u>	<u>Historic Preservation</u>	<u>Total</u>
\$ 782,052	\$ 18,682	\$ 31,250	\$ 1,192,817	\$ 146,660	\$ 134,550	\$ 171,430	\$ 1,499	\$ 2,876,898
7,406	-	-	-	-	-	-	-	21,067
468,573	-	-	-	-	-	-	-	1,176,934
-	-	-	-	-	-	-	-	1,760
-	-	-	-	-	-	-	-	352,936
143	-	-	17,378	-	-	9,000	-	65,928
-	-	-	-	-	-	-	-	259,545
-	-	-	-	-	-	-	-	41,200
296,713	-	-	24,180	-	-	-	-	369,540
<u>25,000</u>	-	-	-	-	-	-	-	<u>25,000</u>
\$ <u>1,579,887</u>	\$ <u>18,682</u>	\$ <u>31,250</u>	\$ <u>1,234,375</u>	\$ <u>146,660</u>	\$ <u>134,550</u>	\$ <u>180,430</u>	\$ <u>1,499</u>	\$ <u>5,190,808</u>
\$ 29,523	\$ -	\$ -	\$ 669	\$ 1,754	\$ -	\$ 75	\$ -	\$ 534,673
2,470	-	-	-	-	-	-	-	30,939
-	-	-	-	-	-	-	-	127,456
<u>31,993</u>	-	-	<u>669</u>	<u>1,754</u>	-	<u>75</u>	-	<u>693,068</u>
468,573	-	-	-	-	-	-	-	1,176,934
-	-	-	-	-	-	-	-	352,936
<u>468,573</u>	-	-	-	-	-	-	-	<u>1,529,870</u>
296,713	-	-	24,180	-	-	-	-	369,540
<u>782,608</u>	<u>18,682</u>	<u>31,250</u>	<u>1,209,526</u>	<u>144,906</u>	<u>134,550</u>	<u>180,355</u>	<u>1,499</u>	<u>2,598,330</u>
<u>1,079,321</u>	<u>18,682</u>	<u>31,250</u>	<u>1,233,706</u>	<u>144,906</u>	<u>134,550</u>	<u>180,355</u>	<u>1,499</u>	<u>2,967,870</u>
\$ <u>1,579,887</u>	\$ <u>18,682</u>	\$ <u>31,250</u>	\$ <u>1,234,375</u>	\$ <u>146,660</u>	\$ <u>134,550</u>	\$ <u>180,430</u>	\$ <u>1,499</u>	\$ <u>5,190,808</u>

CITY OF OTTUMWA, IOWA

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2021

	<u>Airport</u>	<u>Emergency</u>	<u>Library</u>	<u>Cemetery</u>	<u>Block Grants</u>	<u>Tax Increment Financing</u>
<b>REVENUES:</b>						
Property tax	\$ -	\$ 136,918	\$ 403,437	\$ 138,214	\$ -	\$ 598,371
Intergovernmental	300,863	-	35,701	2,223	-	-
Use of money and property	428,580	-	1,487	22,952	-	-
Charges for service	11,147	-	4,322	108,441	-	-
Miscellaneous	148,916	-	122,773	1,628	-	-
Total revenues	<u>889,506</u>	<u>136,918</u>	<u>567,720</u>	<u>273,458</u>	<u>-</u>	<u>598,371</u>
<b>EXPENDITURES:</b>						
Operating:						
Public safety	-	-	-	-	-	-
Public works	1,033,205	-	-	-	-	-
Culture and recreation	-	-	809,137	318,561	-	-
Community and economic development	-	-	-	-	-	75,116
General government	-	-	-	-	-	-
Total expenditures	<u>1,033,205</u>	<u>-</u>	<u>809,137</u>	<u>318,561</u>	<u>-</u>	<u>75,116</u>
Excess (deficiency) of revenues over (under) expenditures	(143,699)	136,918	(241,417)	(45,103)	-	523,255
Other financing sources (uses):						
Issuance of debt	-	-	-	-	-	-
Transfers in	130,583	-	233,613	96,800	-	-
Transfers out	-	(136,918)	-	(11,800)	-	(881,480)
Total other financing sources (uses)	<u>130,583</u>	<u>(136,918)</u>	<u>233,613</u>	<u>85,000</u>	<u>-</u>	<u>(881,480)</u>
Net change in fund balances	(13,116)	-	(7,804)	39,897	-	(358,225)
Fund balances - Beginning of year	<u>313,108</u>	<u>-</u>	<u>265,100</u>	<u>68,586</u>	<u>25,706</u>	<u>(189,651)</u>
Fund balances - End of year	\$ <u>299,992</u>	\$ <u>-</u>	\$ <u>257,296</u>	\$ <u>108,483</u>	\$ <u>25,706</u>	\$ <u>(547,876)</u>

<u>Risk Management</u>	<u>Fire Bequest</u>	<u>RAGBRAI</u>	<u>Retiree Health Insurance</u>	<u>Library Bequest</u>	<u>Park Bequest</u>	<u>Police Bequest</u>	<u>Historic Preservation</u>	<u>Total</u>
\$ 371,639	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,648,579
-	130	-	-	16,029	1,878	12,463	1,265	370,552
6,192	114	3	6,359	759	526	567	-	467,539
-	-	-	270,799	-	-	-	-	394,709
-	-	-	217,286	71,421	-	87,337	-	649,361
<u>377,831</u>	<u>244</u>	<u>3</u>	<u>494,444</u>	<u>88,209</u>	<u>2,404</u>	<u>100,367</u>	<u>1,265</u>	<u>3,530,740</u>
178,985	-	-	-	-	-	21,856	-	200,841
-	-	-	-	-	-	-	-	1,033,205
-	-	-	-	113,751	42,374	-	-	1,283,823
-	-	-	-	-	-	-	1,341	76,457
<u>444,389</u>	<u>-</u>	<u>-</u>	<u>1,252,162</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,696,551</u>
<u>623,374</u>	<u>-</u>	<u>-</u>	<u>1,252,162</u>	<u>113,751</u>	<u>42,374</u>	<u>21,856</u>	<u>1,341</u>	<u>4,290,877</u>
(245,543)	244	3	(757,718)	(25,542)	(39,970)	78,511	(76)	(760,137)
-	-	-	-	-	75,000	-	-	75,000
134,150	-	-	1,029,263	-	-	6,965	-	1,631,374
(14,000)	-	-	-	-	-	-	-	(1,044,198)
<u>120,150</u>	<u>-</u>	<u>-</u>	<u>1,029,263</u>	<u>-</u>	<u>75,000</u>	<u>6,965</u>	<u>-</u>	<u>662,176</u>
(125,393)	244	3	271,545	(25,542)	35,030	85,476	(76)	(97,961)
<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>1,079,321</u>	\$ <u>18,682</u>	\$ <u>31,250</u>	\$ <u>1,233,706</u>	\$ <u>144,906</u>	\$ <u>134,550</u>	\$ <u>180,355</u>	\$ <u>1,499</u>	\$ <u>2,967,870</u>

