

**CITY OF OSKALOOSA**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**SUPPLEMENTARY AND OTHER INFORMATION**  
**SCHEDULE OF FINDINGS**

**June 30, 2020**

**CITY OF OSKALOOSA**

**Table of Contents**

Officials.....	4
Independent Auditor’s Report.....	5-7
Management’s Discussion and Analysis.....	8 -14
<b>Basic Financial Statements:</b>	
	<u>Exhibit</u>
Government-wide Financial Statement:	
Cash Basis Statement of Activities and Net Position.....	A..... 16-17
Governmental Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances.....	B..... 18-19
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances to the Cash Basis Statement of Activities and Net Position.....	C..... 20
Proprietary Fund Financial Statements:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances.....	D..... 21
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances to the Cash Basis Statement of Activities and Net Position.....	E..... 22
Notes to Financial Statements.....	23-46
<b>Other Information:</b>	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Funds.....	48-49
Notes to Other Information - Budgetary Reporting.....	50
Schedules of the City’s Proportionate Share of the Net Pension Liability.....	51
Schedules of the City Contributions.....	52-53
Notes to Other Information - Pension Liability.....	54-55
<b>Supplementary Information:</b>	
	<u>Schedule</u>
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds.....	1..... 58-60
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Proprietary Funds.....	2..... 61
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Internal Service Funds.....	3..... 62
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Capital Project Funds.....	4..... 64-65
Schedule of Indebtedness.....	5..... 66-67
Schedule of Bond and Note Maturities.....	6..... 68-69
Schedule of Receipts by Source and Disbursements by Function - All Governmental Funds.....	7..... 70-71
Schedule of Expenditures of Federal Awards.....	8..... 72

**CITY OF OSKALOOSA**

**Table of Contents - Continued**

Miscellaneous Data (Unaudited)..... 73

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*..... 75-76

Independent Auditor’s Report on Compliance for Each Major  
Federal Program and on Internal Control over Compliance  
Required by the Uniform Guidance..... 78-79

Schedule of Findings..... 80-82

**CITY OF OSKALOOSA**

**OFFICIALS**

June 30, 2020

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
David Krutzfeldt. ....	Mayor. ....	Jan 2022
Doug Yates. ....	Council Member. ....	Jan 2022
Scottie Moore. ....	Council Member. ....	Jan 2022
Tom Walling. ....	Council Member. ....	Jan 2022
Joe Caligiuri. ....	Council Member. ....	Jan 2024
Steve Burnett. ....	Council Member. ....	Jan 2024
Diane Ottosson. ....	Council Member. ....	Jan 2022
Robert Drost. ....	Council Member. ....	Jan 2024
Michael Schrock, Jr. ....	City Manager . ....	Indefinite
Amy Miller. ....	City Clerk - Finance Director. ....	Indefinite
David Dixon. ....	City Attorney. ....	Indefinite
Dave Christenson. ....	Fire Chief	
Ben Boeke. ....	Police Chief	
Marion Gaughan. ....	Library Director	
Shawn Christ. ....	Public Works Director	



## MARTENS & COMPANY, CPA, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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West Des Moines, Iowa 50266

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FAX: (515)-223-0851

### Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Oskaloosa, Iowa, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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 the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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 City'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

### *Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit*

The financial statements do not include the financial data for the City's legally separate component units. Accounting principles applicable to the cash basis of accounting require the financial data for the component unit be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity which include the financial data for its component units. The City has not issued such reporting entity financial statements. The amounts by which this departure would affect the receipts, disbursements and cash balances of the aggregate discretely presented component unit has not been determined.

### *Adverse Opinion*

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Unit" paragraph, the financial statements referred to above do not present fairly the cash basis financial position of the aggregate discretely presented component unit of the City as of June 30, 2020, or the changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

### *Unmodified Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Oskaloosa as of June 30, 2020, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting as described in Note 1.

## Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

## Other Matters

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oskaloosa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. An adverse opinion was expressed on the financial statements of the aggregate discretely presented component unit. The supplementary information included in Schedules 1 through 8, 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 other information, Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedules of the City's Proportionate Share of the Net Pension Liability and the Schedules of City Contributions on pages 8 through 14 and 48 through 55 has 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 it.

The other information on page 73 is presented for purposes of additional analysis and is not a required part of the financial statements. This information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

#### Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 28, 2020 on our consideration of the City of Oskaloosa's internal control over financial reporting and 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 the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Oskaloosa's internal control over financial reporting and compliance.

*Martens & Company, CPA, LLP*

West Des Moines, Iowa  
September 28, 2020

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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It is an honor to present to you the financial activities of the primary government of the City of Oskaloosa, Iowa. We offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the primary government of the City of Oskaloosa, Iowa for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### FINANCIAL HIGHLIGHTS

- The cash balances of the City at the close of the most recent fiscal year are \$27,451,146 compared to \$15,304,178 as of June 30, 2019.
- The government's total cash increased by approximately \$12,147,000.
- The City's total long-term debt increased by approximately \$11,010,000 during the fiscal year ended June 30, 2020.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This Discussion and Analysis is intended to serve as an introduction to the City of Oskaloosa's primary government financial statements and provides an analytical overview of the City's financial activities. The City's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

**Government-wide financial statements** - The government-wide financial statement is designed to provide readers with a broad overview of the City's finances. The statement of activities and changes in cash balances presents information showing how the City's cash balance changed during the most recent fiscal year.

The government-wide financial statements distinguish functions of the City that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities). The governmental activities of the City include general government, public safety, public works, culture and recreation, community and economic development, capital projects and debt service. The business type activities of the City include the sewer, airport, Edmundson Golf Course, storm water and RACI Main Street loans.

The government-wide financial statements include only the primary government of the City. (See Note 1.B)

**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 two categories: governmental funds and proprietary funds.

Governmental funds - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statement. Governmental fund information determines whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.



The City maintains numerous governmental funds. Information is presented separately in the Statement of Cash Receipts, Disbursements and Changes in Cash Balances for each major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary funds** - The City maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business type activities in the government-wide financial statement. The City maintains five enterprise funds. The proprietary fund financial statements provide separate information for the Sewer Fund and Airport Fund, as these funds are considered to be major funds of the City. Data from the other three enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non major enterprise funds is provided in the form of combining statements elsewhere in this report.

Internal service funds are an accounting device used to accumulate and allocate internally among the City's various functions. The City maintains three internal service funds.

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

Other information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.

Supplementary information provides the combining schedules referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds and capital projects and schedules of the City's indebtedness. In addition the Schedule of Expenditures of Federal Awards provides details of various Federal programs benefitting the City.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, the City reports the activities of the funds using the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP). The City does not report accounts receivable, accounts payable, accrued items, capital assets or depreciation on those assets as would be required by GAAP.

Table 1 highlights the City's receipts and disbursements for the fiscal years ended June 30, 2020 and 2019.

Receipts are further divided into two major components: program receipts and general receipts. Program receipts are defined as charges for services, operating and capital grants, contributions and restricted interest. General receipts include taxes and other unrestricted revenue sources.

The City's cash balance for governmental activities increased from a year ago from approximately \$10.9 million to \$21.0 million. Our analysis below focuses on this change in cash balance and changes in receipts and disbursements from the prior year.

The City's total receipts for governmental activities increased by approximately 83.2 percent or approximately \$9.958 million. The total disbursements of governmental activities programs and services decreased by approximately \$0.56 million or approximately 0.4% percent. The increase in receipts was primarily the result of the new Local Option Sales Tax bond issue.

Table 1 - City of Oskaloosa's Changes in Cash Balances  
(Expressed in Thousands)  
Year ended June 30, 2020

	Governmental Activities 2020	Business Type Activities 2020	Total 2020
Receipts:			
Program receipts:			
Charges for service	\$ 619	\$ 3,896	\$ 4,515
Operating grants, contributions and restricted interest	2,206	144	2,350
Capital grants, contributions and restricted interest	1,239	345	1,584
General receipts:			
Property taxes	4,796	-	4,796
Other taxes	2,323	-	2,323
Investment earnings	47	11	58
Loan proceeds	10,605	1,772	12,377
Other general receipts	93	3,213	3,306
Total receipts	<u>21,928</u>	<u>9,381</u>	<u>31,309</u>
Disbursements:			
Public safety	3,141	-	3,141
Public works	1,847	-	1,847
Culture and recreation	1,382	-	1,382
Community and economic development	279	-	279
General government	949	-	949
Debt service	759	-	759
Capital projects	3,501	-	3,501
Sewer	-	5,998	5,998
Airport	-	1,017	1,017
Edmundson Golf Course	-	143	143
Storm water	-	146	146
Total disbursements	<u>11,858</u>	<u>7,304</u>	<u>19,162</u>
Change in cash balances before transfers	10,070	2,077	12,147
Transfers, net	<u>(14)</u>	14	-
Change in cash balances	10,056	2,091	12,147
Cash balances, beginning	<u>10,921</u>	<u>4,383</u>	<u>15,304</u>
Cash balances, ending	<u>\$ 20,977</u>	<u>\$ 6,474</u>	<u>\$ 27,451</u>

Table 1 - City of Oskaloosa's Changes in Cash Balances  
(Expressed in Thousands)  
Year ended June 30, 2019

	Governmental Activities 2019	Business Type Activities 2019	Total 2019
Receipts:			
Program receipts:			
Charges for service	\$ 803	\$ 3,686	\$ 4,489
Operating grants, contributions and restricted interest	2,167	210	2,377
Capital grants, contributions and restricted interest	2,110	1	2,111
General receipts:			
Property taxes	4,692	-	4,692
Other taxes	2,029	-	2,029
Investment earnings	122	6	128
Loan proceeds	-	2,686	2,686
Other general receipts	47	62	109
Total receipts	<u>11,970</u>	<u>6,651</u>	<u>18,621</u>
Disbursements:			
Public safety	3,117	-	3,117
Public works	1,523	-	1,523
Culture and recreation	1,283	-	1,283
Community and economic development	301	-	301
General government	1,179	-	1,179
Debt service	758	-	758
Capital projects	4,260	-	4,260
Sewer	-	5,009	5,009
Airport	-	158	158
Edmundson Golf Course	-	66	66
Storm water	-	223	223
Total disbursements	<u>12,421</u>	<u>5,456</u>	<u>17,877</u>
Change in cash balances before transfers	(451)	1,195	744
Transfers, net	<u>(32)</u>	<u>32</u>	<u>-</u>
Change in cash balances	(483)	1,227	744
Cash balances, beginning	<u>11,404</u>	<u>3,156</u>	<u>14,560</u>
Cash balances, ending	<u>\$ 10,921</u>	<u>\$ 4,383</u>	<u>\$ 15,304</u>

The City's total property tax rates in 2020 increased approximately 1.37 percent. The City's tax receipts from the tax levy increased approximately \$103,000 in 2020. The increase was due to an increase in the total property valuations and the tax levy rate.

The City decreased the total property tax rates in 2019 approximately 0.57 percent. The City's tax receipts from the tax levy increased approximately \$202,000 in 2019. The increase was due to an increase in the total property valuations.

Table 2 below discloses cost of services for Governmental Activities. The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by local taxes or other general revenue or transfers.

