

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

June 30, 2021

CITY OF OSKALOOSA

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CITY OF OSKALOOSA

OFFICIALS

June 30, 2021

<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
Jeff Swanson.	Fire Chief	
Ben Boeke.	Police Chief	
Marion Gaughan.	Library Director	
Shawn Christ.	Development Services Director & Interim PW Director	



MARTENS & COMPANY, CPA, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2021, 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, 2021, 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, 2021, 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, 2020 (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 57 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 74 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 October 6, 2021 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
October 6, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2021. 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 \$21,166,064 compared to \$27,451,146 as of June 30, 2020.
- The government's total cash decreased by approximately \$6,285,000.
- The City's total long-term debt increased by approximately \$1,657,000 during the fiscal year ended June 30, 2021.

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. 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, 2021 and 2020.

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 decreased from a year ago from approximately \$21.0 million to \$15.0 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 decreased by approximately 4.4 percent or approximately \$0.956 million. The total disbursements of governmental activities programs and services increased by approximately \$15.07 million or approximately 127.1% percent. The increase in disbursements was primarily the result of the capital project expenditures including the Early Childhood Education and Recreation Center.

Table 1 - City of Oskaloosa's Changes in Cash Balances
(Expressed in Thousands)
Year ended June 30, 2021

	Governmental Activities 2021	Business Type Activities 2021	Total 2021
Receipts:			
Program receipts:			
Charges for service	\$ 610	\$ 4,252	\$ 4,862
Operating grants, contributions and restricted interest	2,387	57	2,444
Capital grants, contributions and restricted interest	7,940	43	7,983
General receipts:			
Property taxes	5,001	-	5,001
Other taxes	2,952	-	2,952
Investment earnings	9	2	11
Loan proceeds	1,936	1,737	3,673
Other general receipts	137	349	486
Total receipts	20,972	6,440	27,412
Disbursements:			
Public safety	2,757	-	2,757
Public works	1,628	-	1,628
Culture and recreation	1,117	-	1,117
Community and economic development	184	-	184
General government	916	-	916
Debt service	1,463	-	1,463
Capital projects	18,866	-	18,866
Sewer	-	4,949	4,949
Airport	-	1,562	1,562
Edmundson Golf Course	-	37	37
Storm water	-	218	218
Total disbursements	26,931	6,766	33,697
Change in cash balances before transfers	(5,959)	(326)	(6,285)
Transfers, net			
Change in cash balances	(5,959)	(326)	(6,285)
Cash balances, beginning	20,977	6,474	27,451
Cash balances, ending	\$ 15,018	\$ 6,148	\$ 21,166

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>	<u>14</u>	<u>-</u>
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>

The City's total property tax rates in 2021 increased approximately 1.47 percent. The City's tax receipts from the tax levy increased approximately \$198,000 in 2021. The increase was due to an increase in the total property valuations and the tax levy rate.

The City increased the total property tax rates in 2020 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.

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 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
General government	\$ 916,259	\$ 604,115	\$ 948,654	\$ 537,999
Public safety	2,756,914	2,429,073	3,141,055	2,699,265
Public works	1,627,492	(202,946)	1,847,171	324,983
Culture and recreation	1,117,604	788,458	1,382,223	1,094,238
Community and economic development	184,001	(8,298)	278,560	120,685
Debt service	1,463,245	1,458,199	758,818	753,854
Capital projects	<u>18,865,529</u>	<u>10,925,578</u>	<u>3,501,454</u>	<u>2,262,218</u>
Total	<u>\$26,931,044</u>	<u>\$15,994,179</u>	<u>\$11,857,935</u>	<u>\$ 7,793,242</u>

Net cost of services is 59% and 66% of total cost of services in 2021 and 2020, 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 decreased the City of Oskaloosa's cash balances \$326,616. Key elements of this decrease are as follows:

- Total business type activities' receipts for the fiscal year were approximately \$6.44 million compared to \$9.38 million for 2020. This decrease in receipts was due primarily to the sale of land at the airport in the prior year. Disbursements decreased approximately \$538,000 primarily due to decreased capital project expenditures in the Sewer Fund.

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 \$4,819,930, an increase of \$1,114,965 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 increased by \$148,434 to \$1,003,685 during the fiscal year. This Fund's receipts increased due to increased amounts received from the state and conservative spending measures enacted during COVID-19.
- 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 \$1,245,992 an increase of \$9,994 due to interest earned on the accounts.

- The Special Revenue, Local Option Sales and Service Tax Revenue Funds increased by \$163,628 to \$735,799 due to an increase in tax collected.
- The Debt Service Fund had an increase of \$860,388 for an ending cash balance of \$1,082,122. The increase was due to increased transfers to the fund from capital projects.
- The Special Revenue, Employee Benefits Fund had an increase of \$51,747 for an ending cash balance of \$213,211. This increase was due to vacancies in public safety staff.
- The Capital Projects Funds had a decrease of \$8,588,171 for an ending cash balance of \$3,952,788 due to expenditures for the ECE/recreation project.

Individual Major Business Type Fund Analysis

- The cash balance of the Enterprise, Sanitary Sewer Fund increased \$770,884 to \$3,498,239, due primarily to reduced operating expenditures.
- The Enterprise, Airport Fund recorded a decrease of \$1,124,979 to \$1,973,423. The increase is due to the purchase of land for the new 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 twice. The amendments 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 \$5,398,620 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 \$9,714,730 less than the amended budget. Actual disbursements for the capital projects, public safety and business type activities functions were \$6,061,849, \$419,374 and \$2,582,535, 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 \$22,814,000 in bonds and other long-term debt compared to approximately \$21,157,000 last year as shown below:

Outstanding Debt at Year-End (Expressed in Thousands)		
	2021	2020
General obligation notes and bonds	\$ 16,085	\$ 15,280
Revenue bonds and other notes	6,729	5,877
Total	<u>\$ 22,814</u>	<u>\$ 21,157</u>

Debt increased as a result of a new sewer capital loan note, draws on two new sewer revenue capital loans and a new Street Improvement 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 \$16,085,000 is well below the City's \$29.4 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 2022 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 2022. Budgeted intergovernmental revenues are expected to decrease approximately \$223,161 and capital project disbursements are expected to decrease approximately \$15,199,095. If these estimates are realized, the City's budgeted cash balance is expected to decrease approximately \$2,697,028 by the close of 2022.