CITY OF OTTUMWA, IOWA  
 COMBINING BALANCE SHEET  
 NONMAJOR CAPITAL PROJECTS FUNDS  
 JUNE 30, 2021

<u>ASSETS</u>	<u>Sidewalks</u>	<u>Park Projects</u>	<u>Other Bond Projects</u>
Cash, cash equivalents and pooled investments	\$ 224,279	\$ 363,860	\$ 1,442,477
Receivables:			
Accounts	<u>          -</u>	<u>          -</u>	<u>    282,002</u>
TOTAL ASSETS	\$ <u>224,279</u>	\$ <u>363,860</u>	\$ <u>1,724,479</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ -	\$ 3,059	\$ 65,762
Due to other funds	80,000	-	-
Unearned revenue	<u>          -</u>	<u>          -</u>	<u>    142,090</u>
TOTAL LIABILITIES	<u>80,000</u>	<u>3,059</u>	<u>207,852</u>
<u>FUND BALANCES:</u>			
Restricted	<u>144,279</u>	<u>360,801</u>	<u>1,516,627</u>
TOTAL FUND BALANCES	<u>144,279</u>	<u>360,801</u>	<u>1,516,627</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>224,279</u>	\$ <u>363,860</u>	\$ <u>1,724,479</u>

<u>Levee Repairs</u>	<u>Total</u>
\$ 485,324	\$ 2,515,940
<u>-</u>	<u>282,002</u>
\$ <u>485,324</u>	\$ <u>2,797,942</u>
\$ 20	\$ 68,841
-	80,000
-	<u>142,090</u>
<u>20</u>	<u>290,931</u>
<u>485,304</u>	<u>2,507,011</u>
<u>485,304</u>	<u>2,507,011</u>
\$ <u>485,324</u>	\$ <u>2,797,942</u>



CITY OF OTTUMWA, IOWA

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR CAPITAL PROJECTS FUNDS  
YEAR ENDED JUNE 30, 2021

	<u>Sidewalks</u>	<u>Park Projects</u>	<u>Other Bond Projects</u>
<u>REVENUES:</u>			
Use of money and property	\$ 463	\$ 346	\$ -
Intergovernmental		2,051	100,000
Miscellaneous	<u>-</u>	<u>-</u>	<u>19,918</u>
Total revenues	<u>463</u>	<u>2,397</u>	<u>119,918</u>
<u>EXPENDITURES:</u>			
Operating:			
Public safety	-	-	44,073
Health and social services	-	-	211,940
Culture and recreation	-	-	182,965
Community and economic development	-	-	54,340
Capital projects	<u>15,781</u>	<u>143,214</u>	<u>-</u>
Total expenditures	<u>15,781</u>	<u>143,214</u>	<u>493,318</u>
Deficiency of revenues under expenditures	(15,318)	(140,817)	(373,400)
Other financing sources:			
Issuance of debt	<u>250,000</u>	<u>470,000</u>	<u>1,262,738</u>
	<u>250,000</u>	<u>470,000</u>	<u>1,262,738</u>
Net change in fund balances	234,682	329,183	889,338
Fund balances - Beginning of year	<u>(90,403)</u>	<u>31,618</u>	<u>627,289</u>
Fund balances - End of year	\$ <u>144,279</u>	\$ <u>360,801</u>	\$ <u>1,516,627</u>

<u>Levee Repairs</u>	<u>Total</u>
\$ 1,892	\$ 2,701
-	102,051
<u>1,892</u>	<u>19,918</u>
	<u>124,670</u>
52,167	96,240
-	211,940
-	182,965
-	54,340
-	158,995
<u>52,167</u>	<u>704,480</u>
(50,275)	(579,810)
<u>350,000</u>	<u>2,332,738</u>
<u>350,000</u>	<u>2,332,738</u>
299,725	1,752,928
<u>185,579</u>	<u>754,083</u>
\$ <u>485,304</u>	\$ <u>2,507,011</u>

CITY OF OTTUMWA, IOWA

Schedule 7

COMBINING BALANCE SHEET  
NONMAJOR PERMANENT FUNDS  
JUNE 30, 2021

	<u>Cemetery Perpetual Care</u>	<u>Cemetery Memorial</u>	<u>Total Nonmajor Permanent Funds</u>
<u>ASSETS</u>			
Cash, cash equivalents and pooled investments	\$ 740,372	\$ 137,484	\$ 877,856
Accounts receivable	<u>1,052</u>	<u>-</u>	<u>1,052</u>
TOTAL ASSETS	\$ <u>741,424</u>	\$ <u>137,484</u>	\$ <u>878,908</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>LIABILITIES:</u>			
Accounts payable	\$ <u>1,052</u>	\$ <u>-</u>	\$ <u>1,052</u>
<u>FUND BALANCES:</u>			
Nonspendable	740,298	111,590	851,888
Restricted	<u>74</u>	<u>25,894</u>	<u>25,968</u>
TOTAL FUND BALANCES	<u>740,372</u>	<u>137,484</u>	<u>877,856</u>
TOTAL LIABILITIES AND FUND BALANCES	\$ <u>741,424</u>	\$ <u>137,484</u>	\$ <u>878,908</u>

CITY OF OTTUMWA, IOWA

Schedule 8

COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR PERMANENT FUNDS  
YEAR ENDED JUNE 30, 2021

	Cemetery Perpetual <u>Care</u>	Cemetery <u>Memorial</u>	Total Nonmajor Permanent <u>Funds</u>
<u>REVENUES:</u>			
Interest income	\$ 14,657	\$ 3,065	\$ 17,722
Charges for service	<u>8,617</u>	<u>-</u>	<u>8,617</u>
Total revenues	23,274	3,065	26,339
Other financing uses:			
Transfers out	<u>(14,657)</u>	<u>(3,065)</u>	<u>(17,722)</u>
Net change in fund balances	8,617	-	8,617
Fund balances - Beginning of year	<u>731,755</u>	<u>137,484</u>	<u>869,239</u>
Fund balances - End of year	\$ <u>740,372</u>	\$ <u>137,484</u>	\$ <u>877,856</u>