Table 2 - Governmental Activities

Programs	Total Cost of Services 2020	Net Cost of Services 2020	Total Cost of Services 2019	Net Cost of Services 2019
General government	\$ 948,654	\$ 537,999	\$ 1,178,879	\$ 695,456
Public safety	3,141,055	2,699,265	3,117,121	2,838,473
Public works	1,847,171	324,983	1,522,911	3,225
Culture and recreation	1,382,223	1,094,238	1,283,424	865,929
Community and economic development	278,560	120,685	301,218	36,857
Debt service	758,818	753,854	758,283	751,091
Capital projects	3,501,454	2,262,218	4,259,627	2,149,702
Total	<u>\$11,857,935</u>	<u>\$ 7,793,243</u>	<u>\$12,421,463</u>	<u>\$ 7,340,733</u>

Net cost of services is 66% and 59% of total cost of services in 2020 and 2019, respectively. This reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

**Business type activities** - Business type activities increased the City of Oskaloosa’s cash balances \$2,091,132. Key elements of this increase are as follows:

- Total business type activities’ receipts for the fiscal year were approximately \$9.38 million compared to \$6.65 million for 2019. This increase in receipts was due primarily to the sale of land at the airport. Disbursements increased approximately \$1,847,000 primarily due to increased capital project expenditures in the Sewer and Storm Water Funds, payments to the Oskaloosa Water Works for services and the purchase of a vacuum truck.

**FINANCIAL ANALYSIS OF THE GOVERNMENT’S FUNDS**

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the City’s funds is to provide information on near-term inflows, outflows and cash balances of spendable resources. On the following page are the major reasons for the changes in cash balances from the prior year for the City’s major funds.

**Individual Major Governmental Fund Analysis**

- The General Fund is the chief operating fund of the City. At the end of the current fiscal year, the cash balance of the General Fund was \$3,704,965, an increase of \$449,783 from the prior year. This increase was primarily due to increased transfers to the general fund from various other City funds.
- The Special Revenue Road Use Tax Fund cash balance decreased by \$148,984 to \$855,251 during the fiscal year. This Fund’s disbursements increased due to increased expenditures for new vehicles.
- The Special Revenue Library Maintenance Fund was established by the Local Option Sales and Service Tax Referendum to maintain the Library in future years. The funds are from the Local Option Sales and Service Tax with only interest proceeds from those funds to be expended unless otherwise authorized by the City Council. At the end of the fiscal year, the cash balance was \$1,235,998 an increase of \$13,277 due to interest earned on the accounts.

- The Special Revenue, Local Option Sales and Service Tax Revenue Funds increased by \$48,484 to \$572,171 due to an increase in tax collected.
- The Debt Service Fund had an increase of \$2,695 for an ending cash balance of \$221,734. The increase was due to normal operations.
- The Special Revenue, Employee Benefits Fund had an increase of \$27,123 for an ending cash balance of \$161,464. This increase was due to variances in public safety staff.
- The Capital Projects Funds had an increase of \$9,592,124 for an ending cash balance of \$12,540,959 due to bond proceeds for the ECE/recreation project that have not been spent yet.

**Individual Major Business Type Fund Analysis**

- The cash balance of the Enterprise, Sanitary Sewer Fund decreased \$575,225 to \$2,727,355, due primarily to disbursement for capital projects and a new vacuum truck.
- The Enterprise, Airport Fund recorded an increase of \$2,607,704 to \$3,098,402. The increase is due to the sale of land at the Airport.

**BUDGETARY HIGHLIGHTS**

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearings for all funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of the year, the City amended its operating budget once. The amendment resulted in an increase in operating disbursements related to various projects. The City had sufficient cash balances and revenue to cover the budget amendment.

The City’s receipts were \$12,804,515 less than budgeted. This was primarily due to the City receiving less in donations for ECE/recreation project than anticipated even after the amendments.

Total disbursements for the primary government were \$10,835,905 less than the amended budget. Actual disbursements for the capital projects, culture and recreation and business type activities functions were \$4,334,028, \$291,042 and \$5,517,852, respectively, less than the amended budget. This was primarily due to the City’s capital projects not proceeding as anticipated, and disbursements for sewer systems and structures running less than were budgeted.

**DEBT ADMINISTRATION**

At year-end, the City had approximately \$21,157,000 in bonds and other long-term debt compared to approximately \$10,147,000 last year as shown below:

Outstanding Debt at Year-End (Expressed in Thousands)		
	2020	2019
General obligation notes and bonds	\$ 15,280	\$ 5,290
Revenue bonds and other notes	5,877	4,857
Total	<u>\$ 21,157</u>	<u>\$ 10,147</u>

Debt increased as a result of a new sewer capital loan note, draws on two new sewer revenue capital loans and a new Local Option Sales Tax bond to fund capital projects.

The City's general obligation bond rating has been Aa3 since 1999. The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to five percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$15,280,000 is well below the City's \$28.1 million debt limit.

More detailed information about the City's long-term liabilities is presented in Note 4 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City's elected and appointed officials and citizens considered many factors when setting the 2021 fiscal year budget. One of those factors is the economy, including the growth within the community (population and taxable value) and changes in funding due to property tax reform and other mandates handed down by the state and federal government.

These indicators were taken into account when adopting the budget for 2021. Budgeted intergovernmental revenues are expected to decrease approximately \$1,237,000 and capital project disbursements are expected to increase approximately \$17,734,000. If these estimates are realized, the City's budgeted cash balance is expected to decrease approximately \$17,337,000 by the close of 2021.

## **REQUESTS FOR INFORMATION**

These financial statements and discussions are designed to provide our citizens, taxpayers, investors and creditors with a complete disclosure of the City's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please write Amy Miller, Finance Director, 220 South Market Street, Oskaloosa, Iowa 52577.

## **Basic Financial Statements**

**CITY OF OSKALOOSA**

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2020

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety	\$ 3,141,055	\$ 62,400	\$ 379,390	\$ -
Public works	1,847,171	150	1,522,038	-
Culture and recreation	1,382,223	47,835	240,150	-
Community and economic development	278,560	104,118	53,757	-
General government	948,654	399,650	11,005	-
Debt service	758,818	4,964	-	-
Capital projects	3,501,454	-	-	1,239,236
Total governmental activities	<u>11,857,935</u>	<u>619,117</u>	<u>2,206,340</u>	<u>1,239,236</u>
Business type activities:				
Sewer	5,998,389	3,626,336	26,415	-
Storm water	145,733	268,726	-	-
Other	1,159,705	865	117,785	345,009
Total business type activities	<u>7,303,827</u>	<u>3,895,927</u>	<u>144,200</u>	<u>345,009</u>
<b>Total</b>	<u>\$ 19,161,762</u>	<u>\$ 4,515,044</u>	<u>\$2,350,540</u>	<u>\$1,584,245</u>
General receipts and transfers:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Other taxes				
Unrestricted investment earnings				
Bond and note proceeds				
Miscellaneous				
Sale of capital assets				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
<b>Cash Basis Net Position</b>				
Restricted:				
Expendable:				
Streets				
Urban renewal purposes				
Debt service				
Other purposes				
Unrestricted				
<b>Total cash basis net position</b>				

See notes to financial statements.



Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Governmental Activities	Business Type Activities	Total
\$ (2,699,265)	\$ -	\$ (2,699,265)
(324,983)	-	(324,983)
(1,094,238)	-	(1,094,238)
(120,685)	-	(120,685)
(537,999)	-	(537,999)
(753,854)	-	(753,854)
(2,262,218)	-	(2,262,218)
(7,793,243)	-	(7,793,243)
-	(2,345,638)	(2,345,638)
-	122,993	122,993
-	(696,046)	(696,046)
-	(2,918,691)	(2,918,691)
(7,793,243)	(2,918,691)	(10,711,934)
4,079,601	-	4,079,601
716,849	-	716,849
292,639	-	292,639
1,287,548	-	1,287,548
742,741	-	742,741
46,414	11,285	57,699
10,605,000	1,771,990	12,376,900
51,894	21,862	73,756
40,017	3,191,062	3,231,079
(13,624)	13,624	-
17,849,079	5,009,823	22,858,902
10,055,836	2,091,132	12,146,968
10,920,765	4,383,413	15,304,178
\$20,976,601	\$ 6,474,545	\$ 27,451,146
\$ 855,251	\$ -	\$ 855,251
9,402	-	9,402
221,734	153,815	375,549
15,612,028	-	15,612,028
4,278,1869	6,320 730	10,598,916
\$20,976,601	\$ 6,474,545	\$27,451,146

**CITY OF OSKALOOSA**

Statement of Cash Receipts, Disbursements and Changes in Cash Balances  
*Governmental Funds*

As of and for the year ended June 30, 2020

	Special		
	General	Road Use Tax	Library Maintenance
<b>Receipts:</b>			
Property tax	\$2,908,180	\$ -	\$ -
Tax increment financing	-	-	-
Other city tax	164,551	-	-
Licenses and permits	651,226	-	-
Use of money and property	38,119	-	37,564
Intergovernmental	411,334	1,481,405	-
Charges for service	101,405	-	-
Special assessments	6,864	-	-
Miscellaneous	177,529	-	-
Total receipts	4,459,208	1,481,405	37,564
<b>Disbursements:</b>			
Operating:			
Public safety	2,923,878	-	-
Public works	382,053	1,430,389	-
Culture and recreation	1,058,279	-	25,025
Community and economic development	207,600	-	-
General government	948,870	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	5,520,680	1,430,389	25,025
Excess (deficiency) of receipts over (under) disbursements	(1,061,472)	51,016	12,539
<b>Other financing sources (uses):</b>			
Bond proceeds	-	-	-
Sale of capital assets	3,305	-	-
Transfers in	1,685,872	-	688
Transfers out	(177,922)	(200,000)	-
Total other financing sources (uses)	1,511,255	(200,000)	688
Change in cash balances	449,783	(148,984)	13,227
Cash balances beginning of year	3,255,182	1,004,235	1,222,771
Cash balances end of year	\$3,704,965	\$ 855,251	\$1,235,998
<b>Cash Basis Fund Balances</b>			
Restricted for:			
Urban renewal purposes	\$ -	\$ -	\$ -
Debt service	-	-	-
Streets	-	855,251	-
Capital projects	-	-	1,235,998
Other purposes	-	-	-
Unassigned	3,704,965	-	-
Total cash basis fund balances	\$ 3,704,965	\$ 855,251	\$1,235,998

See notes to financial statements.

Revenue					
Local Option Sales and Service Tax Revenue	Employee Benefits	Debt Service	Capital Projects	Nonmajor	Total
\$ -	\$ 1,079,140	\$ 716,849	\$ -	\$ 92,281	\$4,796,450
-	-	-	-	292,639	292,639
1,287,548	26,141	16,933	-	2,234	1,497,407
-	-	-	-	-	651,226
3,492	401	2,950	26,093	17,587	126,206
-	30,616	19,817	538,476	184,860	2,666,508
-	-	-	-	1,820	103,225
-	-	4,964	1,271	-	13,099
-	-	-	673,396	160,266	1,011,191
1,291,040	1,136,298	761,513	1,239,236	751,687	11,157,951
-	-	-	-	217,177	3,141,055
-	-	-	-	40,633	1,853,075
176,895	-	-	-	122,024	1,382,223
-	-	-	-	70,960	278,560
-	-	-	-	-	948,870
-	-	758,818	-	-	758,818
-	-	-	3,501,454	-	3,501,454
176,895	-	758,818	3,501,454	450,794	11,864,055
1,114,145	1,136,298	2,695	(2,262,218)	300,893	(706,104)
-	-	-	10,605,000	-	10,605,000
-	-	-	35,617	1,094	40,016
-	-	-	1,363,755	16,204	3,066,519
(1,065,661)	(1,109,175)	-	(150,030)	(377,355)	(3,080,143)
(1,065,661)	(1,109,175)	-	11,854,342	(360,057)	10,631,392
48,484	27,123	2,695	9,592,124	(59,164)	9,925,288
523,687	134,341	219,039	2,948,835	1,170,002	10,478,092
\$ 572,171	\$ 161,464	\$ 221,734	\$12,540,959	\$1,110,838	\$20,403,380
\$ -	\$ -	\$ -	\$ -	\$ 9,402	\$ 9,402
-	-	221,734	-	-	221,734
-	-	-	-	-	855,251
-	-	-	12,540,959	-	12,540,959
572,171	161,464	-	-	1,101,436	3,071,069
-	-	-	-	-	3,705,965
\$ 572,171	\$ 161,464	\$ 221,734	\$12,540,959	\$1,110,838	\$20,403,380

CITY OF OSKALOOSA

Reconciliation of the Statement of Cash Receipts,  
Disbursements and Changes in Cash Balances  
to the Cash Basis Statement of Activities and Net Position -  
*Governmental Funds*

As of and for the year ended June 30, 2020

**Total governmental funds cash balances (pages 18-19)** \$ 20,403,380

*Amounts reported for governmental activities in the Cash Basis Statement of Activities and Net Position are different because:*

The Internal Service Fund is used by management to charge the costs of employee health benefits, flex plan and copier usage to individual funds. A portion of the cash balance of the Internal Service Fund is included in governmental activities in the Cash Basis Statement of Activities and Net Position

573,221

**Cash basis net position of governmental activities (pages 16-17)** \$ 20,976,601

**Change in cash balances (pages 18-19)** \$ 9,925,288

*Amounts reported for governmental activities in the Cash Basis Statement of Activities and Net Position are different because:*

The Internal Service Fund is used by management to charge the costs of employee health benefits, flex plan and copier usage to individual funds. A portion of the change in the cash balance of the Internal Service Fund is reported with governmental activities in the Cash Basis Statement of Activities and Net Position.