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, 2021

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 2,756,914	\$ 65,407	\$ 262,434	\$ -
Public works	1,627,492	200	1,830,238	-
Culture and recreation	1,117,604	83,616	245,530	-
Community and economic development	184,001	155,045	37,254	-
General government	916,259	300,873	11,271	-
Debt service	1,463,245	5,046	-	-
Capital projects	18,865,529	-	-	7,939,951
Total governmental activities	<u>26,931,044</u>	<u>610,187</u>	<u>2,386,727</u>	<u>7,939,951</u>
Business type activities:				
Sewer	4,948,848	3,979,824	2,931	-
Airport	1,561,505	-	45,612	43,000
Other	255,170	272,130	8,500	-
Total business type activities	<u>6,765,523</u>	<u>4,251,954</u>	<u>57,043</u>	<u>43,000</u>
Total	<u>\$ 33,696,567</u>	<u>\$ 4,862,141</u>	<u>\$2,443,770</u>	<u>\$7,982,951</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 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				
Cash Basis Net Position				
Restricted:				
Expendable:				
Streets				
Urban renewal purposes				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net position				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Governmental Activities	Business Type Activities	Total
\$ (2,429,073)	\$ -	\$ (2,429,073)
202,946	-	202,946
(788,458)	-	(788,458)
8,298	-	8,298
(604,115)	-	(604,115)
(1,458,199)	-	(1,458,199)
(10,925,578)	-	(10,925,578)
(15,994,179)	-	(15,994,179)
-	(966,093)	(966,093)
-	(1,472,893)	(1,472,893)
-	25,460	25,460
-	(2,413,526)	(2,412,631)
(15,994,179)	(2,413,526)	(18,406,810)
4,250,502	-	4,250,502
750,127	-	750,127
401,954	-	401,954
1,516,047	-	1,516,047
1,034,355	-	1,034,355
9,438	2,345	11,783
1,935,741	1,737,113	3,672,854
123,989	345,331	469,320
13,560	2,121	15,681
-	-	-
10,035,713	2,086,910	12,122,623
(5,958,466)	(326,616)	(6,285,082)
20,976,601	6,474,545	27,451,146
\$15,018,135	\$ 6,147,929	\$ 21,166,064
\$ 1,003,685	\$ -	\$ 1,003,685
77,120	-	77,120
1,082,123	165,215	1,247,338
7,342,696	-	7,342,696
5,512,511	5,982,714	11,495,225
\$15,018,135	\$ 6,147,929	\$21,166,064

CITY OF OSKALOOSA

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

As of and for the year ended June 30, 2021

	Special		
	General	Road Use Tax	Library Maintenance
Receipts:			
Property tax	\$3,040,772	\$ -	\$ -
Tax increment financing	-	-	-
Other city tax	168,453	-	-
Licenses and permits	705,198	-	-
Use of money and property	7,481	-	26,800
Intergovernmental	686,862	1,724,857	-
Charges for service	137,066	-	-
Special assessments	7,735	-	-
Miscellaneous	210,903	-	-
Total receipts	4,964,470	1,724,857	26,800
Disbursements:			
Operating:			
Public safety	2,734,984	-	-
Public works	153,640	1,376,423	-
Culture and recreation	977,148	-	16,806
Community and economic development	128,800	-	-
General government	943,008	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	4,937,580	1,376,423	16,806
Excess (deficiency) of receipts over (under) disbursements	26,890	348,434	9,994
Other financing sources (uses):			
Bond proceeds	-	-	-
Bond premiums	41	-	-
Sale of capital assets	-	-	-
Transfers in	1,559,661	-	-
Transfers out	(471,627)	(200,000)	-
Total other financing sources (uses)	1,088,075	(200,000)	-
Change in cash balances	1,114,965	148,434	9,994
Cash balances beginning of year	3,704,965	855,251	1,235,998
Cash balances end of year	\$4,819,930	\$1,003,685	\$1,245,992
Cash Basis Fund Balances			
Restricted for:			
Urban renewal purposes	\$ -	\$ -	\$ -
Debt service	-	-	-
Streets	-	1,003,685	-
Capital projects	-	-	1,245,992
Other purposes	-	-	-
Unassigned	4,819,930	-	-
Total cash basis fund balances	\$4,819,930	\$1,003,685	\$1,245,992

See notes to financial statements.

Revenue					
Local Option Sales and Service Tax Revenue	Employee Benefits	Debt Service	Capital Projects	Nonmajor	Total
\$ -	\$ 1,115,026	\$ 750,127	\$ -	\$ 94,704	\$ 5,000,629
-	-	-	-	401,954	401,954
1,516,047	25,590	16,677	-	2,173	1,728,940
-	-	-	-	-	705,198
816	436	2,020	14,423	14,385	66,361
-	29,374	19,128	647,731	121,879	3,229,831
-	-	-	-	1,147	138,213
-	-	5,046	1,250	-	14,031
-	-	-	7,276,546	166,011	7,653,460
1,516,863	1,170,426	792,998	7,939,950	802,253	18,938,617
-	-	-	-	21,930	2,756,914
-	-	-	-	105,380	1,635,443
47,966	-	-	-	75,684	1,117,604
-	-	-	-	55,202	184,002
-	-	-	-	-	943,008
-	-	1,463,245	-	-	1,463,245
-	-	-	18,865,529	-	18,865,529
47,966	-	1,463,245	18,865,529	258,196	26,965,745
1,468,897	1,170,426	(670,247)	(10,925,579)	544,057	(8,027,128)
-	-	-	1,860,000	-	1,860,000
-	-	-	75,741	-	75,741
-	-	-	13,307	212	13,560
-	-	1,530,635	1,647,860	22,796	4,760,952
(1,305,269)	(1,118,679)	-	(1,259,500)	(405,877)	(4,760,952)
(1,305,269)	(1,118,679)	1,530,635	2,337,408	(382,869)	1,949,301
163,628	51,747	860,388	(8,588,171)	161,188	(6,077,827)
572,171	161,464	221,734	12,540,959	1,110,838	20,403,380
\$ 735,799	\$ 213,211	\$1,082,122	\$ 3,952,788	\$1,272,026	\$14,325,553
\$ -	\$ -	\$ -	\$ -	\$ 77,120	\$ 77,120
-	-	1,082,122	-	-	1,082,122
-	-	-	-	-	1,003,685
-	-	-	3,952,788	-	3,952,788
735,799	213,211	-	-	1,194,906	3,389,908
-	-	-	-	-	4,819,930
\$ 735,799	\$ 213,211	\$1,082,122	\$ 3,952,788	\$1,272,026	\$14,325,553

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, 2021

Total governmental funds cash balances (pages 18-19) \$ 14,325,553

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

692,582

Cash basis net position of governmental activities (pages 16-17) \$ 15,018,135

Change in cash balances (pages 18-19) \$ (6,077,827)

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.