CITY OF OTTUMWA, IOWA

Schedule 9

COMBINING STATEMENT OF NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
JUNE 30, 2021

<u>ASSETS:</u>	<u>Transit</u>	<u>Golf Course</u>	<u>Total Nonmajor Proprietary Funds</u>
Current assets:			
Cash, cash equivalents and pooled investments	\$ 643,895	\$ 30,112	\$ 674,007
Receivables:			
Property taxes:			
Delinquent	9,680	-	9,680
Due from other governments	1,744	-	1,744
Prepaid expenses	2,944	-	2,944
Total current assets	<u>658,263</u>	<u>30,112</u>	<u>688,375</u>
Capital assets:			
Land	-	80,000	80,000
Buildings	1,295,718	174,855	1,470,573
Improvements other than buildings	-	893,561	893,561
Machinery and equipment	-	328,075	328,075
Less accumulated depreciation	<u>(807,237)</u>	<u>(1,149,414)</u>	<u>(1,956,651)</u>
Total capital assets	<u>488,481</u>	<u>327,077</u>	<u>815,558</u>
TOTAL ASSETS	<u>1,146,744</u>	<u>357,189</u>	<u>1,503,933</u>
<u>LIABILITIES:</u>			
Current liabilities:			
Accounts payable	1,110	-	1,110
Total current liabilities	<u>1,110</u>	<u>-</u>	<u>1,110</u>
TOTAL LIABILITIES	<u>1,110</u>	<u>-</u>	<u>1,110</u>
<u>NET POSITION:</u>			
Net investment in capital assets	488,481	327,077	815,558
Unrestricted	<u>657,153</u>	<u>30,112</u>	<u>687,265</u>
TOTAL NET POSITION \$	<u>1,145,634</u>	<u>357,189</u>	<u>1,502,823</u>

## CITY OF OTTUMWA, IOWA

Schedule 10

COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2021

	<u>Transit</u>	<u>Golf Course</u>	<u>Total Nonmajor Proprietary Funds</u>
Operating revenues:			
Charges for service	\$ 629	\$ -	\$ 629
Miscellaneous	-	10,000	10,000
Total operating revenues	<u>629</u>	<u>10,000</u>	<u>10,629</u>
Operating expenses:			
Operations	677,325	553	677,878
Loss on disposal of fixed assets	294,061	-	294,061
Depreciation	46,047	25,218	71,265
Total operating expenses	<u>1,017,433</u>	<u>25,771</u>	<u>1,043,204</u>
Operating loss	<u>(1,016,804)</u>	<u>(15,771)</u>	<u>(1,032,575)</u>
Nonoperating revenue:			
Other	803,390	-	803,390
Property taxes	485,740	-	485,740
Total nonoperating revenue	<u>1,289,130</u>	<u>-</u>	<u>1,289,130</u>
Change in net position	272,326	(15,771)	256,555
Net position - Beginning of year	<u>873,308</u>	<u>372,960</u>	<u>1,246,268</u>
Net position - End of year	\$ <u>1,145,634</u>	\$ <u>357,189</u>	\$ <u>1,502,823</u>

CITY OF OTTUMWA, IOWA

Schedule 11

COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR PROPRIETARY FUNDS  
YEAR ENDED JUNE 30, 2021

	<u>Transit</u>	<u>Golf Course</u>	<u>Total Nonmajor Proprietary Funds</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>			
Cash received from operations	\$ 629	\$ 10,000	\$ 10,629
Cash paid to employees	(142,577)	-	(142,577)
Cash paid to suppliers	(558,846)	(552)	(559,398)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(700,794)</u>	<u>9,448</u>	<u>(691,346)</u>
<u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u>			
Property taxes	483,523	-	483,523
Intergovernmental	111,095	-	111,095
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>594,618</u>	<u>-</u>	<u>594,618</u>
 NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS	 (106,176)	 9,448	 (96,728)
<u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS</u> - Beginning of year	<u>750,071</u>	<u>20,664</u>	<u>770,735</u>
<u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS</u> - End of year	\$ <u>643,895</u>	\$ <u>30,112</u>	\$ <u>674,007</u>
<u>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED IN)</u>			
<u>OPERATING ACTIVITIES:</u>			
Operating loss	\$ (1,016,804)	\$ (15,771)	\$ (1,032,575)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	46,047	25,218	71,265
Loss on disposal of fixed assets	294,061	-	294,061
Changes in assets and liabilities:			
Decrease in receivables	457,290	1	457,291
Decrease in prepaid expenses	28,202	-	28,202
Decrease in accounts payable	(5,134)	-	(5,134)
Decrease in wages and benefits payable	(17,700)	-	(17,700)
Decrease in compensated absences payable	(16,852)	-	(16,852)
Decrease in deferred inflows of resources	(469,904)	-	(469,904)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u>(700,794)</u>	\$ <u>9,448</u>	\$ <u>(691,346)</u>



CITY OF OTTUMWA, IOWA

Schedule 12

COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2021

	<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	\$ 219,009	\$ 1,395,962	\$ 5,056,534	\$ 6,671,505
Prepaid expenses	<u>-</u>	<u>34,977</u>	<u>-</u>	<u>34,977</u>
TOTAL ASSETS	<u>219,009</u>	<u>1,430,939</u>	<u>5,056,534</u>	<u>6,706,482</u>
<u>LIABILITIES AND NET POSITION</u>				
<u>CURRENT LIABILITIES:</u>				
Accounts payable	<u>219,009</u>	<u>110,500</u>	<u>737,413</u>	<u>1,066,922</u>
TOTAL LIABILITIES	<u>219,009</u>	<u>110,500</u>	<u>737,413</u>	<u>1,066,922</u>
<u>NET POSITION:</u>				
Restricted	<u>-</u>	<u>-</u>	<u>4,319,121</u>	<u>4,319,121</u>
Unrestricted	<u>-</u>	<u>1,320,439</u>	<u>-</u>	<u>1,320,439</u>
TOTAL NET POSITION	\$ <u>-</u>	\$ <u>1,320,439</u>	\$ <u>4,319,121</u>	\$ <u>5,639,560</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, 2021