130,548

**Change in cash basis net position of governmental activities (pages 16-17)** \$ 10,055,836

See notes to financial statements.

CITY OF OSKALOOSA

Statement of Cash Receipts, Disbursements and  
Changes in Cash Balances  
*Proprietary Funds*

As of and for the year ended June 30, 2020

	Enterprise				Internal Service
	Sewer	Airport	Nonmajor	Total	
Operating receipts:					
Charges for service	\$ 3,626,336	\$ 865	\$ 268,726	\$ 3,895,927	\$ 804,957
Use of money and property	26,415	109,285	8,500	144,200	3,488
Miscellaneous	-	-	-	-	83,330
Total operating receipts	<u>3,652,751</u>	<u>110,150</u>	<u>277,226</u>	<u>4,040,127</u>	<u>891,775</u>
Operating disbursements:					
Business type activities	1,751,011	327,948	50,105	2,129,064	-
Nonprogram	-	-	-	-	758,285
Total operating disbursements	<u>1,751,011</u>	<u>327,948</u>	<u>50,105</u>	<u>2,129,064</u>	<u>758,285</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>1,901,740</u>	<u>(217,798)</u>	<u>227,121</u>	<u>1,911,063</u>	<u>133,490</u>
Non-operating receipts (disbursements):					
Intergovernmental	-	345,009	-	345,009	-
Interest on investments	-	8,583	2,702	11,285	-
Miscellaneous	1,365	20,198	300	21,863	-
Sale of capital assets	-	3,191,062	-	3,191,062	-
Capital projects	(3,382,740)	(689,350)	(238,037)	(4,310,127)	-
Note proceeds	1,771,990	-	-	1,771,990	-
Debt service	(867,580)	-	-	(867,580)	-
Net non-operating receipts (disbursements)	<u>(2,476,965)</u>	<u>2,875,502</u>	<u>(235,035)</u>	<u>163,502</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(575,225)</u>	<u>2,657,704</u>	<u>(7,914)</u>	<u>2,074,565</u>	<u>133,490</u>
Transfers in	-	-	63,624	63,624	-
Transfers out	-	(50,000)	-	(50,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(50,000)</u>	<u>63,624</u>	<u>13,624</u>	<u>-</u>
Change in cash balances	<u>(575,225)</u>	<u>2,607,704</u>	<u>55,710</u>	<u>2,088,189</u>	<u>133,490</u>
Cash balances beginning of year	<u>3,302,580</u>	<u>490,698</u>	<u>658,519</u>	<u>4,451,797</u>	<u>374,290</u>
Cash balances end of year	<u>\$ 2,727,355</u>	<u>\$3,098,402</u>	<u>\$ 714,229</u>	<u>\$ 6,539,986</u>	<u>\$ 507,780</u>
<b>Cash Basis Fund Balances</b>					
Restricted for:					
Debt service	\$ 153,815	\$ -	\$ -	\$ 153,815	\$ -
Capital projects	103,400	-	-	103,400	-
Unrestricted	<u>2,470,140</u>	<u>3,098,402</u>	<u>714,229</u>	<u>6,282,771</u>	<u>507,780</u>
Total cash basis fund balances	<u>\$ 2,727,355</u>	<u>\$3,098,402</u>	<u>\$ 714,229</u>	<u>\$ 6,539,986</u>	<u>\$ 507,780</u>

See notes to financial statements.

CITY OF OSKALOOSA

Reconciliation of the Statement of Cash Receipts, Disbursements and  
Changes in Cash Balances to the Cash Basis Statement of Activities and Net Position  
*Proprietary Funds*

As of and for the year ended June 30, 2020

**Total enterprise funds cash balances (page 21)** \$ 6,539,986

*Amounts reported for business type activities in the Cash Basis Statement of  
Activities and Net Position are different because:*

The Internal Service Fund is used by management to charge the costs of employee health benefits, flex plan and copier usage to individual funds. A portion of the cash balance of the Internal Service Fund is included in the business type activities in the Cash Basis Statement of Activities and Net Position.

(65,441)

**Cash basis net position of business type activities (page 16-17)** \$ 6,474,545

**Change in cash balances (page 21)** \$ 2,088,189

*Amounts reported for business type activities in the Cash Basis Statement of  
Activities and Net Position are different because:*

The Internal Service Fund is used by management to charge the costs of employee health benefits, flex plan and copier usage to individual funds. A portion of the change in the cash balance of the Internal Service Fund is reported with business type activities in the Cash Basis Statement of Activities and Net Position.

2,943

**Change in cash basis net position of business type activities (page 16-17)** \$ 2,091,132

See notes to financial statements.

# CITY OF OSKALOOSA

## Notes to Financial Statements

June 30, 2020

### **(1) NATURE OF OPERATIONS, REPORTING ENTITY, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Nature of operations:**

The City of Oskaloosa, Iowa (City), is a political subdivision of the State of Iowa located in Mahaska County. It was first incorporated in 1853 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to residents including public safety, public works, culture and recreation, community and economic development and general government services. The City also provides an airport, golf course, sewer and storm water services.

#### **B. Reporting entity:**

Accounting principles generally accepted in the United States of America require the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The City of Oskaloosa, Iowa is a municipal corporation and has the exclusive responsibility and accountability for the decisions it makes. The City has the statutory authority to adopt its own budget, to levy taxes and to issue bonded debt without the approval of another government. It has the right to sue and be sued, and has the right to buy, sell, lease or mortgage property in its own name. Based on these criteria, the City is considered a primary government.

The financial statements present only the City of Oskaloosa, Iowa (the primary government). The financial statements do not include the component unit of the City. The entity discussed below is a component unit of the City because of the significance of their operational or financial relationship with the City. Complete financial statements of the individual component unit, which issues separate audited financial statements, can be obtained from their respective administrative office.

The Oskaloosa Municipal Water Department Utility is a separate legal entity. However, it is financially accountable to the City. The Utility is governed by a five-member board appointed by the Mayor and subject to approval by the City Council and its operating budget is subject to the approval of the City Council. The Oskaloosa Municipal Water Department issues separate audited cash basis financial statements with a fiscal year-end of June 30, which are available at their administrative office.

#### Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Emergency 911 Board, Oskaloosa Area Chamber & Development Group, Mahaska Community Recreation Foundation, Joint County - Mahaska Disaster Services & Emergency Planning Administration, Joint Law Enforcement Center Board and Mahaska County Agency on Aging.

## CITY OF OSKALOOSA

### Notes to Financial Statements - Continued

June 30, 2020

#### (1) NATURE OF OPERATIONS, REPORTING ENTITY, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

##### C. Basis of presentation:

Government-wide Financial Statement - The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by taxes and intergovernmental receipts, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

*Expendable restricted net position* results when constraints placed on the use of cash balances and the use of balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of cash balances not meeting the definition of the preceding category. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function. Program receipts 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 on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor government funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts 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 disbursements, the fixed charges and the capital improvement costs not paid from other funds. The Council has adopted a policy to maintain a minimum of three months of General Fund budgeted expenditures and transfers for the Fund.



# CITY OF OSKALOOSA

## Notes to Financial Statements - Continued

June 30, 2020

### **(1) NATURE OF OPERATIONS, REPORTING ENTITY, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

#### **C. Basis of presentation - continued:**

##### Special Revenue:

The Road Use Tax Fund is utilized to account for the road use tax allocation from the state of Iowa, to be used for road construction and maintenance.

The Library Maintenance Fund was established with Local Option Sales and Service Tax Receipts. The fund is used to preserve and maintain the library facility and its functions and equipment.

The Local Option Sales and Service Tax Revenue Fund is utilized to account for the revenues from the State and Local Option Sales and Service Tax and the expenditure of those funds for the specific purpose as set forth in the referendum.

The Employee Benefits Fund is utilized to account for tax receipts expended for employee benefits.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest, principal and fees on the City's general long-term debt.

The Capital Projects Fund, is used in the acquisition and construction of capital facilities with the exception of those that are financed through enterprise funds.

The City reports the following major proprietary funds:

The Enterprise, Sewer Fund is used to account for the operation and maintenance of the City's sanitary sewer system.

The Enterprise, Airport Fund is used to account for the operation and maintenance of the City's Airport.

The City also reports the following additional proprietary funds:

The Internal Service Funds are utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies of the City on a cost-reimbursement basis.

## CITY OF OSKALOOSA

### Notes to Financial Statements - Continued

June 30, 2020

#### (1) NATURE OF OPERATIONS, REPORTING ENTITY, BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

##### D. Measurement Focus and Basis of Accounting:

The City of Oskaloosa maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis 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 receipts.

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

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as nonoperating receipts and disbursements.

##### E. Property Taxes and Governmental Cash Basis Fund Balances:

The following accounting policies are followed in preparing the financial statements:

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects tax asking contained in the budget certified to the City Council in March 2019.

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

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 other spendable classifications.

Investments: Investments are stated at cost.

**CITY OF OSKALOOSA**

Notes to Financial Statements - Continued

June 30, 2020

**(2) BUDGETS AND BUDGETARY ACCOUNTING**

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 combined except for internal service funds. The annual budget may be amended during the year utilizing similar statutory prescribed procedures.

Formal and legal budgetary control is based upon eight major classes of disbursements, known as functions, not by fund or fund type. These functions are public safety, public works, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities.

Appropriations as adopted or amended lapse at the end of the fiscal year.