119,361

Change in cash basis net position of governmental activities (pages 16-17) \$ (5,958,466)

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, 2021

	Enterprise				Internal Service
	Sewer	Airport	Nonmajor	Total	
Operating receipts:					
Charges for service	\$ 3,979,824	\$ -	\$ 272,130	\$4,251,954	\$ 822,384
Use of money and property	2,931	45,612	8,500	57,043	560
Miscellaneous	-	-	-	-	63,540
Total operating receipts	<u>3,982,755</u>	<u>45,612</u>	<u>280,630</u>	<u>4,308,997</u>	<u>886,484</u>
Operating disbursements:					
Business type activities	1,468,626	201,571	110,756	1,780,953	-
Nonprogram	-	-	-	-	766,467
Total operating disbursements	<u>1,468,626</u>	<u>201,571</u>	<u>110,756</u>	<u>1,780,953</u>	<u>766,467</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>2,514,129</u>	<u>(155,959)</u>	<u>169,874</u>	<u>2,528,044</u>	<u>120,017</u>
Non-operating receipts (disbursements):					
Intergovernmental	-	43,000	-	43,000	-
Interest on investments	-	1,282	1,063	2,345	-
Miscellaneous	521	344,510	300	345,331	-
Sale of capital assets	-	2,121	-	2,121	-
Capital projects	(2,455,681)	(1,359,933)	(144,415)	(3,960,029)	-
Issuance of debt	1,737,113	-	-	1,737,113	-
Debt service	(1,025,198)	-	-	(1,025,198)	-
Net non-operating receipts (disbursements)	<u>(1,743,245)</u>	<u>(969,020)</u>	<u>(143,052)</u>	<u>(2,855,317)</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>770,884</u>	<u>(1,124,979)</u>	<u>26,822</u>	<u>(327,273)</u>	<u>120,017</u>
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in cash balances	<u>770,884</u>	<u>(1,124,979)</u>	<u>26,822</u>	<u>(327,273)</u>	<u>120,017</u>
Cash balances beginning 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>
Cash balances end of year	<u>\$ 3,498,239</u>	<u>\$ 1,973,423</u>	<u>\$ 741,051</u>	<u>\$ 6,212,713</u>	<u>\$ 627,797</u>
Cash Basis Fund Balances					
Restricted for:					
Debt service	\$ 165,215	\$ -	\$ -	\$ 165,215	\$ -
Capital projects	229,481	-	-	229,481	-
Unrestricted	<u>3,103,543</u>	<u>1,973,423</u>	<u>741,051</u>	<u>5,818,017</u>	<u>\$ 627,797</u>
Total cash basis fund balances	<u>\$ 3,498,239</u>	<u>\$ 1,973,423</u>	<u>\$ 741,051</u>	<u>\$ 6,212,713</u>	<u>\$ 627,797</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, 2021

Total enterprise funds cash balances (page 21) \$ 6,212,713

*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. (64,784)

Cash basis net position of business type activities (page 16-17) \$ 6,147,929

Change in cash balances (page 21) \$ (327,273)

*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. 657

Change in cash basis net position of business type activities (page 16-17) \$ (326,616)

See notes to financial statements.

CITY OF OSKALOOSA

Notes to Financial Statements

June 30, 2021

(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, Mahaska Area Chamber & Development Group, Mahaska Community Recreation Foundation, Joint County - Mahaska Disaster Services & Emergency Planning Administration, and the Joint Law Enforcement Center Board.

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2021

(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, 2021

(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, 2021

(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 the Governmental 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, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects tax asking contained in the budget certified to the City Council in March 2020.

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, 2021

(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) CASH AND INVESTMENTS

The City's cash and investment accounts as of June 30, 2021 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	\$ 600	\$ -	\$ -	\$ -	\$ -
Checking, savings and money market	12,651,633	-	-	-	-
Debt securities	1,403,523	318,926	242,515	400,670	441,412
Certificates of Deposit	1,150,000	1,150,000	-	-	-
Iowa Public Agency Investment Trust	5,960,308	-	-	-	-
Total	<u>\$21,166,064</u>	<u>\$ 1,468,926</u>	<u>\$ 242,515</u>	<u>\$ 400,670</u>	<u>\$ 441,412</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, 2021 considered to be Level 1 inputs:

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2021

(3) DEPOSITS AND INVESTMENTS - CONTINUED

Investment type	Moody's Investor's Service	Standard & Poor's	Cost	Fair Value
FHLB	Aaa	AA+	\$ 284,654	\$ 337,711
FHLBCB	Aaa	AA+	51,934	51,570
US Treasury Notes	Aaa	AA+	191,982	190,639
FHLMC	Aaa	AA+	83,326	80,984
FFCB	Aaa	AA+	406,859	461,774
TVA	Aaa	AA+	384,768	475,962
			<u>\$ 1,403,523</u>	<u>\$ 1,598,640</u>

In addition, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$5,960,308 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, FHLBCB, U.S. Treasury Notes, FHLMC, FFCB and TVA. These investments are 70 percent, 3 percent, 1 percent, 2 percent, 1 percent, 5 percent and 5 percent, respectively, of the City's \$8,513,831 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, 2021, 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, 2021, 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, 2021

(4) LONG-TERM DEBT

A summary of changes in bond and notes payable for the year ended June 30, 2021 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Government activities:					
Fire station and refunding	\$2,515,000	\$ -	\$ 220,000	\$ 2,295,000	\$ 225,000
Refunding	755,000	-	250,000	505,000	250,000
Lacey roads improvements	1,405,000	-	160,000	1,245,000	165,000
ECE/recreation project	10,605,000	-	425,000	10,180,000	395,000
Meadow Creek Street Improvements	-	1,860,000	-	1,860,000	165,000
Government activities total	<u>\$15,280,000</u>	<u>\$1,860,000</u>	<u>\$1,055,000</u>	<u>\$16,085,000</u>	<u>\$1,200,000</u>
Business type activities					
Sewer revenue bond	\$ 1,004,000	\$ -	\$ 240,000	\$ 764,000	\$ 247,000
Sewer capital loan notes	4,873,375	1,737,113	645,000	5,965,488	658,000
Business Type Activities Total	<u>\$ 5,877,375</u>	<u>\$1,737,113</u>	<u>\$ 885,000</u>	<u>\$ 6,729,488</u>	<u>\$ 905,000</u>

General Obligation Bonds

A summary of the City's June 30, 2021 general obligation bonds payable is as follows:

Year Ending June 30,	Fire Station and Refunding Issued September 10, 2015		
	Interest Rate	Principal	Interest
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	2.50%	255,000	39,225
2027-2031	3.00%	1,095,000	83,400
2032-2036	-	-	-
Total		<u>\$2,295,000</u>	<u>\$349,825</u>

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2021

(4) LONG-TERM DEBT - CONTINUED

Year Ending June 30,	Refunding Issued May 31, 2016		
	Interest Rate	Principal	Interest
2022	1.30%	\$ 250,000	\$ 6,947
2023	1.45%	255,000	3,698
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027-2031	-	-	-
2032-2036	-	-	-
Total		<u>\$ 505,000</u>	<u>\$ 10,645</u>

Year Ending June 30,	Lacey Road Improvements Issued May 22, 2018		
	Interest Rate	Principal	Interest
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	3.00%	180,000	16,950
2027-2031	3.00%	385,000	17,400
2032-2036	-	-	-
Total		<u>\$1,245,000</u>	<u>\$153,600</u>

Year Ending June 30,	ECE/Recreation Project Issued May 20, 2020		
	Interest Rate	Principal	Interest
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	2.54%	620,000	206,629
2027-2031	2.54%	3,335,000	789,178
2032-2036	2.54%	3,780,000	343,662
2037	2.54%	400,000	10,160
Total		<u>\$10,180,000</u>	<u>\$2,315,718</u>