	<u>Equipment Purchasing</u>	<u>Employee Insurance</u>	<u>Total</u>
<u>OPERATING REVENUES:</u>			
Charges for service and other operating revenues	\$ <u>99,261</u>	\$ <u>4,592,523</u>	\$ <u>4,691,784</u>
<u>EXPENSES:</u>			
Operations	<u>-</u>	<u>4,170,917</u>	<u>4,170,917</u>
Operating income	99,261	421,606	520,867
Nonoperating revenue:			
Interest income	<u>-</u>	<u>27,657</u>	<u>27,657</u>
Income before transfers	99,261	449,263	548,524
Transfers:			
Transfers in	1,394,500	-	1,394,500
Transfers out	<u>(1,643,069)</u>	<u>-</u>	<u>(1,643,069)</u>
Change in net position	(149,308)	449,263	299,955
Net position - Beginning of year	<u>1,469,747</u>	<u>3,869,858</u>	<u>5,339,605</u>
Net position - End of year	\$ <u>1,320,439</u>	\$ <u>4,319,121</u>	\$ <u>5,639,560</u>

CITY OF OTTUMWA, IOWA

Schedule 14

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
YEAR ENDED JUNE 30, 2021**

	Payroll Clearing	Equipment Purchasing	Employee Insurance	Total Nonmajor Internal Service Funds
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>				
Cash received from operations	\$ -	\$ 174,784	\$ 4,592,523	\$ 4,767,307
Cash paid to employees	(272,859)	-	-	(272,859)
Cash paid to suppliers	-	-	(3,919,617)	(3,919,617)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
NET CASH PROVIDED (USED) BY NONCAPITAL OPERATING ACTIVITIES	(272,859)	174,784	672,906	574,831
<b><u>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</u></b>				
Transfers from other funds	-	1,394,500	-	1,394,500
Transfers to other funds	-	(1,643,069)	-	(1,643,069)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES	-	(248,569)	-	(248,569)
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>				
Interest income received	-	-	27,657	27,657
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
NET INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS	(272,859)	(73,785)	700,563	353,919
<b><u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS</u></b> - Beginning of year	491,868	1,469,747	4,355,971	6,317,586
<b><u>CASH, CASH EQUIVALENTS AND POOLED INVESTMENTS</u></b> - End of year	\$ 219,009	\$ 1,395,962	\$ 5,056,534	\$ 6,671,505
<b><u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</u></b>				
Operating income	\$ -	\$ 99,261	\$ 421,606	\$ 520,867
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Changes in assets and liabilities:				
Increase in prepaid expense	-	(34,977)	-	(34,977)
Increase (decrease) in accounts payable	(272,859)	110,500	251,300	88,941
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (272,859)	\$ 174,784	\$ 672,906	\$ 574,831

## CITY OF OTTUMWA, IOWA

Schedule 15

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2021

<u>Grantor/Program</u>	<u>Assistance Listing 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	-	\$ <u>291,976</u>
Department of Treasury: Iowa Department of Management: Coronavirus Relief Fund	21.019	-	<u>579,144</u>
Department of Agriculture: Rural Economic Development Loans and Grants	10.854	-	<u>142,347</u>
Department of Transportation: Iowa Department of Transportation: Airport Improvement Program	20.106	FAA-03-19-0073-0021-2017	<u>143,628</u>
Highway Planning and Construction	20.205	PE-STP-U-5843(643)-70-90	<u>30,255</u>
State and Community Highway Safety	20.600	-	<u>11,443</u>
Department of Justice: Iowa Department of Justice: Coronavirus Emergency Supplemental Funding Program	16.034	-	<u>16,119</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	-	<u>100,000</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>13,168</u>
Total Expenditures of Federal Awards			\$ <u>1,328,080</u>

CITY OF OTTUMWA, IOWA

Schedule 15 (Continued)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR END JUNE 30, 2021

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, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Ottumwa, Iowa, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City of Ottumwa, Iowa.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of Ottumwa, Iowa has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

STATISTICAL SECTION – UNAUDITED

CITY OF OTTUMWA, IOWA

STATISTICAL SECTION - UNAUDITED

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

<b>Contents</b>	<b>Page</b>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	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>2012</u>	<u>2013</u>	<u>2014</u>
Government Activities:			
Net investment in capital assets	\$ 39,873	\$ 37,229	\$ 33,537
Restricted	12,495	16,410	20,471
Unrestricted	<u>3,257</u>	<u>3,370</u>	<u>3,363</u>
Total governmental activities net position	<u>\$ 55,625</u>	<u>\$ 57,009</u>	<u>\$ 57,371</u>
Business Type Activities:			
Net investment in capital assets	\$ 42,240	\$ 46,277	\$ 51,272
Restricted	95	95	95
Unrestricted	<u>6,340</u>	<u>5,204</u>	<u>7,869</u>
Total business type activities net position	<u>\$ 48,675</u>	<u>\$ 51,576</u>	<u>\$ 59,236</u>
Primary Government:			
Net investment in capital assets	\$ 82,113	\$ 83,506	\$ 84,809
Restricted	12,590	16,505	20,566
Unrestricted	<u>9,597</u>	<u>8,574</u>	<u>11,232</u>
Total primary government net position	<u>\$ 104,300</u>	<u>\$ 108,585</u>	<u>\$ 116,607</u>