**(3) DEPOSITS AND INVESTMENTS**

The City's deposit and investment accounts as of June 30, 2020 consist of the following:

Deposit and Investment Type	Investment Maturities (in years)				
	Cost	Less than 1	1 to 5	6 to 10	More than 10
Petty cash	\$ 580	\$ -	\$ -	\$ -	\$ -
Checking, savings and money market	16,677,640	-	-	-	-
Debt securities	1,513,949	163,106	510,578	272,347	567,918
Iowa Public Agency Investment Trust	9,258,977	-	-	-	-
Total	<u>\$27,451,146</u>	<u>\$ 163,106</u>	<u>\$ 510,578</u>	<u>\$ 272,347</u>	<u>\$ 567,918</u>

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

Authorized investments and credit risk: The City is authorized by statute to invest public funds not currently needed for operating expenses 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 has no policy that would further limit its investment choices.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2020 considered to be Level 1 inputs:

## CITY OF OSKALOOSA

### Notes to Financial Statements - Continued

June 30, 2020

#### (3) DEPOSITS AND INVESTMENTS - CONTINUED

Investment type	Moody's Investor's Service	Standard & Poor's	Cost	Fair Value
FHLB	Aaa	AA+	\$ 338,177	\$ 393,019
US Treasury Notes	Aaa	AA+	243,707	245,041
FHLMC	Aaa	AA+	83,326	82,667
FFCB	Aaa	AA+	405,270	492,892
TVA	Aaa	AA+	443,469	552,546
			<u>\$ 1,513,949</u>	<u>\$ 1,766,165</u>

In addition, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$9,258,811 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The Iowa Public Agency Investment Trust is a common law trust established under Iowa law is registered under the Investment Company Act of 1940 and is administered by an appointed investment management company. The diversified portfolio consists of cash and short-term investments valued at amortized costs, which approximates fair value. Investment policies are followed to maintain a constant value of \$1.00 per unit for the portfolio. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in the Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk: The City's general investment policy requires the Treasurer of the City of Oskaloosa to exercise the care, skill, prudence, and diligence under the circumstances then prevailing that a person acting in a like capacity and familiar with such matters would use to attain the investment objectives and to consider the role that each investment or deposit plays within the portfolio of assets of the City. More than 5 percent of the City's investments are in the Iowa Public Agency Investment Trust, FHLB, U.S. Treasury Notes, FHLMC, FFCB and TVA. These investments are 86 percent, 3 percent, 2 percent, 1 percent, 4 percent and 4 percent, respectively, of the City's \$10,772,760 total investments. All of the debt securities investments are reported in the Library Maintenance Fund and the Library Memorial Fund, both special revenue funds.

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. As of June 30, 2020, the City's investments are held in the City's name. It is the City's policy to require that time deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. Chapter 12C of the Code of Iowa requires all City funds be deposited into an approved depository and be either insured or collateralized. As of June 30, 2020, the City's deposits with financial institutions were entirely covered by federal depository insurance or insured by the state through pooled collateral, state sinking funds and by the state's ability to assess for lost funds.

**CITY OF OSKALOOSA**

Notes to Financial Statements - Continued

June 30, 2020

**(4) LONG-TERM DEBT**

A summary of changes in bond and notes payable for the year ended June 30, 2020 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Government activities:					
Fire station and refunding	\$2,735,000	\$ -	\$ 220,000	\$ 2,515,000	\$ 220,000
Refunding	995,000	-	240,000	755,000	250,000
Lacey roads improvements	1,560,000	-	155,000	1,405,000	160,000
ECE/recreation project	-	10,605,000	-	10,605,000	425,000
Government activities total	<u>\$5,290,000</u>	<u>\$10,605,000</u>	<u>\$ 615,000</u>	<u>\$15,280,000</u>	<u>\$1,055,000</u>
Business type activities					
Sewer revenue bond	\$1,237,000	\$ -	\$ 233,000	\$ 1,004,000	\$ 240,000
Sewer capital loan notes	3,620,069	1,771,990	518,684	4,873,375	645,000
Business Type Activities Total	<u>\$4,857,069</u>	<u>\$ 1,771,900</u>	<u>\$ 751,684</u>	<u>\$ 5,877,375</u>	<u>\$ 885,000</u>

**General Obligation Bonds and Notes**

A summary of the City's June 30, 2020 general obligation bonds and notes payable is as follows:

Year Ending June 30,	Fire Station and Refunding Issued September 10, 2015		
	Interest Rate	Principal	Interest
2021	3.00%	\$ 220,000	\$ 76,350
2022	4.00%	225,000	69,750
2023	4.00%	235,000	60,750
2024	2.50%	240,000	51,350
2025	2.50%	245,000	45,350
2026-2030	2.50-3.00%	1,350,000	122,625
2031-2035	-	-	-
Total		<u>\$2,515,000</u>	<u>\$426,175</u>

**CITY OF OSKALOOSA**

Notes to Financial Statements - Continued

June 30, 2020

**(4) LONG-TERM DEBT - CONTINUED**

Year Ending June 30,	Refunding Issued May 31, 2016		
	Interest Rate	Principal	Interest
2021	1.20%	\$ 250,000	\$ 9,948
2022	1.30%	250,000	6,947
2023	1.45%	255,000	3,698
2024	-	-	-
2025	-	-	-
2026-2030	-	-	-
2031-2035	-	-	-
Total		<u>\$ 755,000</u>	<u>\$ 20,593</u>

Year Ending June 30,	Lacey Road Improvements Issued May 22, 2018		
	Interest Rate	Principal	Interest
2021	3.00%	\$ 160,000	\$ 42,150
2022	3.00%	165,000	37,350
2023	3.00%	170,000	32,400
2024	3.00%	170,000	27,300
2025	3.00%	175,000	22,200
2026-2030	3.00%	565,000	34,350
2031-2035	-	-	-
Total		<u>\$1,405,000</u>	<u>\$195,750</u>

Year Ending June 30,	ECE/Recreation Project Issued May 20, 2020		
	Interest Rate	Principal	Interest
2021	2.54%	\$ 425,000	\$ 277,598
2022	2.54%	395,000	258,572
2023	2.54%	455,000	248,539
2024	2.54%	590,000	236,982
2025	2.54%	605,000	221,996
2026-2030	2.54%	3,255,000	871,855
2031-2035	2.54%	3,685,000	437,261
2036-2037	2.54%	1,195,000	40,513
Total		<u>\$10,605,000</u>	<u>\$2,593,316</u>

**CITY OF OSKALOOSA**

Notes to Financial Statements - Continued

June 30, 2020

**(4) LONG-TERM DEBT - CONTINUED**

Year Ending <u>June 30,</u>	Total		
	Principal	Interest	Total
2021	\$ 1,055,000	\$ 406,046	\$ 1,461,046
2022	1,035,000	372,619	1,407,619
2023	1,115,000	345,387	1,460,387
2024	1,000,000	315,632	1,315,632
2025	1,025,000	289,546	1,314,546
2026-2030	5,170,000	1,028,830	6,198,830
2031-2035	3,685,000	437,261	4,122,261
2036-2037	<u>1,195,000</u>	<u>40,513</u>	<u>1,235,513</u>
Total	<u>\$15,280,000</u>	<u>\$3,235,834</u>	<u>\$18,515,834</u>

On September 10, 2015, the City issued \$4,125,000 of general obligation capital loan notes with interest rates ranging from 2.50% to 4.00% per annum. The notes were issued for the reconstructing, enlarging, improving, equipping and furnishing the fire station and for the refunding of the Series 2006 General Obligation Bonds. During the year ended June 30, 2020, the City paid \$220,000 of principal and \$82,950 of interest on the notes.

On May 31, 2016, the City issued \$1,695,000 of general obligation refunding capital loan notes with interest rates ranging from 0.75% to 1.45% per annum. The notes were issued to refund the 2008A notes which were originally issued to pay costs of improvements and construction of Fire, City Hall and Street Department facilities, acquiring land therefor and acquiring equipment, including software, for administrative departments. During the year ended June 30, 2020, the City paid \$240,000 of principal and \$12,468 of interest on the notes.

On May 22, 2018, the City issued \$1,710,000 of general obligation capital loan notes with interest rates of 3.00% per annum. The notes were issued for Lacey Street Improvements. During the year ended June 30, 2020, the City paid \$155,000 of principal and \$46,800 of interest on the notes.

On May 20, 2020, the City issued \$10,605,000 of Local Option Sales Tax Bonds with interest rates of 2.54% per annum. The bonds were issued for construction of a recreation and Early Childhood Education facility. During the year ended June 30, 2020, the City had not made any payments yet on the bonds.

**CITY OF OSKALOOSA**

Notes to Financial Statements - Continued

June 30, 2020

**(4) LONG-TERM DEBT - CONTINUED**

**Revenue Notes**

A summary of the City's June 30, 2020 revenue bonds and notes payable is as follows:

Year Ending June 30,	Sewer Revenue Bonds Issued December 6, 2002		
	Interest		
	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>
2021	1.75%	\$ 240,000	\$ 17,570
2022	1.75%	247,000	13,370
2023	1.75%	255,000	9,048
2024	1.75%	262,000	4,585
2025	-	-	-
2026-2030	-	-	-
2031-2035	-	-	-
Total		<u>\$1,004,000</u>	<u>\$ 44,573</u>

Year Ending June 30,	Sewer Revenue Capital Loan Notes Issued May 25, 2018		
	Interest		
	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>
2021	1.75%	\$ 233,000	\$ 59,815
2022	1.75%	238,000	55,738
2023	1.75%	242,000	51,572
2024	1.75%	247,000	47,338
2025	1.75%	252,000	43,015
2026-2030	1.75%	1,337,000	147,158
2031-2035	1.75%	<u>869,000</u>	<u>30,608</u>
Total		<u>\$3,418,000</u>	<u>\$ 435,244</u>



**CITY OF OSKALOOSA**

Notes to Financial Statements - Continued

June 30, 2020

**(4) LONG-TERM DEBT - CONTINUED**

Year Ending June 30,	Sewer Revenue Capital Loan Notes Issued May 10, 2019		
	Interest		
	Rate	Principal	Interest
2021	1.75%	\$ 296,000	\$ 50,505
2022	1.75%	302,000	45,325
2023	1.75%	308,000	40,040
2024	1.75%	314,000	34,650
2025	1.75%	320,000	29,155
2026-2030	1.75%	1,346,000	59,448
2031-2035	-	-	-
Total		2,886,000	\$ <u>259,123</u>
Less: note proceeds not received as of 06/30/20		(1,545,232)	
			<u>\$1,340,768</u>

Year Ending June 30,	Sewer Revenue Capital Loan Notes Issued May 1, 2020		
	Interest		
	Rate	Principal	Interest
2021	1.75%	\$ 116,000	\$ 16,415
2022	1.75%	118,000	20,178
2023	1.75%	121,000	18,112
2024	1.75%	123,000	15,995
2025	1.75%	125,000	13,843
2026-2030	1.75%	666,000	35,403
2031-2035	-	-	-
Total		1,269,000	\$ <u>119,946</u>
Less: note proceeds not received as of 06/30/20		(1,154,393)	
			<u>\$ 114,607</u>

**CITY OF OSKALOOSA**

Notes to Financial Statements - Continued

June 30, 2020

**(4) LONG-TERM DEBT - CONTINUED**

Year Ending June 30,	Total		
	Principal	Interest	Total
2021	\$ 885,000	\$ 144,305	\$ 1,029,305
2022	905,000	134,611	1,039,611
2023	926,000	118,772	1,044,772
2024	946,000	102,568	1,048,568
2025	697,000	86,013	783,013
2026-2030	3,349,000	242,009	3,591,009
2031-2035	<u>869,000</u>	<u>30,608</u>	<u>899,608</u>
Total	<u>8,577,000</u>	<u>\$ 858,886</u>	<u>\$ 9,435,886</u>
Less: note proceeds not received as of 06/30/20	<u>(2,699,625)</u>		
	<u>\$ 5,877,375</u>		

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$12,284,000 of sewer revenue bonds and notes issued. Proceeds from the bonds and notes provided financing for the construction of improvements to the sewer treatment plant. The bonds and notes are payable solely from sewer customer net receipts and are payable through 2033. Annual principal and interest payments of the notes are expected to require less than 25% of net receipts. The total principal and interest remaining to be paid on the bonds and notes is \$5,877,375. For the current year, principal and interest paid and total customer net receipts were \$858,061 and \$1,901,740, respectively.