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2021

(4) LONG-TERM DEBT - CONTINUED

Year Ending June 30,	Meadow Creek Street Improvement Issued May 18, 2021		
	Interest		
	Rate	Principal	Interest
2022	2.00%	\$ 165,000	\$ 34,461
2023	2.00%	170,000	29,960
2024	2.00%	210,000	26,560
2025	2.00%	220,000	22,360
2026	2.00%	225,000	17,960
2027-2031	1.00-2.00%	870,000	39,550
2032-2036	-	-	-
2037	-	-	-
Total		<u>\$1,860,000</u>	<u>\$170,851</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2022	\$ 1,200,000	\$ 407,080	\$ 1,607,080
2023	1,285,000	375,347	1,660,347
2024	1,210,000	342,192	1,552,192
2025	1,245,000	311,906	1,556,906
2026	1,280,000	280,764	1,560,764
2027-2031	5,685,000	929,528	6,614,528
2032-2036	3,780,000	343,662	4,123,662
2037	400,000	10,160	410,160
Total	<u>\$16,085,000</u>	<u>\$3,000,639</u>	<u>\$19,085,639</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, 2021, the City paid \$220,000 of principal and \$76,350 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, 2021, the City paid \$250,000 of principal and \$9,948 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, 2021, the City paid \$160,000 of principal and \$42,150 of interest on the notes.

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2021

(4) LONG-TERM DEBT - CONTINUED

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, 2021, the City paid \$425,000 of principal and \$277,598 of interest on the notes.

On May 18, 2021, the City issued \$1,860,000 of general obligation capital loan notes with interest rates ranging from 1.00% to 2.00% per annum. The notes were issued for the opening, widening, extending, grading and draining of the right-of-way of streets, highways, avenues, alleys and public grounds, the construction, reconstruction and repairing of any street improvements, the acquisition, installation, and repair of sidewalks, storm sewers, sanitary sewers, water service lines, street lighting and traffic control devices, and the acquisition of real estate needed for any of the foregoing purposes, including for the Meadow Creek Pavement Improvement Project. During the year ended June 30, 2021, the City had not made any payments yet on the notes.

Revenue Notes

A summary of the City’s June 30, 2021 revenue bonds and notes payable is as follows:

Year Ending <u>June 30,</u>	Sewer Revenue Bonds Issued December 6, 2002		
	Interest Rate	Principal	Interest
2022	1.75%	\$ 247,000	\$ 13,370
2023	1.75%	255,000	9,048
2024	1.75%	262,000	4,585
2025	-	-	-
2026	-	-	-
2027-2031	-	-	-
2032-2036	-	-	-
Total		\$ 764,000	\$ 27,003

Year Ending <u>June 30,</u>	Sewer Revenue Capital Loan Notes Issued May 25, 2018		
	Interest Rate	Principal	Interest
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	1.75%	257,000	38,605
2027-2031	1.75%	1,364,000	123,760
2032-2036	-	585,000	15,400
Total		\$ 3,185,000	\$ 375,428

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2021

(4) LONG-TERM DEBT - CONTINUED

Year Ending June 30,	Sewer Revenue Capital Loan Notes Issued May 10, 2019		
	Interest		
	Rate	Principal	Interest
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	1.75%	327,000	23,555
2027-2031	1.75%	1,019,000	35,893
2032-2036	-	-	-
Total		2,590,000	\$ <u>208,618</u>
Less: note proceeds not received as of 06/30/21		(957,512)	
		\$ <u>1,632,488</u>	

Year Ending June 30,	Sewer Revenue Capital Loan Notes Issued May 1, 2020		
	Interest		
	Rate	Principal	Interest
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	1.75%	128,000	11,655
2027-2031	1.75%	538,000	23,748
2032-2036	-	-	-
Total		1,153,000	\$ <u>103,531</u>
Less: note proceeds not received as of 06/30/21		(5,000)	
		\$ <u>1,148,000</u>	

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2021

(4) LONG-TERM DEBT - CONTINUED

Year Ending June 30,	Total		
<u>June 30,</u>	Principal	Interest	Total
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	712,000	73,815	785,815
2027-2031	2,921,000	183,401	3,104,401
2032-2036	<u>585,000</u>	<u>15,400</u>	<u>600,400</u>
Total	<u>\$ 7,692,000</u>	<u>\$ 714,580</u>	<u>\$ 8,406,580</u>
Less: note proceeds not received as of 06/30/21	<u>(962,512)</u>		
	<u>\$ 6,729,488</u>		

On December 6, 2002, the City issued \$4,017,000 of sewer revenue bonds to provide financing for the construction of water main extensions. The notes bear interest at 1.75% per annum and mature in 2024. During the year ended June 30, 2021, the City paid principal of \$240,000 and interest of \$17,570 on the bonds.

On May 25, 2018, the City issued \$3,822,000 of sewer revenue capital loan notes to provide financing for the construction of improvements to the sewer treatment plant. The notes bear interest at 1.75% per annum, and are payable through 2033. During the year ended June 30, 2021, the City paid principal of \$233,000 and interest of \$59,875 on the notes.

On May 10, 2019, the City issued \$3,176,000 of sewer revenue capital loan notes to provide financing for construction of improvements to the sewer system. The notes bear interest at 1.75% , per annum and are payable through 2031. During the year ended June 30, 2021, the City paid principal of \$296,000 and interest of \$29,682 on the notes.

On May 1, 2020, the City issued \$1,269,000 of sewer revenue capital loan notes to provide financing for construction of improvements to the sewer system. The notes bear interest at 1.75%, per annum, and are payable through 2030. During the year ended June 30, 2021, the City paid principal of \$116,000 and interest of \$15,606 on the notes.

On June 18, 2021, the City entered into a loan and disbursement agreement anticipation project note with Iowa Finance Authority (IFA) for the issuance of notes up to \$2,850,000 at no interest rate. During the year ended June 30, 2021, the City paid no principal on the loan. At June 30, 2021 the City had not drawn down any of the authorized amount.

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 \$7,440,068. For the current year, principal and interest paid and total customer net receipts were

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2021

(4) LONG-TERM DEBT - CONTINUED

\$1,007,673 and \$2,514,129 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, 2021, \$165,215 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.

(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 vacation and sick leave payable to employees as of June 30, 2021 primarily relating to the General, Road Use Tax and Sanitary Sewer Funds, is as follows:

Type of Benefit:	
Vacation	\$ 105,000
Sick leave	578,000
Comp time	<u>15,000</u>
Total	<u>\$ 698,000</u>

The liability has been computed based on rates of pay in effect at June 30, 2021.

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

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2021

(5) COMPENSATED ABSENCES (CONTINUED)

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 \$185,000 as of June 30, 2021.

(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.