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

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

	*	*	*	* (1)	* (1)	* (1)	* (1)
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$	41,673	\$ 46,346	\$ 47,689	\$ 47,288	\$ 45,695	\$ 57,619	\$ 54,413
	18,549	15,367	20,106	18,145	20,693	15,517	20,733
	<u>(11,687)</u>	<u>(7,539)</u>	<u>(11,510)</u>	<u>(12,461)</u>	<u>(9,727)</u>	<u>(12,858)</u>	<u>(12,729)</u>
\$	<u>48,535</u>	\$ <u>54,174</u>	\$ <u>56,285</u>	\$ <u>52,972</u>	\$ <u>56,661</u>	\$ <u>60,278</u>	\$ <u>62,417</u>
\$	67,172	\$ 70,598	\$ 69,783	\$ 67,570	\$ 64,465	\$ 66,252	\$ 57,604
	95	95	95	95	95	95	95
	<u>3,273</u>	<u>4,156</u>	<u>5,245</u>	<u>3,423</u>	<u>5,901</u>	<u>2,388</u>	<u>11,427</u>
\$	<u>70,540</u>	\$ <u>74,849</u>	\$ <u>75,123</u>	\$ <u>71,088</u>	\$ <u>70,461</u>	\$ <u>68,735</u>	\$ <u>69,126</u>
\$	108,845	\$ 116,944	\$ 117,472	\$ 114,858	\$ 110,160	\$ 123,871	\$ 112,017
	18,644	15,462	20,201	18,240	20,788	15,612	20,828
	<u>(8,414)</u>	<u>(3,383)</u>	<u>(6,265)</u>	<u>(9,038)</u>	<u>(3,826)</u>	<u>(10,471)</u>	<u>(1,302)</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>	\$ <u>131,543</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>
<b>Expenses</b>			
<b>Governmental Activities:</b>			
General government	\$ 2,504	\$ 2,022	\$ 3,160
Public safety	7,957	8,269	8,217
Public services	8,286	8,703	9,396
Culture and recreation	3,086	2,807	2,925
Community development	2,384	3,192	2,001
Interest on long-term debt	510	539	328
Total governmental activities expenses	<u>24,727</u>	<u>25,532</u>	<u>26,027</u>
<b>Business Type Activities:</b>			
Solid waste	2,124	2,269	3,112
Sewer utility	5,997	6,239	6,339
Events center	2,041	1,801	1,701
Other (Transit/Golf)	1,466	1,424	1,505
Total business type activities expenses	<u>11,628</u>	<u>11,733</u>	<u>12,657</u>
Total primary government expenses	<u>36,355</u>	<u>37,265</u>	<u>38,684</u>
<b>Program Revenues</b>			
<b>Governmental Activities:</b>			
Charges for services:			
General government	1,721	1,770	2,268
Public safety	848	704	763
Public services	3,292	3,966	3,996
Culture and recreation	905	836	964
Community development	162	19	455
Operating grants, contributions and restricted interest	3,088	2,144	1,897
Capital grants, contributions and restricted interest	2,151	3,565	3,017
Total governmental activities program revenues	<u>12,167</u>	<u>13,004</u>	<u>13,360</u>
<b>Business Type Activities:</b>			
Charges for services:			
Solid waste	2,751	2,542	2,545
Sewer utility	5,993	6,090	6,207
Events center	867	961	687
Other (Transit/Golf)	154	167	126
Operating grants, contributions and restricted interest	549	567	654
Capital grants, contributions and restricted interest	782	880	4,905
Total business type activities program revenues	<u>11,096</u>	<u>11,207</u>	<u>15,124</u>
Total primary government program revenues	<u>23,263</u>	<u>24,211</u>	<u>28,484</u>

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$	2,619	\$ 2,792	\$ 3,349	\$ 3,154	\$ 2,994	\$ 3,187	\$ 3,280
	8,060	8,769	8,544	9,272	10,108	10,873	9,971
	8,905	8,532	9,102	9,895	10,027	10,819	10,640
	2,916	3,125	3,087	3,687	3,448	3,746	3,748
	2,388	1,861	1,970	2,479	2,478	1,267	849
	555	480	313	511	552	686	572
	<u>25,443</u>	<u>25,559</u>	<u>26,365</u>	<u>28,998</u>	<u>29,607</u>	<u>30,578</u>	<u>29,060</u>
	2,215	2,080	2,117	2,158	2,193	3,639	3,472
	6,169	6,681	7,413	8,215	8,205	7,042	8,710
	1,787	1,822	2,019	2,039	2,050	2,067	1,475
	1,217	1,116	1,237	1,219	1,199	1,320	1,043
	<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>14,700</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>	<u>43,760</u>
	1,877	1,869	1,673	1,824	1,888	1,732	1,833
	765	598	575	829	845	862	740
	3,648	3,474	3,402	3,135	3,604	4,216	3,676
	1,056	1,580	1,072	1,527	928	839	928
	91	405	579	475	608	888	72
	3,027	3,035	3,328	3,571	3,870	3,781	5,276
	1,756	3,417	1,021	1,596	4,552	5,384	2,203
	<u>12,220</u>	<u>14,378</u>	<u>11,650</u>	<u>12,957</u>	<u>16,295</u>	<u>17,702</u>	<u>14,728</u>
	2,083	1,963	2,106	2,237	2,256	2,015	2,117
	6,005	5,965	5,706	5,556	5,356	5,581	6,915
	624	803	914	1,091	1,228	1,106	635
	115	125	105	88	90	78	1
	679	653	577	564	587	643	16
	<u>10,687</u>	<u>4,815</u>	<u>1,077</u>	<u>222</u>	<u>38</u>	<u>105</u>	<u>-</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>9,684</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>	<u>24,412</u>

CITY OF OTTUMWA, IOWA

CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
UNAUDITED

(Accrual Basis of Accounting)  
(Amounts Expressed in Thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Net Expense:			
Governmental activities	(12,561)	(12,528)	(12,667)
Business type activities	<u>(532)</u>	<u>(526)</u>	<u>2,467</u>
Total primary government net expense	<u>(13,093)</u>	<u>(13,054)</u>	<u>(10,200)</u>
General Revenues and Other Changes In Net Position			
Governmental Activities:			
Taxes:			
Property taxes	12,450	12,912	13,004
Sales taxes	3,060	3,093	3,367
Other taxes	607	665	681
Investment earnings	95	101	54
Miscellaneous	45	49	53
Transfers	<u>(2,180)</u>	<u>(2,909)</u>	<u>(4,129)</u>
Total governmental activities	<u>14,077</u>	<u>13,911</u>	<u>13,030</u>
Business Type Activities:			
Property taxes	380	440	447
Investment earnings	61	79	99
Miscellaneous	-	-	517
Transfers	<u>2,180</u>	<u>2,909</u>	<u>4,129</u>
Total business type activities	<u>2,621</u>	<u>3,428</u>	<u>5,192</u>
Total primary government	<u>16,698</u>	<u>17,339</u>	<u>18,222</u>
Change in Net Position:			
Governmental activities	1,516	1,383	363
Business type activities	<u>2,089</u>	<u>2,902</u>	<u>7,659</u>
Total primary government	<u>\$ 3,605</u>	<u>\$ 4,285</u>	<u>\$ 8,022</u>