The resolutions provided for the issuance of the sewer revenue bonds and revenue capital loan notes include the following provisions:

- A. The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the fund.
- B. Sufficient monthly transfers shall be made to a sewer sinking account for the purpose of making the bond principal and interest payments when due.
- C. The City must establish and maintain a sewer improvements account. Money in the improvement account, not otherwise specifically limited by other provisions, shall be used solely for the purpose of paying principal of or interest on the bonds when there is insufficient money in the sinking account and the reserve account; and to the extent not required for the foregoing, to pay the cost of extraordinary maintenance expenses or repairs, renewals and replacements not included in the annual budget; payments of rentals on any part of the system or payments due for any property purchased as part of the system and for capital improvements to the system. As of June 30, 2020, \$153,815 of cash is in the improvement account.
- D. All amounts remaining in the sanitary sewer revenue account after the payment of all maintenance and operating expenses and required transfers shall be placed in the sanitary sewer surplus revenue fund. This account is restricted for the purpose of paying for any improvement, extension or repair to the system or for bond and interest payments which the other accounts might be unable to make.

**CITY OF OSKALOOSA**

Notes to Financial Statements - Continued

June 30, 2020

**(4) LONG-TERM DEBT - CONTINUED**

E. The City must maintain net sewer revenues of at least 110 percent of the next fiscal year’s debt service payment.

The Iowa Finance Authority loaned the City \$4,017,000 on December 6, 2002, has advanced \$3,647,684 towards the \$3,822,000 Sewer Revenue Capital Loan Notes dated May 25, 2018, has advanced \$1,630,768 towards the \$3,176,000 sewer revenue capital loan notes dated May 10, 2019, and has advanced \$114,607 towards the \$1,269,000 sewer revenue capital loan notes dated May 1, 2020, which are evidenced by the issue of Sewer Revenue Bonds and Sewer Revenue Capital Loan Notes.

**(5) 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, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City’s approximate maximum liability for earned compensated absences payable to employees and the benefits that would be payable on this liability as of June 30, 2020 primarily relating to the General, Road Use Tax and Sanitary Sewer Funds, is as follows:

Type of Benefit:	
Vacation	\$ 103,000
Sick leave	584,000
Comp time	<u>17,000</u>
Total	<u>\$ 704,000</u>

The liability has been computed based on rates of pay in effect at June 30, 2020.

Sick leave is payable for fire and police union employees when used or upon full service retirement or death. Other union employees are payable upon retirement, 20 years of full time employment or death. Nonunion employees are payable upon twenty years of service or death. If paid upon retirement or death, half or one-quarter of the total accumulated hours are paid at the then effective hourly rate for that employee. Based on this computation, the maximum accumulated sick leave payable would be approximately \$204,000 as of June 30, 2020.

**(6) PENSION PLANS**

**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).

## CITY OF OSKALOOSA

### Notes to Financial Statements - Continued

June 30, 2020

#### (6) PENSION PLANS - CONTINUED

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

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

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

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

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

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

# CITY OF OSKALOOSA

## Notes to Financial Statements - Continued

June 30, 2020

### (6) PENSION PLANS - CONTINUED

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

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

The City's contributions to IPERS for the year ended June 30, 2020 totaled approximately \$150,000.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a liability of \$1,174,836 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the City's proportion was .0202885%, which was an increase of .001322% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020 the City pension expense, deferred outflows and deferred inflows totaled \$216,753, \$185,264 and \$230,960 respectively.

There were no non-employer contributing entities to IPERS.

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

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 OSKALOOSA**

Notes to Financial Statements - Continued

June 30, 2020

**(6) PENSION PLANS - CONTINUED**

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

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Health Annuitant Tables with MP-2017 generational adjustments.

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.0%, 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 (6.0%) or 1% higher (8.0%) than the current rate.

**CITY OF OSKALOOSA**

Notes to Financial Statements - Continued

June 30, 2020

**(6) PENSION PLANS - CONTINUED**

	1% Decrease <u>(6.0%)</u>	Discount Rate <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
City's proportionate share of the net pension liability	\$2,089,466	\$1,174,836	\$407,660

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).

**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 Oskaloosa are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issued 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 information 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.

## CITY OF OSKALOOSA

### Notes to Financial Statements - Continued

June 30, 2020

#### (6) PENSION PLANS - CONTINUED

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

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

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

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

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

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

The City's contributions to MFPRSI for the year ended June 30, 2020 totaled approximately \$360,000.



**CITY OF OSKALOOSA**

Notes to Financial Statements - Continued

June 30, 2020

**(6) PENSION PLANS - CONTINUED**

If approved by the state legislature, state appropriation 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 fiscal year ended June 30, 2020.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a liability of \$2,827,949 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the MFPRSI relative to the contributions of all MFRPSI participating employers. At June 30, 2019, the City's proportion was .431138% which was a decrease of .008581 from its proportions measured as of June 30, 2018.

For the year ended June 30, 2020, the City pension expense, deferred outflows of resources and deferred inflows of resources totaled \$602,512, \$565,112 and \$208,718 respectively.

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

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period 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 zero years, females set-forward two years and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

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

**CITY OF OSKALOOSA**

Notes to Financial Statements - Continued

June 30, 2020

**(6) PENSION PLANS - CONTINUED**

Asset Class	Long-Term Expected Real Rate of Return
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 7.5%. The projection of cash flows used to determine the discount rate assumed contributions will be made at 9.4% 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 MFRPSI's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on MFRPSI's 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 7.5%, 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 (6.5%) or 1% Higher (8.5%) than the current rate.

	1% Decrease <u>(6.5%)</u>	Discount Rate <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
City's proportionate share of the net pension liability	\$4,604,396	\$2,827,949	\$1,356,702

MFRPSI's Fiduciary Net Position - Detailed information about MFRPSI'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).

**(7) RISK MANAGEMENT**

The City of Oskaloosa is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**CITY OF OSKALOOSA**

Notes to Financial Statements - Continued

June 30, 2020

**(8) INTERFUND TRANSFERS AND BALANCES**

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue	
	Employee Benefits	\$ 1,109,175
	Emergency	97,131
	Housing	1,530
	Tax Increment Financing	278,005
	Capital Projects	150,031
	Enterprise	
	Airport	50,000
		<u>1,685,872</u>
Special Revenue:		
Misc Grants Fund	General Fund	1,434
	Special Revenue	
Library Maintenance	Riefe Memorial Fund	688
Fire Department	General Fund	<u>14,770</u>
Enterprise:		
Edmundson Golf Pro Shop	General Fund	<u>63,624</u>
Capital Projects	General Fund	98,094
	Special Revenue:	
	Road Use Tax	200,000
	Local Option Sales Tax	<u>1,065,661</u>
		<u>1,363,755</u>
Total		<u>\$ 3,130,143</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The City has made internal loans at various times from the general fund to the Urban Renewal Tax Increment Fund. Total advances made as of June 30, 2020 were approximately \$464,000. The advances were for administrative costs and construction costs on the facade improvement grants that will be repaid as the tax increment revenue receipts are received from the county.

**(9) OTHER POST-EMPLOYMENT BENEFITS**

The City of Oskaloosa, Iowa has a self-insured Health Care Plan for City employees accounted for in the internal service fund. A fixed monthly fee per participating employee is paid to an insurance administrative company to administer the Plan and evaluate claims. The funds of the City are charged a premium based on a range of rates recommended by the third party administrator.

## CITY OF OSKALOOSA

### Notes to Financial Statements - Continued

June 30, 2020

#### (9) OTHER POST-EMPLOYMENT BENEFITS - CONTINUED

The City escrows funds each month to be used to pay medical claims incurred. The maximum exposure to the City for claims incurred is limited by the "Stop-loss" feature of the Plan. The maximum exposure for one individual, excluding listed exceptions, in a twelve-month period is \$50,000. The maximum aggregate excess risk insurance is \$1,000,000 per policy period and the maximum specific excess risk insurance per covered person is \$2,000,000 per lifetime.

As of June 30, 2020, the Plan held \$472,838 in cash and investments. The estimate of the claims liability was \$58,000 for June 30, 2020 and \$59,000 for June 30, 2019, and includes claims reported but not settled and those incurred but not reported. Claim payments, net of Stop-loss reimbursements as of June 30, 2020 and 2019 were \$436,000 and \$563,000, respectively.

Employees who resign or their employment is terminated (for reasons other than gross misconduct on their part), or if work hours are reduced, and consequently the employee's dependents are no longer eligible to participate in the group health insurance are offered the following post-employment benefit option:

Health insurance - The option of continuing with the City's health insurance plan at the employee's own cost for up to eighteen months. If the employee is determined to be disabled under the Social Security Act at the time of their termination or reduction in hours, they may be entitled to continuation coverage for up to twenty-nine months.

There are 49 active, 0 COBRA and 5 retired members in the plan. Participants must be age 55 or older at retirement.

Retirees under age 65 pay the similar premiums for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability. At June 30, 2020, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. The City currently finances the retiree benefit plan on a pay-as-you-go-basis. The most recent active member monthly premiums for the City and plan members are \$611 for single coverage and \$1,470 for family coverage per month. The same monthly premiums apply to retirees. For the year ended June 30, 2020, the City contributed approximately \$703,000 to the plan.

The City has entered into an agreement with the City Manager which formally identifies the financial obligation of the City to him in the event of an involuntary employment termination. The severance agreement provides for a termination payment equal to nine months of wages plus nine months of medical insurance benefits. The compensation rate is based upon the compensation paid to the applicable employee at the time of termination.

#### (10) COMMITMENTS

A. The City has several construction contract commitments to be financed from capital projects funds. The total outstanding construction contract commitments of the City as of June 30, 2020 is approximately \$31,838,000 which will be paid as work on the projects progress.

## CITY OF OSKALOOSA

### Notes to Financial Statements - Continued

June 30, 2020

#### (10) COMMITMENTS - CONTINUED

- B. The City has entered into various development agreements for urban renewal projects. These agreements call for the City to make economic development tax rebate payments each year out of incremental taxes received by the City. These arrangements run for 2 to 15 years. \$15,037 was paid during the year ended June 30, 2020 under these agreements. Estimated amounts to be paid in future years on development agreements totaled approximately \$141,000.
- C. The City entered into an agreement with the Oskaloosa Municipal Water Department (OMWD) beginning October 1, 2015 regarding wastewater service in and around the City. Under the agreement, the City is to compensate the OMWD monthly fees performed by the OMWD. During the year ended June 30, 2020, the City paid OMWD \$395,387 under the agreement. The agreement was revised on June 24, 2020 and calls for the City to pay OMWD \$60,000 per month beginning July 1, 2020, due to OMWD hiring all staff.

#### (11) 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 with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2020, the City abated \$15,037 of total property tax of which \$5,319 of property tax under the urban renewal and economic development projects represents the City's portion of the abatement.

#### (12) SUBSEQUENT EVENTS

The City has evaluated all subsequent events through September 28, 2020, the date the financial statements were available to be issued. The City has entered into new construction contracts and amendments of approximately \$335,000 for various capital projects.

#### (13) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 84 Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2021. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

# CITY OF OSKALOOSA

## Notes to Financial Statements - Continued

June 30, 2020

### **(14) Contingency**

The COVID-19 outbreak is disrupting business across a range of industries in the United States. 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 operations and finances.