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:

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

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

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

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2021

(6) PENSION PLANS - CONTINUED

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

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

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. 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 2021, 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%. Protection occupation members contributed 6.4% of covered payroll and the City contributed 9.61% of covered payroll for a total rate of 16.02%.

The City's contributions to IPERS for the year ended June 30, 2021 totaled approximately \$134,000.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the City reported a liability of \$1,407,434 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the City's proportion was .02000354%, which was a decrease of .000253% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021 the City pension expense, deferred outflows and deferred inflows totaled \$216,736, \$269,871 and \$149,614 respectively.

There were no non-employer contributing entities to IPERS.

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

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2021

(6) PENSION PLANS - CONTINUED

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 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 geometric real rates of return for each major asset class are summarized in the following table:

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

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2021

(6) PENSION PLANS - CONTINUED

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.0%, 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.

	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	\$2,350,667	\$1,407,434	\$616,551

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.

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.

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, 2021

(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, 2021.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the City's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 25.31% for the year ended June 30, 2021.

The City's contributions to MFPRSI for the year ended June 30, 2021 totaled approximately \$317,000.

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2021

(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, 2021.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the MFPRSI relative to the contributions of all MFRPSI participating employers. At June 30, 2020, the City's proportion was .464071% which was an increase of .032933 from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City pension expense, deferred outflows of resources and deferred inflows of resources totaled \$687,529, \$830,843 and \$(117,383) respectively.

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

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

The actuarial assumptions used in the June 30, 2020 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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of geometric 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, 2021

(6) PENSION PLANS - CONTINUED

Asset Class	Long-Term Expected Real Rate of Return
Large cap	7.49%
Small cap	8.10
International large cap	7.20
Emerging markets	7.90
Global infrastructure	7.50
Private non-core real estate	11.50
Private credit	6.40
Private equity	10.80
Core plus fixed income	4.00
Private core real estate	7.20

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	\$5,677,276	\$3,701,432	\$2,065,805

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.

(7) DEFERRED COMPENSATION PLAN

The City offers employees a deferred compensation plan created in accordance with the provisions of Internal Revenue Code Section 457. The plan, allows employees to defer a portion of their current salary until future years. The employees become eligible to withdraw funds upon termination, retirement, death or unforeseeable emergency. The City provides neither administrative service to the plan nor investment advice for the plan.

Plan contributions for the year by the City ended June 30, 2021 were \$19,500.

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2021

(8) 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.

(9) INTERFUND TRANSFERS AND BALANCES

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Employee Benefits	\$ 1,118,679
	Emergency	99,372
	Housing	915
	Tax Increment Financing	305,590
	Capital Projects	<u>35,105</u>
		<u>1,559,661</u>
Special Revenue:		
Misc Grants Fund	General Fund	<u>2,796</u>
Drive Control Safety Program	Special Revenue	
	Local Option Sales Tax	<u>20,000</u>
Debt Service	Special Revenue:	
	Local Option Sales Tax	306,240
	Capital Projects	<u>1,224,395</u>
		<u>1,530,635</u>
Capital Projects	General Fund	468,831
	Special Revenue:	
	Road Use Tax	200,000
	Local Option Sales Tax	<u>979,029</u>
		<u>1,647,860</u>
Total		<u>\$ 4,760,952</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, 2021 were approximately \$338,717. 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.

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2021

(10) 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.

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, 2021, the Plan held \$597,126 in cash and investments. The estimate of the claims liability was \$41,000 for June 30, 2021 and \$51,000 for June 30, 2020, and includes claims reported but not settled and those incurred but not reported. Claim payments, net of Stop-loss reimbursements as of June 30, 2021 and 2020 were \$450,000 and \$436,000, 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 43 active, 0 COBRA and 3 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, 2021, 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 \$633 for single coverage and \$1,764 for family coverage per month. The same monthly premiums apply to retirees. For the year ended June 30, 2021, the City contributed approximately \$772,000 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.

(11) 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, 2021 is approximately \$13,545,000 which will be paid as work on the projects progress.

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2021

(11) 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. \$28,960 was paid during the year ended June 30, 2021 under these agreements. Estimated amounts to be paid in future years on development agreements totaled approximately \$112,000.
- C. The City entered into an agreement with the Oskaloosa Municipal Water Department (OMWD) beginning July 1, 2020 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, 2021, the City paid OMWD \$670,894 under the agreement.

(12) 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, 2021, the City abated \$28,960 of total property tax of which \$10,132 of property tax under the urban renewal and economic development projects represents the City's portion of the abatement.

(13) SUBSEQUENT EVENTS

The City has evaluated all subsequent events through October 6, 2021, the date the financial statements were available to be issued. The City has entered into new construction contracts and amendments of approximately \$890,000 for various capital projects.

(14) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local regional and national economies, including that of City of Oskaloosa remains uncertain.

To date, the outbreak has not created a material disruption to the operations of the City of Oskaloosa. However, the extend of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the City of Oskaloosa.

CITY OF OSKALOOSA

Notes to Financial Statements - Continued

June 30, 2021

(15) PROSPECTIVE ACCOUNTING CHANGE

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

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, 2021

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted	Total
Receipts:				
Property tax	\$ 5,000,629	\$ -	\$ -	\$ 5,000,629
Tax increment financing	401,954	-	-	401,954
Other city tax	1,728,940	-	-	1,728,940
Licenses and permits	705,198	-	-	705,198
Use of money and property	66,361	59,948	560	125,749
Intergovernmental	3,229,831	43,000	-	3,272,831
Charges for service	138,213	5,074,338	822,384	4,390,167
Special assessments	14,031	-	-	14,031
Miscellaneous	7,653,460	408,871	63,540	7,998,791
Total receipts	<u>18,938,617</u>	<u>5,586,157</u>	<u>886,484</u>	<u>23,638,290</u>
Disbursements:				
Public safety	2,756,914	-	-	2,756,914
Public works	1,635,443	-	-	1,635,443
Culture and recreation	1,117,604	-	-	1,117,604
Community and economic development	184,002	-	-	184,002
General government	943,008	-	-	943,008
Debt service	1,463,245	-	-	1,463,245
Capital projects	18,865,529	-	-	18,865,529
Business type activities	-	6,766,180	-	6,766,180
Non-program	-	766,467	766,467	-
Total disbursements	<u>26,965,745</u>	<u>7,532,647</u>	<u>766,467</u>	<u>33,731,925</u>
Excess (deficiency) of receipts over (under) disbursements	(8,027,128)	(1,946,490)	120,017	(10,093,635)
Other financing sources, net	<u>1,949,301</u>	<u>1,739,234</u>	-	<u>3,688,535</u>
Change in balances	(6,077,827)	(207,256)	120,017	(6,405,100)
Balances beginning of year	<u>20,403,380</u>	<u>7,047,766</u>	<u>507,780</u>	<u>26,943,366</u>
Balances end of year	<u>\$14,325,553</u>	<u>\$ 6,840,510</u>	<u>\$627,797</u>	<u>\$ 20,538,266</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
Original	Final	Adjustment (1) See Page 50	Adjusted Final	Actual Variance- Positive (Negative)
\$ 4,956,613	\$ 4,973,411	\$ -	\$ 4,973,411	\$ 27,218
400,359	400,359	-	400,359	1,595
1,364,099	1,736,391	-	1,736,391	(7,451)
673,450	642,650	-	642,650	62,548
206,497	165,287	(37,685)	127,602	(1,853)
2,397,293	3,227,665	-	3,227,665	45,166
7,135,409	7,238,432	(2,950,033)	4,288,399	101,768
-	6,301	-	6,301	7,730
7,560,609	14,343,584	(709,452)	13,634,132	(5,635,341)
24,694,329	32,734,080	(3,697,170)	29,036,910	(5,398,620)
3,202,334	3,134,601	-	3,134,601	377,687
2,002,821	1,879,479	-	1,879,479	244,036
1,440,815	1,383,687	-	1,383,687	266,083
414,398	295,391	-	295,391	111,389
1,069,627	1,014,158	-	1,014,158	71,150
1,591,978	1,463,246	-	1,463,246	1
25,579,756	24,927,378	-	24,927,378	6,061,849
9,047,927	12,891,364	(3,542,649)	9,348,715	2,582,535
-	-	-	-	-
44,349,656	46,989,304	(3,542,649)	43,446,655	9,714,730
(19,655,327)	(14,225,224)	(154,521)	(14,409,745)	4,316,110
2,318,795	4,562,476	-	4,562,476	(873,941)
(17,336,532)	(9,692,748)	(154,521)	(9,847,269)	3,442,169
33,187,348	29,472,087	-	29,472,087	(2,528,721)
\$ 15,850,816	\$ 19,779,339	\$ (154,521)	\$ 19,624,818	\$ 913,448