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
	(13,223)	(11,181)	(14,715)	(16,041)	(13,314)	(12,876)	(14,332)
	<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>(5,016)</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>	<u>(19,348)</u>
	13,304	13,402	13,868	14,692	13,911	14,189	14,792
	3,596	3,284	3,654	3,244	3,169	3,232	4,451
	803	742	763	693	734	595	689
	53	55	92	180	298	367	119
	48	30	69	14	22	42	33
	<u>(2,921)</u>	<u>(2,064)</u>	<u>(1,620)</u>	<u>(744)</u>	<u>(1,132)</u>	<u>(1,932)</u>	<u>(3,613)</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>	<u>16,471</u>
	440	445	529	543	499	499	485
	91	57	60	108	195	218	127
	798	489	365	1,024	1,639	166	1,182
	<u>2,921</u>	<u>2,064</u>	<u>1,620</u>	<u>744</u>	<u>1,132</u>	<u>1,932</u>	<u>3,613</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>5,407</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>	<u>21,878</u>
	1,659	4,269	2,111	2,037	3,688	3,617	2,139
	<u>13,056</u>	<u>5,679</u>	<u>274</u>	<u>(1,453)</u>	<u>(627)</u>	<u>(1,726)</u>	<u>391</u>
\$	<u>14,715</u>	\$ <u>9,948</u>	\$ <u>2,385</u>	\$ <u>584</u>	\$ <u>3,061</u>	\$ <u>1,891</u>	\$ <u>2,530</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>
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
2021	411	14,303	4,451	451	19,616



CITY OF OTTUMWA, IOWA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

UNAUDITED

(Modified Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund:				
Nonspendable	\$ 3	\$ 6	\$ 4	\$ 3
Assigned	-	-	-	-
Unassigned	<u>2,919</u>	<u>3,225</u>	<u>3,316</u>	<u>3,293</u>
Total general fund	<u>\$ 2,922</u>	<u>\$ 3,231</u>	<u>\$ 3,320</u>	<u>\$ 3,296</u>
All Other Governmental Funds:				
Nonspendable	\$ 1,081	\$ 1,058	\$ 1,109	\$ 1,099
Restricted	11,414	15,352	19,362	17,450
Unassigned	<u>(34)</u>	<u>(311)</u>	<u>(242)</u>	<u>(216)</u>
Total all other governmental funds	<u>\$ 12,461</u>	<u>\$ 16,099</u>	<u>\$ 20,229</u>	<u>\$ 18,333</u>

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$	34	\$ 7	\$ 4	\$ 4	\$ 4	\$ 6
	30	-	-	-	-	-
	<u>3,101</u>	<u>4,067</u>	<u>4,025</u>	<u>3,843</u>	<u>2,986</u>	<u>3,977</u>
\$	<u>3,165</u>	\$ <u>4,074</u>	\$ <u>4,029</u>	\$ <u>3,847</u>	\$ <u>2,990</u>	\$ <u>3,983</u>
\$	1,040	\$ 1,088	\$ 1,043	\$ 1,058	\$ 1,116	\$ 1,242
	14,327	19,018	17,068	19,809	15,515	19,881
	<u>(200)</u>	<u>(189)</u>	<u>(187)</u>	<u>(153)</u>	<u>-</u>	<u>-</u>
\$	<u>15,167</u>	\$ <u>19,917</u>	\$ <u>17,924</u>	\$ <u>20,714</u>	\$ <u>16,631</u>	\$ <u>21,123</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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b>Revenues</b>				
Taxes	\$ 16,117	\$ 16,670	\$ 17,052	\$ 17,702
Licenses and permits	360	324	353	292
Intergovernmental	5,238	5,709	4,914	4,783
Money and property	643	534	902	642
Charges for services	4,414	4,590	4,579	4,527
Fines	381	303	280	286
Miscellaneous	1,215	1,538	2,241	1,450
Total revenues	<u>28,368</u>	<u>29,668</u>	<u>30,321</u>	<u>29,682</u>
<b>Expenditures</b>				
Public safety	7,432	7,179	7,474	8,810
Public works	6,911	7,280	8,253	6,914
Health and social services	590	622	750	780
Culture and recreation	2,770	2,411	2,563	2,594
Community and economic development	1,810	2,619	1,460	1,847
General government	2,386	2,449	3,090	2,655
Capital outlay	4,964	2,213	3,527	7,238
Debt service:				
Principal	2,543	2,691	2,345	2,780
Interest	522	442	327	500
Total expenditures	<u>29,928</u>	<u>27,906</u>	<u>29,789</u>	<u>34,118</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,560)</u>	<u>1,762</u>	<u>532</u>	<u>(4,436)</u>
<b>Other financing sources (uses):</b>				
Transfers in	12,030	15,216	8,534	7,494
Transfers out	(14,486)	(18,322)	(12,463)	(10,431)
Proceeds from sale	-	-	-	-
Bond proceeds	2,944	7,540	7,493	5,340
Bond issue premium (discount)	(37)	(5)	122	115
Refunding bond payments	-	(2,245)	-	-
Total other financing sources (uses)	<u>451</u>	<u>2,184</u>	<u>3,686</u>	<u>2,518</u>
Changes in fund balances	<u>\$ (1,109)</u>	<u>\$ 3,946</u>	<u>\$ 4,218</u>	<u>\$ (1,918)</u>
Debt service as a percentage of noncapital expenditures	12.3 %	15.0 %	10.2 %	12.2 %

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$	17,428	\$ 18,286	\$ 18,629	\$ 17,814	\$ 18,016	\$ 19,931
	308	297	332	322	360	161
	6,451	4,348	5,168	8,422	8,621	6,663
	567	587	850	921	905	636
	4,634	4,642	4,572	4,687	4,639	5,318
	275	242	209	228	192	165
	<u>2,254</u>	<u>1,710</u>	<u>1,514</u>	<u>1,509</u>	<u>2,792</u>	<u>1,511</u>
	<u>31,917</u>	<u>30,112</u>	<u>31,274</u>	<u>33,903</u>	<u>35,525</u>	<u>34,385</u>
	7,919	7,737	8,150	9,146	9,616	9,267
	7,163	7,167	7,921	7,304	7,176	7,613
	655	538	858	871	689	783
	2,953	2,652	3,290	2,485	2,554	2,652
	1,350	1,454	1,985	1,985	758	436
	3,093	3,176	3,063	2,815	2,855	3,037
	6,681	3,459	4,827	8,054	11,125	5,730
	2,757	3,181	3,425	2,955	4,378	3,908
	<u>480</u>	<u>516</u>	<u>511</u>	<u>504</u>	<u>686</u>	<u>531</u>
	<u>33,051</u>	<u>29,880</u>	<u>34,030</u>	<u>36,119</u>	<u>39,837</u>	<u>33,957</u>
	<u>(1,134)</u>	<u>232</u>	<u>(2,756)</u>	<u>(2,216)</u>	<u>(4,312)</u>	<u>428</u>
	8,926	9,153	11,170	7,608	9,611	9,205
	(11,088)	(10,926)	(11,953)	(8,949)	(11,611)	(12,569)
	-	-	-	-	-	1
	-	7,200	1,500	6,165	1,370	8,420
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>(2,162)</u>	<u>5,427</u>	<u>717</u>	<u>4,824</u>	<u>(630)</u>	<u>5,057</u>
\$	<u>(3,296)</u>	\$ <u>5,659</u>	\$ <u>(2,039)</u>	\$ <u>2,608</u>	\$ <u>(4,942)</u>	\$ <u>5,485</u>
	11.8 %	17.5 %	15.4 %	12.8 %	14.6 %	15.0 %