## **Other Information**

**CITY OF OSKALOOSA**

Budgetary Comparison Schedule  
of Receipts, Disbursements, and Changes in Balances -  
Budget and Actual - All Governmental Funds and Proprietary Funds  
Other Information  
Year ended June 30, 2020

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted	Total
<b>Receipts:</b>				
Property tax	\$ 4,796,450	\$ -	\$ -	\$ 4,796,450
Tax increment financing	292,639	-	-	292,639
Other city tax	1,497,407	-	-	1,497,407
Licenses and permits	651,226	-	-	651,226
Use of money and property	126,206	158,973	3,488	281,691
Intergovernmental	2,666,508	345,009	-	3,011,517
Charges for service	103,225	4,700,884	804,957	3,999,152
Special assessments	13,099	-	-	13,099
Miscellaneous	1,011,191	105,193	83,330	1,033,054
Total receipts	<u>11,157,951</u>	<u>5,310,059</u>	<u>891,775</u>	<u>15,576,235</u>
<b>Disbursements:</b>				
Public safety	3,141,055	-	-	3,141,055
Public works	1,853,075	-	-	1,853,075
Culture and recreation	1,382,223	-	-	1,382,223
Community and economic development	278,560	-	-	278,560
General government	948,870	-	-	948,870
Debt service	758,818	-	-	758,818
Capital projects	3,501,454	-	-	3,501,454
Business type activities	-	7,306,771	-	7,306,771
Non-program	-	758,285	758,285	-
Total disbursements	<u>11,864,055</u>	<u>8,065,056</u>	<u>758,285</u>	<u>19,170,826</u>
Excess (deficiency) of receipts over (under) disbursements	(706,104)	(2,754,997)	133,490	(3,594,591)
Other financing sources, net	<u>10,631,392</u>	<u>4,976,676</u>	-	<u>15,608,068</u>
Excess (deficiency) of receipts over (under) disbursements and other financing uses	9,925,288	2,221,679	133,490	12,013,477
Balances beginning of year	<u>10,478,092</u>	<u>4,826,087</u>	<u>374,290</u>	<u>14,929,889</u>
Balances end of year	<u>\$20,403,380</u>	<u>\$7,047,766</u>	<u>\$507,780</u>	<u>\$26,943,366</u>

(1) Budgeted items for the component unit of the Oskaloosa Municipal Water Department utility are removed because related actual receipts and disbursements are not included.

See accompanying independent auditor's report.



Budgeted Amounts				Final to Actual Variance- Positive (Negative)
Original	Final	Adjustment (1) See Page 50	Adjusted Final	
\$ 4,830,812	\$ 4,830,807	\$ -	\$ 4,830,807	\$ (34,357)
292,841	292,841	-	292,841	(202)
1,247,535	1,550,208	-	1,550,208	(52,801)
769,400	661,450	-	661,450	(10,224)
317,377	301,012	(37,685)	263,327	18,364
3,840,190	3,635,155	-	3,635,155	(623,638)
6,913,902	7,303,544	(3,390,033)	3,913,511	85,641
-	9,533	-	9,533	3,566
1,277,382	13,724,189	(500,271)	13,223,918	(12,190,864)
19,489,439	32,308,739	(3,927,989)	28,380,750	(12,804,515)
3,326,225	3,364,104	-	3,364,104	223,049
1,859,616	2,137,466	-	2,137,466	284,391
1,679,157	1,673,265	-	1,673,265	291,042
382,276	368,584	-	368,584	90,024
1,028,571	1,034,389	-	1,034,389	85,519
759,018	758,818	-	758,818	-
5,238,488	7,845,482	-	7,845,482	4,344,028
12,207,032	16,824,573	(3,999,950)	12,824,623	5,517,852
-	-	-	-	-
26,480,383	34,006,681	(3,999,950)	30,006,731	10,835,905
(6,990,944)	(1,697,942)	71,961	(1,625,981)	(1,968,610)
3,447,700	17,849,801	371,500	18,221,301	(2,613,233)
(3,543,244)	16,151,859	443,461	16,595,320	(4,581,843)
12,661,414	17,035,489	-	17,035,489	(2,105,600)
<u>\$ 9,118,170</u>	<u>\$33,187,348</u>	<u>\$ 443,461</u>	<u>\$33,630,809</u>	<u>\$ (6,687,443)</u>

## CITY OF OSKALOOSA

### Other Information

#### Notes To Other Information - Budgetary Reporting

June 30, 2020

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service fund, capital project funds and enterprise funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$7,526,298. The budget amendment is reflected in the final budget amount.

- (1) Budgeted items for the component unit of the Oskaloosa Municipal Water Department utility are removed because related actual receipts and disbursements are not included, see Note 1.

**CITY OF OSKALOOSA**

Schedules of the City's Proportionate Share of the Net Pension Liability  
For the Last Six Fiscal Years\*  
(In Thousands)

Other Information

Iowa Public Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of Oskaloosa's proportion of the net pension liability	.0202885%	.0189662%	.0195488%	.0191567%	.0201395%	.0208363%
City of Oskaloosa's proportionate share of the net pension liability	\$1,175	\$1,200	\$1,302	\$1,206	\$ 995	\$ 826
City of Oskaloosa's covered payroll	\$1,592	\$1,429	\$1,463	\$1,383	\$1,383	\$1,372
City of Oskaloosa's proportionate share of the net pension liability as a percentage of its covered payroll	73.81%	83.97%	89.00%	71.87%	71.87%	60.20%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	85.19%	85.19%	87.61%

Municipal Fire and Police Retirement System of Iowa

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of Oskaloosa's proportion of the net pension liability	.4311838%	.439719%	.483844%	.480584%	.490778%	.487962%
City of Oskaloosa's proportionate share of the net pension liability	\$2,828	\$2,618	\$2,838	\$3,005	\$2,306	\$1,769
City of Oskaloosa's covered payroll	\$1,396	\$1,278	\$1,370	\$1,302	\$1,287	\$1,246
City of Oskaloosa's proportionate share of the net pension liability as a percentage of its covered payroll	202.58%	204.85%	207.15%	230.80%	179.18%	141.95%
MFPRSI's net position as a percentage of the total pension liability	79.94%	81.07%	80.60%	78.20%	83.04%	86.27%

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

See accompanying independent auditor's report.

**CITY OF OSKALOOSA**

Schedules of City Contributions

For the Last 10 Fiscal Years  
(In Thousands)

Other Information

Iowa Public Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 150	\$ 146	\$ 128	\$ 131
Contributions in relation to the statutorily required contribution	<u>(150)</u>	<u>(146)</u>	<u>(128)</u>	<u>(131)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Oskaloosa's covered payroll	\$ 1,592	\$ 1,546	\$ 1,429	\$ 1,463
Contributions as a percentage of covered payroll	9.44%	9.44%	8.95%	8.95%

Municipal Fire and Police Retirement System of Iowa

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 360	\$ 340	\$ 328	\$ 355
Contributions in relation to the statutorily required contribution	<u>(360)</u>	<u>(340)</u>	<u>(328)</u>	<u>(355)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Oskaloosa's covered payroll	\$ 1,470	\$ 1,305	\$ 1,278	\$ 1,370
Contributions as a percentage of covered payroll	24.49%	26.05%	25.68%	25.91%

See accompanying independent auditor's report.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 123	\$ 124	\$ 123	\$ 115	\$ 115	\$ 104
<u>(123)</u>	<u>(124)</u>	<u>(123)</u>	<u>(115)</u>	<u>(115)</u>	<u>(104)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,382	\$ 1,383	\$ 1,372	\$ 1,327	\$ 1,429	\$ 1,503
8.94%	8.96%	8.93%	8.67%	8.07%	6.95%

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 362	\$ 391	\$ 375	\$ 325	\$ 291	\$ 234
<u>(362)</u>	<u>(391)</u>	<u>(375)</u>	<u>(325)</u>	<u>(291)</u>	<u>(234)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,302	\$ 1,287	\$ 1,246	\$ 1,246	\$ 1,174	\$ 1,176
27.77%	30.41%	30.12%	26.12%	24.76%	19.90%

## CITY OF OSKALOOSA

### Notes to Other Information - Pension Liability

Year ended June 30, 2020

#### Iowa Public Employee's Retirement System

##### Changes of benefit terms:

There are no significant changes in benefit terms.

##### Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of an experience study dated June 28, 2018.

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

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

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7:00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the 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.

#### Municipal Fire and Police Retirement System of Iowa

##### Changes of benefit terms:

There are no significant changes of benefit terms.

##### Changes of assumptions:

The 2018 valuation changed postretirement mortality rates to 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.

## CITY OF OSKALOOSA

### Notes to Other Information - Pension Liability - Continued

Year ended June 30, 2020

#### Changes of assumptions - Continued:

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 post-retirement 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 Oskaloosa**



## **Supplementary Information**

**CITY OF OSKALOOSA**

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2020

	Emergency	Urban Renewal Tax Increment	Housing Donated Funds	Special Housing Fund
<b>Receipts:</b>				
Property tax	\$ 92,281	\$ -	\$ -	\$ -
Tax increment financing	-	292,639	-	-
Other city tax	2,234	-	-	-
Use of money and property	-	266	-	2,647
Intergovernmental	2,616	-	-	-
Charges for services	-	-	-	1,684
Miscellaneous	-	-	-	49,459
Total receipts	97,131	292,905	-	53,790
<b>Disbursements:</b>				
<b>Operating:</b>				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	15,037	7,500	48,423
Total disbursements	-	15,037	7,500	48,423
Excess (deficiency) of receipts over (under) disbursements	97,131	277,868	(7,500)	5,367
<b>Other financing sources (uses)</b>				
Sale of capital assets	-	-	-	-
Transfers In	-	-	-	-
Transfers out	(97,131)	(278,006)	-	(1,530)
Total other financing sources (uses)	(97,131)	(278,006)	-	(1,530)
Change in cash balances	-	(138)	(7,500)	3,837
Cash balances beginning of year	-	9,540	34,741	229,864
Cash balances end of year	\$ -	\$ 9,402	\$27,241	\$233,701
<b>Cash Basis Fund Balances</b>				
<b>Restricted for:</b>				
Urban renewal	\$ -	\$ 9,402	\$ -	\$ -
Other purposes	-	-	27,241	233,701
Total cash basis fund balances	\$ -	\$ 9,402	\$27,241	\$233,701

See accompanying independent auditor's report.

Revenue					
Riefe Memorial Fund	Library Reading Garden Expansion	Public Library Memorial	Miscellaneous Gifts	Wooden Playground Maintenance	Police Forfeiture
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
12	3	14,318	291	6	21
-	-	-	-	-	-
-	-	136	-	-	-
-	7,699	46,822	54,903	-	-
12	7,702	61,276	55,194	6	21
-	-	-	34,779	-	2,358
-	-	-	-	-	-
4,632	9,259	105,688	80	-	-
-	-	-	-	-	-
4,632	9,259	105,688	34,859	-	2,358
(4,620)	(1,557)	(44,412)	20,335	6	(2,337)
-	-	1,094	-	-	-
-	-	-	-	-	-
(688)	-	-	-	-	-
(688)	-	1,094	-	-	-
(5,308)	(1,557)	(43,318)	20,335	6	(2,337)
5,308	2,553	816,500	33,199	3,306	4,718
\$ -	\$ 996	\$ 773,182	\$53,534	\$ 3,312	\$ 2,381
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	996	773,812	53,534	3,312	2,381
\$ -	\$ 996	\$ 773,812	\$53,534	\$ 3,312	\$ 2,381

## CITY OF OSKALOOSA

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds - Continued

As of and for the year ended June 30, 2020

	Miscellaneous Grants	Brownfield Sites Grand Fund	Fire Dept. FEMA Grant	Total
<b>Receipts:</b>				
Property tax	\$ -	\$ -	\$ -	\$ 92,281
Tax increment financing	-	-	-	292,639
Other city tax	-	-	-	2,234
Use of money and property	23	-	-	17,587
Intergovernmental	16,373	40,633	125,238	184,860
Charges for services	-	-	-	1,820
Miscellaneous	1,383	-	-	160,266
Total receipts	17,779	40,633	125,238	751,687
<b>Disbursements:</b>				
<b>Operating:</b>				
Public safety	40,032	-	140,008	217,177
Public works	-	40,633	-	40,633
Culture and recreation	2,365	-	-	122,024
Community and economic development	-	-	-	70,960
Total disbursements	42,397	40,633	140,008	450,794
Excess (deficiency) of receipts over (under) disbursements	(24,618)	-	(14,770)	300,893
<b>Other financing sources (uses)</b>				
Sale of capital assets	-	-	-	1,094
Transfers In	1,434	-	14,770	16,204
Transfers out	-	-	-	(377,355)
Total other financing sources (uses)	1,434	-	14,770	(360,057)
Change in cash balances	(23,184)	-	-	(59,164)
Cash balances beginning of year	30,273	-	-	1,170,002
Cash balances end of year	\$ 7,089	\$ -	\$ -	\$1,110,838
<b>Cash Basis Fund Balances</b>				
<b>Restricted for:</b>				
Urban renewal	\$ -	\$ -	\$ -	\$ 9,402
Other purposes	7,089	-	-	1,101,436
Total cash basis fund balances	\$ 7,089	\$ -	\$ -	\$1,110,838

See accompanying independent auditor's report.