CITY OF OSKALOOSA

Other Information

Notes To Other Information - Budgetary Reporting

June 30, 2021

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, two budget amendments increased budgeted disbursements by \$2,639,648. 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

CITY OF OSKALOOSA

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

Other Information

Iowa Public Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City of Oskaloosa's proportion of the net pension liability	.200354%	.0202885%	.0189662%	.0195488%	.0191567%	.0201395%
City of Oskaloosa's proportionate share of the net pension liability	\$1,407	\$1,175	\$1,200	\$1,302	\$1,206	\$ 995
City of Oskaloosa's covered payroll	\$1,415	\$1,592	\$1,429	\$1,463	\$1,383	\$1,383
City of Oskaloosa's proportionate share of the net pension liability as a percentage of its covered payroll	99.43%	73.81%	83.97%	89.00%	71.87%	71.87%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%	85.19%	85.19%

Municipal Fire and Police Retirement System of Iowa

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City of Oskaloosa's proportion of the net pension liability	.464074%	.4311838%	.439719%	.483844%	.480584%	.490778%
City of Oskaloosa's proportionate share of the net pension liability	\$3,701	\$2,828	\$2,618	\$2,838	\$3,005	\$2,306
City of Oskaloosa's covered payroll	\$1,252	\$1,474	\$1,305	\$1,370	\$1,302	\$1,287
City of Oskaloosa's proportionate share of the net pension liability as a percentage of its covered payroll	295.61%	191.86%	200.61%	207.15%	230.80%	179.18%
MFPRSI's net position as a percentage of the total pension liability	76.41%	79.94%	81.07%	80.60%	78.20%	83.04%

* 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.

2015

.0208363%

\$ 826

\$1,372

60.20%

87.61%

2015

.487962%

\$1,769

\$1,246

141.95%

86.27%

CITY OF OSKALOOSA

Schedules of City Contributions

For the Last 11 Fiscal Years
(In Thousands)

Other Information

Iowa Public Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 134	\$ 150	\$ 146	\$ 128	\$ 131
Contributions in relation to the statutorily required contribution	<u>(134)</u>	<u>(150)</u>	<u>(146)</u>	<u>(128)</u>	<u>(131)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Oskaloosa's covered payroll	\$ 1,415	\$ 1,592	\$ 1,546	\$ 1,429	\$ 1,463
Contributions as a percentage of covered payroll	9.46%	9.44%	9.44%	8.95%	8.95%

Municipal Fire and Police Retirement System of Iowa

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 317	\$ 360	\$ 340	\$ 328	\$ 355
Contributions in relation to the statutorily required contribution	<u>(317)</u>	<u>(360)</u>	<u>(340)</u>	<u>(328)</u>	<u>(355)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City of Oskaloosa's covered payroll	\$ 1,252	\$ 1,470	\$ 1,305	\$ 1,278	\$ 1,370
Contributions as a percentage of covered payroll	25.31%	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, 2021

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, 2021

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, 2021

	Emergency	Urban Renewal Tax Increment	Housing Donated Funds	Special Housing Fund
Receipts:				
Property tax	\$94,704	\$ -	\$ -	\$ -
Tax increment financing	-	401,954	-	-
Other city tax	2,173	-	-	-
Use of money and property	-	314	-	232
Intergovernmental	2,495	-	-	-
Charges for services	-	-	-	978
Miscellaneous	-	-	-	31,608
Total receipts	99,372	402,268	-	32,818
Disbursements:				
Operating:				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	28,960	2,500	23,742
Total disbursements	-	28,960	2,500	23,742
Excess (deficiency) of receipts over (under) disbursements	99,372	373,308	(2,500)	9,076
Other financing sources (uses)				
Sale of capital assets	-	-	-	-
Transfers In	-	-	-	-
Transfers out	(99,372)	(305,590)	-	(915)
Total other financing sources (uses)	(99,372)	(305,590)	-	(915)
Change in cash balances	-	67,718	(2,500)	8,161
Cash balances beginning of year	-	9,402	27,241	233,701
Cash balances end of year	\$ -	\$ 77,120	\$24,741	\$241,862
Cash Basis Fund Balances				
Restricted for:				
Urban renewal	\$ -	\$ 77,120	\$ -	\$ -
Other purposes	-	-	24,741	241,862
Total cash basis fund balances	\$ -	\$ 77,120	\$24,741	\$241,862

See accompanying independent auditor's report.