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>	Real Property			Total Assessed <u>Value</u>	Less: (2) Tax Exempt <u>Real Property</u>
	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Other Property (1)</u>		
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
2021	643,710	205,207 (3)	181,620 (4)	1,030,537	363,117

(1) Utilities, industrial and railroad property.

(2) Residential property is subject to a statewide formula that "rolls back" the assessed value. The formula has ranged from 52.82% in FY 2011 to 56.41% in FY 2021.

(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>
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
667,420	22.457	64.8

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>
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
2021	19.091	3.366	22.457	7.892	0.351

Source: Wapello County Auditor's Office



<u>Overlapping</u>	<u>Rates</u>	<u>Ottumwa Community School District</u>				<u>Total</u>
<u>Total</u>	<u>Operating</u>	<u>Debt</u>	<u>Total</u>	<u>Other</u>	<u>Direct</u>	
<u>Levy</u>	<u>Levy</u>	<u>Service</u>	<u>Levy</u>	<u>Levies</u>	<u>and</u>	
		<u>Levy</u>			<u>Overlapping</u>	
			<u>Levy</u>		<u>Rates</u>	
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	
8.243	14.717	-	14.717	1.615	47.032	

CITY OF OTTUMWA, IOWA

PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO

UNAUDITED

(Amounts Expressed in Thousands)

<u>Taxpayer</u>	<u>2021</u>			<u>2012</u>		
	<u>January 1, 2019 Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Value</u>	<u>January 1, 2010 Taxable Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Value</u>
IES Electric/ Interstate Power and Light	\$ 86,447	1	12.95 %	\$ 27,535	2	4.78 %
MPT of Ottumwa - Lima LLC	34,400	2	5.15	35,301	1	6.13
Mid American Energy	13,132	3	1.97	8,486	7	1.48
Swift Port Company f/k/a Cargill Meat Solutions	10,945	4	1.64	15,991	3	2.78
Wal-Mart	10,379	5	1.56	11,263	5	1.96
Prairie Hills at Penn Place LLC f/k/a Regional Retirement Living - Ottumwa LLC	10,374	6	1.55	12,990	4	2.26
Menards	8,990	7	1.35	9,621	6	1.67
John Deere Ottumwa Works	7,194	8	1.08	7,194	10	1.24
CHTC Iowa LLC f/k/a Ottumwa Medical Clinic	6,734	9	1.01	7,341	9	1.25
Millard Refrigerated Service	5,981	10	0.90	-	-	-
Developer Diversified Realty	-	-	-	8,022	8	1.27
<b>Totals</b>	<b>\$ 194,576</b>		<b>31.72 %</b>	<b>\$ 143,744</b>		<b>24.82 %</b>

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
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
2021	15,277	15,140	99.1	-	15,140	99.1

(1) Includes TIF and Utility Replacement Taxes

CITY OF OTTUMWA, IOWA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

UNAUDITED

(Amounts Expressed in Thousands, Except Per Capita Amount)

<u>Fiscal Year</u>	<u>Governmental Activities</u>	<u>Business Type Activities</u>		<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
	<u>General Obligation Bonds/Notes</u>	<u>Sewer Bonds</u>	<u>General Obligation Bonds/Notes</u>			
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
2021	19,416	8,978	13,064	41,458	N/A	1,624

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/Notes</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
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
2021	32,480	353	32,127	4.81	1,258

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, 2021

UNAUDITED

(Amounts Expressed in Thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Wapello County	\$ 1,080,000	56.43 %	\$ 609,493
Ottumwa Community Schools	-	-	<u>-</u>
Subtotal, overlapping debt			609,493
City of Ottumwa direct debt			<u>19,416</u>
Total direct and overlapping debt			\$ <u>628,909</u>

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>2012</u>	<u>2013</u>	<u>2014</u>
Debt Limit	\$ 48,200	\$ 49,091	\$ 48,775
Total net debt applicable to limit	<u>15,662</u>	<u>15,961</u>	<u>21,009</u>
Legal debt margin	\$ <u>32,538</u>	\$ <u>33,130</u>	\$ <u>27,766</u>
Total net debt applicable to the limit as a percentage of debt limit	32.50 %	32.51 %	43.07 %

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2021

Total assessed value	\$ <u>1,041,083</u>
Debt limit (5% of total assessed value)	\$ <u>52,054</u>
Debt applicable to limit:	
General obligation bonds/notes	32,480
Less: Amount set aside for repayment of general obligation debt	<u>353</u>
Total net debt applicable to limit	<u>32,127</u>
Legal debt margin	\$ <u>19,927</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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$	48,108	\$ 48,545	\$ 50,101	\$ 51,540	\$ 49,915	\$ 51,537	\$ 52,054
	<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>32,127</u>
\$	<u>26,081</u>	\$ <u>31,407</u>	\$ <u>29,947</u>	\$ <u>34,333</u>	\$ <u>28,644</u>	\$ <u>51,021</u>	\$ <u>19,927</u>
	45.79 %	35.30 %	40.23 %	33.40 %	42.61 %	42.61 %	61.72 %



CITY OF OTTUMWA, IOWA

PLEGDED-REVENUE COVERAGE

LAST TEN FISCAL YEARS

UNAUDITED

(Amounts Expressed in Thousands)

<u>Fiscal Year</u>	<u>Sewer Revenue Bonds</u>					
	<u>Sewer Charges and Other</u>	<u>Less: Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Debt Service</u>		<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	
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
2021	7,197	4,108	3,089	745	235	3.15

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 (In Thousands)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (1)</u>	<u>Education Level in Years of Formal Schooling (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
	<u>City</u>	<u>County</u>						
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
2021	25,529	34,925	N/A	26,424	37.3	12.7	4,784	5.2