## CITY OF OSKALOOSA

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Proprietary Funds

As of and for the year ended June 30, 2020

	Enterprise			Total
	Storm Water	Edmundson Golf Course	RACI Main Street Loans	
Operating receipts:				
Charges for service	\$ 268,726	\$ -	\$ -	\$ 268,726
Use of money and property	-	8,500	-	8,500
Total operating receipts	268,726	8,500	-	277,226
Operating disbursements:				
Business type activities	41,346	8,759	-	50,105
Total operating disbursements	41,346	8,759	-	50,105
Excess (deficiency) of operating receipts over (under) operating disbursements	227,380	(259)	-	227,121
Non-operating receipts (disbursements):				
Intergovernmental	-	-	-	-
Interest on investments	2,346	235	121	2,702
Miscellaneous	-	300	-	300
Sale of capital asset	-	-	-	-
Capital projects	(104,387)	(133,650)	-	(238,037)
Net non-operating receipts (disbursements)	(102,041)	(133,115)	121	(235,035)
Excess (deficiency) of receipts over (under) disbursements	125,339	(133,374)	121	(7,914)
Other financing sources (uses):				
Transfers in	-	63,624	-	63,624
Transfers out	-	-	-	-
Total other financing sources (uses)	-	63,624	-	63,624
Change in cash balances	125,339	(69,750)	121	55,710
Cash balances beginning of year	478,016	154,837	25,666	658,519
Cash balances end of year	\$ 603,355	\$ 85,087	\$ 25,787	\$ 714,229
<b>Cash Basis Fund Balances</b>				
Unrestricted	603,355	85,087	25,787	714,229
Total cash basis fund balances	\$ 603,355	\$ 85,087	\$ 25,787	\$ 714,229

See accompanying independent auditor's report.

## CITY OF OSKALOOSA

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Internal Service Funds

As of and for the year ended June 30, 2020

	Copier/Fax Revolving	Health Insurance	Flex Benefit Plan	Total
Receipts:				
Use of money and property	\$ 52	\$ 3,430	\$ 6	\$ 3,488
Charges for services:				
Premiums	-	799,314	-	799,314
Copier and fax services	5,261	-	-	5,261
Miscellaneous	-	-	382	382
Miscellaneous:				
Flex elections	-	-	26,725	26,725
Refunds/reimbursements	-	56,605	-	56,605
Total receipts	<u>5,313</u>	<u>859,349</u>	<u>27,113</u>	<u>891,775</u>
Disbursements:				
Nonprogram:				
Contractual and contractual services	-	730,054	26,037	756,091
Commodities	2,194	-	-	2,194
Total disbursements	<u>2,194</u>	<u>730,054</u>	<u>26,037</u>	<u>758,285</u>
Excess (deficit) of operating receipts over (under) operating disbursements	3,119	129,295	1,076	133,490
Other financing sources (uses)				
Transfers	-	-	-	-
Change in cash balances	3,119	129,295	1,076	133,490
Cash balances beginning of year	<u>25,105</u>	<u>343,543</u>	<u>5,642</u>	<u>374,290</u>
Cash balances end of year: unrestricted	<u>\$28,224</u>	<u>\$472,838</u>	<u>\$ 6,718</u>	<u>\$507,780</u>

See accompanying independent auditor's report.

**City of Oskaloosa**

**CITY OF OSKALOOSA**

Schedule of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Capital Projects Funds

As of and for the year ended June 30, 2020

	Park Shelter Cap Improvement	City Hall Window Project	Rec and Early Child- hood Center	Facade Improvement Grant II	Facade Improvement Grant Phase III	NE Bridge Replacement Program
Receipts:						
Use of money and property						
Interest on investments	\$ 1,962	\$ 91	\$ 22,450	\$ 423	\$ -	\$ 381.
Intergovernmental	-	-	-	318,483	-	68,410
Special assessments	-	-	-	-	-	-
Miscellaneous	-	-	590,722	61,639	-	-
Total receipts	<u>1,962</u>	<u>91</u>	<u>613,172</u>	<u>380,545</u>	<u>-</u>	<u>68,791</u>
Disbursements	<u>747</u>	<u>166</u>	<u>2,161,327</u>	<u>583,682</u>	<u>-</u>	<u>90,253</u>
Excess (deficiency) of receipts over (under) disbursements	<u>1,215</u>	<u>(75)</u>	<u>(1,548,155)</u>	<u>(203,137)</u>	<u>-</u>	<u>(21,462)</u>
Other financing sources (uses):						
Bond proceeds	-	-	-	-	-	-
Sale of capital assets	-	35,617	-	-	-	-
Transfers in	-	-	11,478,154	20,000	3,100	-
Transfers (out)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>35,617</u>	<u>11,478,154</u>	<u>20,000</u>	<u>3,100</u>	<u>-</u>
Change in cash balances	1,215	35,542	9,929,999	(183,137)	3,100	(21,462)
Cash balances beginning of year	<u>28,068</u>	<u>25,974</u>	<u>1,815,268</u>	<u>282,878</u>	<u>-</u>	<u>217,276</u>
Cash balances end of year:						
Restricted	<u>\$29,283</u>	<u>\$61,516</u>	<u>\$11,745,267</u>	<u>\$ 99,741</u>	<u>\$ 3,100</u>	<u>\$195,814</u>

See accompanying independent auditor's report.



Burlington Road Reconstruction	South D Street Reconstruction	Pavement Management	Sidewalk Improvement Project	2020 GO LOST Bond	Lacey Roads Improvement Fund	Intrafund Transfers Elimination	Total
\$ 19	\$ 161	\$ 555	\$ 25	\$ -	\$ 26	\$ -	\$ 26,093
-	151,583	-	-	-	-	-	538,476
-	-	-	1,271	-	-	-	1,271
-	-	20,098	937	-	-	-	673,396
19	151,744	20,653	2,233	-	26	-	1,239,236
894	96,071	393,532	9,240	72,899	92,643	-	3,501,454
(875)	55,673	(372,879)	(7,007)	(72,899)	(92,617)	-	(2,262,218)
-	-	-	-	10,605,000	-	-	10,605,000
-	-	-	-	-	-	-	35,617
-	-	542,363	-	-	35,255	(10,715,117)	1,363,755
-	(193,359)	-	-	(10,512,493)	(159,295)	10,715,117	(150,030)
-	(193,359)	542,363	-	92,507	(124,040)	-	11,854,342
(875)	(137,686)	169,484	(7,007)	19,608	(216,657)	-	9,592,124
10,663	137,689	166,904	12,203	-	251,912	-	2,948,835
\$ 9,788	\$ 3	\$ 336,388	\$ 5,196	\$ 19,608	\$ 35,255	\$ -	\$12,540,959

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**CITY OF OSKALOOSA**

Schedule of Indebtedness

Year ended June 30, 2020

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Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation Bonds and Notes:			
Fire Station and Refunding Notes	Sep 10, 2015	2.50 - 4.00%	\$ 4,125,000
Urban Renewal Refunding Notes	May 31, 2016	1.20 - 1.45	1,695,000
Lacey Roads Improvements Notes	May 22, 2018	3.00	1,710,000
ECE/Recreation Project Bonds	May 20, 2020	2.54	10,605,000
Revenue Bonds and Capital Loan Notes:			
Sewer revenue bonds	Dec 6, 2002	1.75	\$ 4,017,000
Sewer revenue capital loan notes - 2018	May 25, 2018	1.75	3,822,000
Sewer revenue capital loan notes - 2019	May 10, 2019	1.75	3,176,000
Sewer revenue capital loan notes - 2020	May 1, 2020	1.75	1,269,000

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
\$ 2,735,000	\$ -	\$ 220,000	\$ 2,515,000	\$ 82,950	\$ -
995,000	-	240,000	755,000	12,468	-
1,560,000	-	155,000	1,405,000	46,800	-
-	10,605,000	-	10,605,000	-	-
<u>\$ 5,290,000</u>	<u>\$10,605,000</u>	<u>\$ 615,000</u>	<u>\$15,280,000</u>	<u>\$ 142,218</u>	<u>\$ -</u>
\$ 1,237,000	\$ -	\$ 233,000	\$ 1,004,000	\$ 21,648	\$ -
3,477,961	168,723	228,684	3,418,000	67,710	-
142,108	1,488,660	290,000	1,340,768	17,019	-
-	114,607	-	114,607	-	-
<u>\$ 4,857,069</u>	<u>\$ 1,771,990</u>	<u>\$ 751,684</u>	<u>\$ 5,877,375</u>	<u>\$ 106,377</u>	<u>\$ -</u>

## CITY OF OSKALOOSA

## Schedule of Bond and Note Maturities

June 30, 2020

Year Ending June 30,	General Obligation Notes					
	Fire Station and Refunding Issued September 10, 2015		Refunding Issued May 31, 2016		Lacey Roads Improvements Issued May 22, 2018	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2021	3.00%	\$ 220,000	1.20%	\$ 250,000	3.00%	\$ 160,000
2022	4.00	225,000	1.30	250,000	3.00	165,000
2023	4.00	235,000	1.45	255,000	3.00	170,000
2024	2.50	240,000	-	-	3.00	170,000
2025	2.50	245,000	-	-	3.00	175,000
2026	2.50	255,000	-	-	3.00	180,000
2027	3.00	260,000	-	-	3.00	190,000
2028	3.00	270,000	-	-	3.00	195,000
2029	3.00	280,000	-	-	-	-
2030	3.00	285,000	-	-	-	-
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
Total		<u>\$ 2,515,000</u>		<u>\$ 755,000</u>		<u>\$ 1,405,000</u>

Year Ending June 30,	General Obligation Notes		
	ECE/Recreation Project Issued May 20, 2020		
	Interest Rates	Amount	Total
2021	2.54%	\$ 425,000	\$ 1,055,000
2022	2.54	395,000	1,035,000
2023	2.54	455,000	1,115,000
2024	2.54	590,000	1,000,000
2025	2.54	605,000	1,025,000
2026	2.54	620,000	1,055,000
2027	2.54	635,000	1,085,000
2028	2.54	650,000	1,115,000
2029	2.54	665,000	945,000
2030	2.54	685,000	970,000
2031	2.54	700,000	700,000
2032	2.54	720,000	720,000
2033	2.54	735,000	735,000
2034	2.54	755,000	755,000
2035	2.54	775,000	775,000
2036	2.54	795,000	795,000
2037	2.54	<u>400,000</u>	<u>400,000</u>
Total		<u>\$10,605,000</u>	<u>\$15,280,000</u>