Revenue					
Library Reading Garden Expansion	Public Library Memorial	Miscellaneous Gifts	ECE/Recreation Center Maintenance Fund	Wooden Playground Maintenance	Police Forfeiture
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
2	13,680	105	12	6	16
-	-	-	-	-	-
-	169	-	-	-	-
1,160	68,394	49,749	-	-	10,000
1,162	82,243	49,854	12	6	10,016
-	-	6,481	-	-	2,840
-	-	-	-	-	-
-	75,371	-	-	-	-
-	-	-	-	-	-
-	75,371	6,481	-	-	2,840
1,162	6,872	43,373	12	6	7,176
-	212	-	-	-	-
-	-	-	20,000	-	-
-	-	-	-	-	-
-	212	-	20,000	-	-
1,162	7,084	43,373	20,012	6	7,176
996	773,182	53,534	-	3,312	2,381
\$ 2,158	\$780,266	\$ 96,907	\$20,012	\$ 3,318	\$ 9,557
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,158	780,266	96,907	20,012	3,318	9,557
\$ 2,158	\$780,266	\$ 96,907	\$20,012	\$ 3,318	\$ 9,557

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, 2021

	Miscellaneous Grants	Brownfield Sites Grand Fund	Total
Receipts:			
Property tax	\$ -	\$ -	\$ 94,704
Tax increment financing	-	-	401,954
Other city tax	-	-	2,173
Use of money and property	18	-	14,385
Intergovernmental	14,004	105,380	121,879
Charges for services	-	-	1,147
Miscellaneous	5,100	-	166,011
Total receipts	19,122	105,380	802,253
Disbursements:			
Operating:			
Public safety	12,609	-	21,930
Public works	-	105,380	105,380
Culture and recreation	313	-	75,684
Community and economic development	-	-	55,202
Total disbursements	12,922	105,380	258,196
Excess (deficiency) of receipts over (under) disbursements	6,200	-	544,057
Other financing sources (uses)			
Sale of capital assets	-	-	212
Transfers In	2,796	-	22,796
Transfers out	-	-	(408,877)
Total other financing sources (uses)	2,796	-	(382,869)
Change in cash balances	8,996	-	161,188
Cash balances beginning of year	7,089	-	1,110,838
Cash balances end of year	\$16,085	\$ -	\$1,272,026
Cash Basis Fund Balances			
Restricted for:			
Urban renewal	\$ -	\$ -	\$ 77,120
Other purposes	16,085	-	1,194,906
Total cash basis fund balances	\$ 16,085	\$ -	\$1,272,026

See accompanying independent auditor's report.

City of Oskaloosa

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, 2021

	Enterprise			Total
	Storm Water	Edmundson Golf Course	RACI Main Street Loans	
Operating receipts:				
Charges for service	\$ 272,130	\$ -	\$ -	\$ 272,130
Use of money and property	-	8,500	-	8,500
Total operating receipts	273,025	8,500	-	280,630
Operating disbursements:				
Business type activities	101,689	9,067	-	110,756
Total operating disbursements	101,689	9,067	-	110,756
Excess (deficiency) of operating receipts over (under) operating disbursements	171,336	(567)	-	169,874
Non-operating receipts (disbursements):				
Interest on investments	895	131	37	1,063
Miscellaneous	-	300	-	300
Capital projects	(116,827)	(27,588)	-	(144,415)
Net non-operating receipts (disbursements)	(116,827)	(27,157)	37	(143,052)
Change in cash balances	54,509	(27,724)	37	26,822
Cash balances beginning of year	603,355	85,087	25,787	714,229
Cash balances end of year	\$ 657,864	\$ 57,363	\$ 25,824	\$ 741,051
Cash Basis Fund Balances				
Unrestricted	657,864	57,363	25,824	741,051
Total cash basis fund balances	\$ 657,864	\$ 57,363	\$ 25,824	\$ 741,051

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, 2021

	Copier/Fax Revolving	Health Insurance	Flex Benefit Plan	Total
Receipts:				
Use of money and property	\$ 50	\$ 501	\$ 9	\$ 560
Charges for services:				
Premiums	-	818,756	-	818,756
Copier and fax services	3,344	-	-	3,344
Miscellaneous	-	-	284	284
Miscellaneous:				
Flex elections	-	-	23,377	23,377
Refunds/reimbursements	-	40,163	-	40,163
Total receipts	<u>3,394</u>	<u>859,420</u>	<u>23,670</u>	<u>886,484</u>
Disbursements:				
Nonprogram:				
Contractual and contractual services	-	735,132	27,402	762,534
Commodities	3,933	-	-	3,933
Total disbursements	<u>3,933</u>	<u>735,132</u>	<u>27,402</u>	<u>766,467</u>
Change in cash balances	(539)	124,288	(3,732)	120,017
Cash balances beginning of year	<u>28,224</u>	<u>472,838</u>	<u>6,718</u>	<u>507,780</u>
Cash balances end of year: unrestricted	<u>\$27,685</u>	<u>\$597,126</u>	<u>\$ 2,986</u>	<u>\$627,797</u>

See accompanying independent auditor's report.

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, 2021

	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	\$ 3,357	\$ 122	\$ 10,133	\$ 25	\$ 226	\$ 167.
Intergovernmental	-	-	-	164,565	3,157	432,638
Special assessments	-	-	-	-	-	-
Miscellaneous	-	-	7,040,229	-	222,546	-
Total receipts	<u>3,357</u>	<u>122</u>	<u>7,050,362</u>	<u>164,590</u>	<u>225,929</u>	<u>432,805</u>
Disbursements	<u>9,921</u>	<u>311</u>	<u>17,131,211</u>	<u>239,024</u>	<u>99,573</u>	<u>565,166</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(6,564)</u>	<u>(189)</u>	<u>(10,080,849)</u>	<u>(74,434)</u>	<u>126,356</u>	<u>(132,361)</u>
Other financing sources (uses):						
Bond proceeds	-	-	-	-	-	-
Bond premiums	-	-	-	-	-	-
Sale of capital assets	-	13,307	-	-	-	-
Transfers in	-	-	830,795	-	264,900	-
Transfers (out)	-	-	(1,224,395)	(25,307)	-	-
Total other financing sources (uses)	<u>-</u>	<u>13,307</u>	<u>(393,600)</u>	<u>(25,307)</u>	<u>264,900</u>	<u>-</u>
Change in cash balances	(6,564)	13,118	(10,474,449)	(99,741)	391,256	(132,361)
Cash balances beginning of year	<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>
Cash balances end of year:						
Restricted	<u>\$22,719</u>	<u>\$74,634</u>	<u>\$ 1,270,818</u>	<u>\$ -</u>	<u>\$394,356</u>	<u>\$ 63,453</u>

See accompanying independent auditor's report.

Burlington Road Reconstruction	South D Street Reconstruction	Pavement Management	Sidewalk Improvement Project	A Ave/Market Safety Improvements	Meadow Creek Street Improvements	2021 GO Bond	2020 GO LOST Bond
\$ 10	\$ 1	\$ 188	\$ 12	\$ 150	\$ -	\$ -	\$ -
-	47,372	-	-	-	-	-	-
-	-	-	1,250	-	-	-	-
-	-	11,902	1,870	-	-	-	-
10	47,373	12,090	3,132	150	-	-	-
-	28,796	425,870	7,486	59,436	205,343	40,854	19,608
10	18,577	(413,780)	(4,354)	(59,286)	(205,343)	(40,854)	(19,608)
-	-	-	-	-	-	1,860,000	-
-	-	-	-	-	-	75,741	-
-	-	-	-	-	-	-	-
-	-	270,935	3,931	298,234	1,800,000	-	-
(9,798)	(18,580)	-	-	-	-	(1,800,000)	-
(9,798)	(18,580)	270,935	3,931	298,234	1,800,000	135,741	-
(9,788)	(3)	(142,845)	(423)	238,948	1,594,657	94,887	(19,608)
9,788	3	336,388	5,196	-	-	-	19,608
\$ -	\$ -	\$ 193,543	\$ 4,773	\$ 238,948	\$ 1,594,657	\$ 94,887	\$ -