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>2021</u>			<u>2012</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 %	2,250	1	11.29 %
John Deere Ottumwa Works	950	2	8.44	950	2	4.77
Ottumwa Regional Health Center	825	3	7.33	950	3	4.77
Ottumwa Community School District	700	4	6.22	700	4	3.51
Indian Hills Community College	420	5	3.73	343	6	1.72
Winger Companies	315	6	2.80	235	9	1.18
City of Ottumwa	250	7	2.22	263	8	1.32
Keurig Dr. Pepper (Cadbury Schweppes)	200	8	1.78	200	10	1.00
Menards	190	9	1.69	-	-	-
Hy Vee	190	10	1.69	334	7	1.68
Walmart Super Center	-	-	-	383	5	1.92
	<u>6,440</u>		<u>57.22 %</u>	<u>6,608</u>		<u>33.16 %</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>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>	<u>2021</u>
General Government	11	11	11	11	11	11	11	11	9	9
Public Safety:										
Police:										
Officers	40	40	41	40	38	39	39	41	40	40
Civilians	10	10	10	10	10	9	11	11	11	11
Firefighters	32	32	32	32	32	32	32	32	32	26
Public Services:										
Engineering	9	9	9	10	10	10	10	10	9	9
Maintenance	28	28	27	27	27	27	26	26	22	22
Health and Social Services	6	6	7	7	7	7	7	7	6	6
Culture and Recreation:										
Parks/Beach	23	23	21	21	13	11	11	10	8	8
Cemetery	3	3	3	3	3	3	3	3	2	2
Library	11	11	11	11	11	11	10	10	11	11
Community Development	5	5	5	4	4	4	4	3	2	2
Solid Waste	12	12	12	11	11	11	10	10	9	9
Sewer	21	21	21	21	22	22	22	22	23	23
Transit/Golf	17	17	17	19	19	20	20	18	18	-
Total	<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>202</u>	<u>178</u>

Source: City Personnel Budget

CITY OF OTTUMWA, IOWA

OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS  
UNAUDITED

Function	<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>	<u>2021</u>
Police: (1)										
Physical arrests	3,987	3,775	3,899	3,597	3,414	3,554	3,007	4,648	4,695	4,960
Traffic tickets	4,042	4,554	3,041	3,010	3,057	2,772	1,996	2,251	2,207	1,958
Parking citations	2,129	479	1,508	1,446	1,163	1,048	2,282	2,888	1,847	2,060
Fire: (1)										
Number of calls answered	2,507	2,999	2,954	3,195	3,199	3,397	3,902	3,677	3,752	4,169
Fire prevention activities	210	210	319	302	256	344	385	250	189	138
Highways and Streets: (1)										
Street resurfacing (miles)	4.30	3.39	2.60	1.59	11.3	4.3	4.4	4.2	3	4
Pot holes repaired	16,680	12,246	16,000	14,800	7,187	7,343	8,401	7,810	8,027	8,091
Utility patches repaired	39	(2)	(2)	(2)	(2)	(2)	(2)	(2)	-	-
City Sanitation:										
Refuse collected (tons)	7,066	5,895	7,255	7,480	7,620	7,764	7,706	8,090	8,508	8,695
Recyclables collected (tons)	1,065	1,046	1,031	1,014	993	936	840	822	804	786
Solid Waste:										
Landfill tonnage	42,971	39,732	39,864	28,740	34,714	33,459	37,775	35,712	37,052	33,649
Recycling tonnage	2,854	2,844	2,310	2,732	2,200	2,534	2,339	2,290	2,220	2,251
Health Department:										
Number of inspections	4,758	4,872	6,971	11,081	7,068	7,041	7,003	7,076	6,204	5,744
Nuisance complaints	2,136	2,097	3,882	1,756	3,904	5,605	2,195	2,157	2,464	2,114
Culture and Recreation:										
Beach Ottumwa admissions	21,863	22,183	22,094	22,491	21,850	35,960	33,415	32,391	25,103	28,332
Golf rounds played (1)	26,829	26,280	22,205	23,000	23,452	23,622	22,672	20,138	19,360	19,650
Wastewater: (1)										
Average sewage treatment (thousands of gallons)	5,151	4,250	5,044	5,005	5,575	4,689	3,889	5,145	4,850	4,330

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>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</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	14	14
Tennis courts	10	10	10	10
Softball/baseball diamonds	20	20	20	20
Library:				
Items in collection	64,652	65,123	62,905	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)	26.4	27.5	29.9	31.6
Combined sewers	54.00	52.88	50.48	48.78
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>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
1	1	1	1	1	1
10	10	10	10	12	12
2	2	2	2	2	2
156.2	156.2	156.2	156.2	156.2	156.2
2,359	2,359	2,359	2,359	2,359	2,359
26	26	26	26	26	26
533	533	533	533	533	533
22	22	22	22	22	22
14	14	14	14	14	14
10	10	10	10	10	10
20	20	20	20	20	20
59,722	61,695	64,162	63,970	62,969	62,506
3	3	3	3	3	3
88	88	88	88	88	88
48.8	48.8	48.8	48.8	48.8	48.8
33.7	33.9	34.7	34.7	42.0	42.0
46.68	46.48	45.68	45.65	45.7	45.7
10,000	10,000	10,000	10,000	10,000	10,000

COMPLIANCE SECTION





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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Ottumwa, Iowa, as of and for the year ended June 30, 2021, 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, 2021.

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, 2021 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, 2021



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

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

Report on Compliance for Each Major Federal Program

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, 2021. 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, 2021.

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, 2021

CITY OF OTTUMWA, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021

Part I: Summary of the Independent Auditor's Results

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

CFDA Numbers

21.019            Coronavirus Relief Fund

- 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, 2021

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-21 Certified Budget – Disbursements during the year ended June 30, 2021 exceeded the amount budgeted in the culture and recreation and debt service 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-21 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-21 Travel Expense – No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-21 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Larry Seals, Public Works Director Dixies Cleaning Service (Spouse is Owner)	Cleaning	\$ <u>17,200</u>

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

IV-E-21 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-21 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-21 City Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-H-21 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-21 Revenue Bonds/Notes – No instances of non-compliance with the revenue bond/note provisions were noted.

IV-J-21 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, 2021

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

IV-K-21 Financial Condition – Note 20 to the financial statements reported deficit fund balances at June 30, 2021.

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.