## CITY OF OSKALOOSA

## Schedule of Bond and Note Maturities - Continued

June 30, 2020

Year Ending June 30,	Revenue Bonds and Notes					
	Sewer Revenue Bonds Issued December 6, 2002		Sewer Revenue Capital Loan Notes Issued May 25, 2018		Sewer Revenue Capital Loan Notes Issued May 10, 2019	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2021	1.75%	\$ 240,000	1.75%	\$ 233,000	1.75%	\$ 296,000
2022	1.75	247,000	1.75	238,000	1.75	302,000
2023	1.75	255,000	1.75	242,000	1.75	308,000
2024	1.75	262,000	1.75	247,000	1.75	314,000
2025	-	-	1.75	252,000	1.75	320,000
2026	-	-	1.75	257,000	1.75	327,000
2027	-	-	1.75	262,000	1.75	333,000
2028	-	-	1.75	267,000	1.75	340,000
2029	-	-	1.75	273,000	1.75	346,000
2030	-	-	1.75	278,000	-	-
2031	-	-	1.75	284,000	-	-
2032	-	-	1.75	290,000	-	-
2033	-	-	1.75	295,000	-	-
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
Total		<u>\$ 1,004,000</u>		<u>\$ 3,418,000</u>		<u>\$ 2,886,000</u>

Year Ending June 30,	Revenue Bonds and Notes			
	Sewer Revenue Capital Loan Notes Issued May 1, 2020			
	Interest Rates	Amount	Total	
2021	1.75%	\$ 116,000	\$ 885,000	
2022	1.75	118,000	905,000	
2023	1.75	121,000	926,000	
2024	1.75	123,000	946,000	
2025	1.75	125,000	697,000	
2026	1.75	128,000	712,000	
2027	1.75	131,000	726,000	
2028	1.75	133,000	740,000	
2029	1.75	136,000	755,000	
2030	1.75	138,000	416,000	
2031	1.75	-	284,000	
2032	1.75	-	290,000	
2033	1.75	-	295,000	
2034	1.75	-	-	
2035	1.75	-	-	
2036	1.75	-	-	
2037	1.75	-	-	
Total		<u>\$ 1,269,000</u>	<u>\$ 8,577,000</u>	

See accompanying independent auditor's report.

**CITY OF OSKALOOSA**

Schedule of Receipts by Source and Disbursements by Function -  
All Governmental Funds

For the last ten years

	Years ended June 30,			
	2020	2019	2018	2017
<b>Receipts:</b>				
Property tax	\$ 4,796,450	\$ 4,691,851	\$ 4,478,699	\$ 4,363,345
Other city tax	1,790,046	1,457,406	1,609,000	1,775,176
Licenses and permits	651,226	766,482	712,831	639,010
Use of money and property	126,206	146,362	93,734	70,739
Intergovernmental	2,666,508	3,893,826	2,253,238	2,254,789
Charges for service	103,225	131,134	122,449	133,046
Special assessments	13,099	12,826	12,034	10,055
Miscellaneous	1,011,191	637,823	474,054	1,945,530
<b>Total</b>	<b>\$11,157,951</b>	<b>\$11,737,710</b>	<b>\$10,034,039</b>	<b>\$11,191,490</b>
<b>Disbursements:</b>				
<b>Operating:</b>				
Public safety	\$ 3,141,055	\$ 3,117,122	\$ 3,128,210	\$ 2,791,951
Public works	1,853,075	1,499,187	1,425,686	1,677,820
Culture and recreation	1,382,223	1,283,425	1,096,942	1,158,000
Community and economic development	278,560	301,218	517,464	1,160,532
General government	948,870	868,491	835,597	894,040
Debt service	758,818	758,283	749,055	742,119
Capital projects	3,501,454	4,259,627	2,539,546	3,353,803
<b>Total</b>	<b>\$11,864,055</b>	<b>\$12,087,353</b>	<b>\$10,292,500</b>	<b>\$11,778,265</b>

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
\$ 4,540,552	\$ 4,597,670	\$ 4,508,077	\$ 4,359,994	\$ 4,514,541	\$ 4,204,759
1,336,597	1,295,723	1,370,757	1,386,348	1,494,539	1,411,707
650,445	672,982	660,195	622,194	454,865	258,480
58,409	71,053	74,836	75,718	97,104	92,202
1,961,534	1,539,432	1,377,449	1,457,354	2,209,250	1,521,335
143,341	118,743	132,565	125,891	139,966	135,086
14,889	15,028	21,959	22,851	15,310	239,502
1,749,675	1,372,166	1,302,513	1,092,749	950,376	641,278
<u>\$ 10,445,542</u>	<u>\$ 9,682,797</u>	<u>\$ 9,448,351</u>	<u>\$ 9,143,099</u>	<u>\$ 9,875,951</u>	<u>\$ 8,504,349</u>
\$ 2,880,499	\$ 2,881,145	\$ 2,802,950	\$ 2,658,729	\$ 2,580,508	\$ 2,444,577
1,425,006	1,397,840	1,280,219	1,318,293	1,176,248	1,098,301
1,187,709	1,160,698	1,033,721	948,790	980,969	1,101,895
1,207,612	1,196,113	1,162,314	1,134,671	1,275,056	1,252,684
913,997	923,106	848,320	847,130	700,560	597,240
3,116,681	862,470	935,563	931,393	1,024,485	1,142,933
3,015,398	681,303	1,250,104	1,856,415	1,045,957	205,535
<u>\$ 13,666,902</u>	<u>\$ 9,102,675</u>	<u>\$ 9,313,191</u>	<u>\$ 9,695,421</u>	<u>\$ 8,783,783</u>	<u>\$ 7,843,165</u>

## CITY OF OSKALOOSA

## Schedule of Expenditures of Federal Awards

June 30, 2020

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
Direct:			
U.S. Department of Transportation:			
Federal Aviation Administration Airports Division:			
Airport Improvement Program	20.106		\$ 318,011
Environmental Protection Agency:			
Brownfields Assessments and Cleanup:			
Cooperative Agreements	66.818		40,633
U.S. Department of Homeland Security			
Assistance to Firefighters Grant	97.044		<u>125,238</u>
Total - Direct			<u>483,882</u>
Indirect:			
U.S. Department of Justice:			
Iowa Department of Public Safety:			
Bulletproof Vest Partnership Program	16.607	1121-0235	3,146
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP-19-405d-M60T PAP-20-402-MOPT	3,137 8,828
Iowa Department of Transportation			
Highway Planning and Construction	20.205	BROS-5780(614)--8J-62 STP-U-5780(615)--70-62	61,902 76,858
U.S. 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	18-DTR-003	<u>334,302</u>
Total - Indirect			<u>488,173</u>
Total			<u>\$ 972,055</u>

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

**Summary of Significant Accounting Policies** - Expenditures reported in the Schedule are reported on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Indirect Cost Rate** - The City of Oskaloosa has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



**CITY OF OSKALOOSA**

Miscellaneous Data (Unaudited)

June 30, 2020

Form of government	Mayor/Council
Area	8.06 square miles
Building permits, fiscal year ending June 30, 2020	
Permits issued	181
Estimated costs	\$39,995,026
Fire protection:	
Number of stations	1
Number of full-time fire fighters	8
Police protection:	
Number of stations	1
Number of full-time officers	17
Recreation:	
Number of parks	8
Number of acres	173.71
Number of swimming pools	1
Employees of City as of June 30, 2020	114
Schools:	
Public	3
Parochial	1
Population:	
1900	9,212
1910	9,466
1920	9,427
1930	10,123
1940	11,024
1950	11,124
1960	11,053
1970	11,224
1980	10,989
1990	10,600
2000	10,938
2010	11,463

**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**



## MARTENS & COMPANY, CPA, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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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:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information for the primary government of the City of Oskaloosa, Iowa as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 28, 2020. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles. Our report expressed an adverse opinion on the financial statements of the aggregate discretely presented component unit due to the omission of the Oskaloosa Municipal Water Works.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Oskaloosa's internal control over financial reporting to determine the audit procedures 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 Oskaloosa's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Oskaloosa's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, significant deficiencies or material weaknesses 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.

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 a material misstatement of the primary government of the City of Oskaloosa'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 which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Oskaloosa's financial statements are free of 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*.

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

#### 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 result of that testing and not to provide an opinion on the effectiveness of the City of Oskaloosa'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 City of Oskaloosa'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 Oskaloosa 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.

*Martens & Company, CPA, LLP*

West Des Moines, Iowa  
September 28, 2020

**Independent Auditor's Report on Compliance  
for Each Major Federal Program and on Internal Control over Compliance  
Required by the Uniform Guidance**



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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:

#### Report on Compliance for Each Major Federal Program

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

#### 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 program.

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Oskaloosa'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 Oskaloosa's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

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

#### Opinion on each Major Federal Program

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

#### Report on Internal Control Over Compliance

The management of the City of Oskaloosa 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 Oskaloosa'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 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 Oskaloosa'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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility 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 a material weakness. However, material weaknesses or significant deficiencies 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.

*Martens & Company, CPA, LLP*

West Des Moines, Iowa  
September 28, 2020

**CITY OF OSKALOOSA**

Schedule of Findings

Year ended June 30, 2020

**Part I: Summary of the Independent Auditor's Results:**

- (a) Unmodified opinions were issued on the financial statements of the primary government of the City, of the governmental activities, business type activities, each major fund and the aggregated remaining fund information prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. An adverse opinion was expressed on the financial statements of the aggregate discretely presented component unit.
- (b) No material weaknesses or significant deficiencies in internal control over financial reporting are 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 programs was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit did not disclose audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major programs were CFDA Number 14.228 - Community Development Block Grants/States Program and Non-Entitlement Grants in Hawaii and CFDA Number 20.106-Airport Improvement Program.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (I) The City of Oskaloosa did not qualify as a low-risk auditee.

**Part II: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCY:**

No matters were noted.

**Part III: Findings For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCY:**

Not matters were noted.



**CITY OF OSKALOOSA**

Schedule of Findings - Continued

Year ended June 30, 2020

**Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-20 Certified Budget - Disbursements during the year ended June 30, 2020 did not exceed amounts budgeted.
- IV-B-20 Questionable Disbursements - No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.
- IV-C-20 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted. No travel advances to City officials or employees were noted.
- IV-D-20 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

Name	Title	Business Connection	Transaction Description	Amount Gross
Gladys Genskow	Pool manager	Gensko Distributing Inc.	Concession supplies	\$ 333

In accordance with Chapter 362.5(3)(J) of the Code of Iowa, the transactions with the pool manager do not appear to represent a conflict of interest since total transactions with the individual were less than \$6,000 during the fiscal year.

- IV-E-20 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- IV-F-20 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not. The City published the minutes of the Council proceedings as required by Chapter 372.13(6) of the Code of Iowa.
- IV-G-20 Deposits and Investments - We noted no instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City’s investment policy.
- IV-H-20 Revenue Bonds - No instances of non-compliance with the revenue bond and note resolutions were noted.
- IV-I-20 Payment of General Obligation Bonds - General obligation bond payments were paid from the Debt Service Fund in compliance with Chapter 384.4 of the Code of Iowa.
- IV-J-20 Economic Development - We noted no instances of noncompliance with the public purpose provisions of Chapter 15A of the Code of Iowa pertaining to economic development.

**CITY OF OSKALOOSA**

Schedule of Findings - Continued

Year ended June 30, 2020

**Part IV: Other Findings Related to Required Statutory Reporting - Continued:**

- IV-K-20 Notice of Public Hearing for Public Improvements - We noted no instances of noncompliance with the Chapters 384.102 and 362.3 of the Code of Iowa.
- IV-L-20 Sales Tax - We noted no instances of noncompliance with Sections 701-26.71 and 701-26.72 of the Iowa Department of Revenue and Finance Administrative Rules and Regulations.
- IV-M-20 Urban Renewal Annual Report - The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.
- IV-N-20 Restricted Donor Activity - No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.