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, 2021

	Lacey Roads Improvement Fund	Intrafund Transfers Elimination	Total
Receipts:			
Use of money and property			
Interest on investments	\$ 30	\$ -	\$ 14,423
Intergovernmental	-	-	647,731
Special assessments	-	-	1,250
Miscellaneous	-	-	7,276,546
Total receipts	<u>30</u>	<u>-</u>	<u>7,939,950</u>
Disbursements	<u>32,930</u>	<u>-</u>	<u>18,865,529</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(32,900)</u>	<u>-</u>	<u>(10,925,579)</u>
Other financing sources (uses):			
Bond proceeds	-	-	1,860,000
Bond premiums	-	-	75,741
Sale of capital assets	-	-	13,307
Transfers in	-	(1,820,935)	1,647,860
Transfers (out)	(2,355)	1,820,935	(1,259,500)
Total other financing sources (uses)	<u>(2,355)</u>	<u>-</u>	<u>2,337,408</u>
Change in cash balances	(35,255)	-	(8,588,171)
Cash balances beginning of year	<u>35,255</u>	<u>-</u>	<u>12,540,959</u>
Cash balances end of year:			
Restricted	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,952,788</u>

City of Oskaloosa

CITY OF OSKALOOSA

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

For the last ten years

	Years ended June 30,			
	2021	2020	2019	2018
Receipts:				
Property tax	\$ 5,000,629	\$ 4,796,450	\$ 4,691,851	\$ 4,478,699
Other city tax	2,130,894	1,790,046	1,457,406	1,609,000
Licenses and permits	705,198	651,226	766,482	712,831
Use of money and property	66,361	126,206	146,362	93,734
Intergovernmental	3,229,831	2,666,508	3,893,826	2,251,238
Charges for service	138,213	103,225	131,134	122,449
Special assessments	14,031	13,099	12,826	12,034
Miscellaneous	7,653,460	1,011,191	637,823	474,054
Total	\$18,938,617	\$11,157,951	\$11,737,710	\$10,034,039
Disbursements:				
Operating:				
Public safety	\$ 2,756,914	\$ 3,141,055	\$ 3,117,122	\$ 3,128,210
Public works	1,635,443	1,853,075	1,499,187	1,425,686
Culture and recreation	1,117,604	1,382,223	1,283,425	1,096,942
Community and economic development	184,002	278,560	301,218	517,464
General government	943,008	948,870	868,491	835,597
Debt service	1,463,245	758,818	758,283	749,055
Capital projects	18,865,529	3,501,454	4,259,627	2,539,546
Total	\$26,965,745	\$11,864,055	\$12,087,353	\$10,292,500

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
\$ 4,363,345	\$ 4,540,552	\$ 4,597,670	\$ 4,508,077	\$ 4,359,994	\$ 4,514,541
1,775,176	1,336,597	1,295,723	1,370,757	1,386,348	1,494,539
639,010	650,445	672,982	660,195	622,194	454,865
70,739	58,409	71,053	74,836	75,718	97,104
2,254,789	1,961,534	1,539,432	1,377,449	1,457,354	2,209,250
133,046	143,341	118,743	132,565	125,891	139,966
10,055	14,889	15,028	21,959	22,851	15,310
1,945,530	1,749,675	1,372,166	1,302,513	1,092,749	950,376
<u>\$ 11,191,490</u>	<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>
\$ 2,791,951	\$ 2,880,499	\$ 2,881,145	\$ 2,802,950	\$ 2,658,729	\$ 2,580,508
1,677,820	1,425,006	1,397,840	1,280,219	1,318,293	1,176,248
1,158,000	1,187,709	1,160,698	1,033,721	948,790	980,969
1,160,532	1,207,612	1,196,113	1,162,314	1,134,671	1,275,056
894,040	913,997	923,106	848,320	847,130	700,560
742,119	3,116,681	862,470	935,563	931,393	1,024,485
3,353,803	3,015,398	681,303	1,250,104	1,856,415	1,045,957
<u>\$ 11,778,265</u>	<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>

CITY OF OSKALOOSA

Schedule of Expenditures of Federal Awards

June 30, 2021

Grantor/Program	Assistance Listings Number	Pass-Through Entity Identifying Number	Program Expenditures
Direct:			
U.S. Department of Transportation:			
Federal Aviation Administration Airports Division:			
Airport Improvement Program	20.106		\$ 13,000
COVID-19 Airport Improvement Program	20.106		<u>30,000</u>
			<u>43,000</u>
Environmental Protection Agency:			
Brownfields Assessments and Cleanup:			
Cooperative Agreements	66.818		<u>105,380</u>
Total - Direct			<u>148,380</u>
Indirect:			
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
State and Community Highway Safety	20.600	PAP-20-405d-M60T & PAP-20-402-MOPT PAP-21-402-MOPT	6,890 <u>2,633</u> <u>9,523</u>
Iowa Department of Transportation			
Highway Planning and Construction	20.205	BROS-5780[614]-8J-62	451,857
	20.205	STP-U-578[615]-70-62	<u>23,037</u>
			<u>474,894</u>
U.S. Department of the Treasury:			
Iowa Department of Revenue:			
COVID-19 Coronavirus Relief Fund	21.019	00098	<u>273,458</u>
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 20-DTR-004	143,831 <u>6,834</u> <u>150,666</u>
Total - Indirect			<u>908,541</u>
Total			<u>\$ 1,056,921</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, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, 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 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.

See accompanying independent auditor's report

CITY OF OSKALOOSA

Miscellaneous Data (Unaudited)

June 30, 2021

Form of government	Mayor/Council
Area	8.06 square miles
Building permits, fiscal year ending June 30, 2021	
Permits issued	181
Estimated costs	\$20,389,713
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, 2021	168
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
2020	11,558

**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 of the City of Oskaloosa, Iowa as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 6, 2021. 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 as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of 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, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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
October 6, 2021

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



MARTENS & COMPANY, CPA, LLP

CERTIFIED PUBLIC ACCOUNTANTS
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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, 2021. 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 program 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, 2021.

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
October 6, 2021

CITY OF OSKALOOSA

Schedule of Findings

Year ended June 30, 2021

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 20.205 - Highway Planning and Construction.
- (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, 2021

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-21 Certified Budget - Disbursements during the year ended June 30, 2021 did not exceed amounts budgeted.

IV-B-21 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-21 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-21 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	\$ 401

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-21 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

IV-F-21 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-21 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-21 Revenue Bonds - No instances of non-compliance with the revenue bond and note resolutions were noted.

IV-I-21 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-21 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, 2021

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

- IV-K-21 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-21 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-21 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-21 Restricted Donor Activity - No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.