

**ANNUAL
FINANCIAL REPORT
OF THE
CITY OF WEBSTER CITY, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018**

**CITY OF WEBSTER CITY, IOWA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018
TABLE OF CONTENTS**

INTRODUCTORY SECTION

	Page
FINANCIAL SECTION	
Independent Auditors' Report.....	1 – 3
Management's Discussion and Analysis	4 – 11
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	12
Statement of Activities	13 – 14
FUND FINANCIAL STATEMENTS	
 Governmental Funds Financial Statements	
Balance Sheet	15
Reconciliation of the Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balances	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	18
 Proprietary Funds Financial Statements	
Combining Statement of Net Position	19
Combining Statement of Revenues, Expenses and Changes in Net Position	20 – 21
Combining Statement of Cash Flows.....	22 – 25
 Fiduciary Funds Financial Statements	
Statement of Fiduciary Net Position.....	26
Statement of Changes in Net Position	27
Notes to Financial Statements	28 – 59
Required Supplementary Information	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – Governmental Funds and Proprietary Funds	60 – 61
Budget to GAAP Reconciliation.....	62
Notes to Required Supplementary Information.....	63
Schedule of City's Proportionate Share of the Net Pension Liability	64
Schedule of City Contributions	65
Notes to Required Supplementary Information – Pension Liability	66
Schedule of City's Proportionate Share of Net Pension Liability – Municipal Fire and Police Retirement System of Iowa	67
Schedule of City's Contributions – Municipal Fire and Police Retirement of Iowa	68
Notes to Required Supplementary Information – Pension Liability – Municipal Fire and Police Retirement System of Iowa	69
Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes.....	70

CITY OF WEBSTER CITY, IOWA
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED JUNE 30, 2018
 TABLE OF CONTENTS

FINANCIAL SECTION – (CONTINUED)

	Page
Other Supplementary Information	
Governmental Non-Major Funds Combining Financial Statements	
Balance Sheet	71 - 77
Statement of Revenues, Expenditures and Changes in Fund Balances	78 - 84
Fiduciary Funds Financial Statements	
Statement of Net Position	85
Statement of Changes in Net Position	86
Statement of Changes in Assets and Liabilities	87
Compliance Section	
Schedule of Expenditures of Federal Awards	88
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	89 - 90
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	91 - 92
Schedule of Findings and Questioned Costs	93 - 95
Schedule of Prior Audit Findings	96
Corrective Action Plan	97

* * * *



21 1st Avenue NW
P.O. Box 1010
Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6543

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, Members of City Council
City of Webster City
Webster City, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Webster City, Iowa, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Webster City as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 18 to the financial statements, Webster City adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No.75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. As described in Note 18 to the financial statements, receivables recorded for governmental activities were materially overstated in the prior year. In addition, activity recorded for the internal service fund was not recorded correctly. These amounts are correct on the accompanying financial statements. Our opinion is not modified with the respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability, the Schedule of City Contributions and the Schedule of Changes in the City's Total OPEB Liability and the Schedule of City Contributions on pages 4 through 11 and 60 through 70 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2, U. S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate 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 auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 20, 2018, on our consideration of the City of Webster City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Webster 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 Webster City's internal control over financial reporting and compliance.

Williams & Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 20, 2018

CITY OF WEBSTER CITY
Management Discussion and Analysis
For the year ending June 30, 2018

As management of the City of Webster City, we offer readers of the City of Webster City's financial statements this narrative overview and analysis of the financial activities of the City of Webster City for the fiscal year ending June 30, 2018. This section should be read in conjunction with the financial statements and the accompanying notes that follow. It should also be noted that the information contained here will provide information on both the governmental operations and the business type activities of the City.

Financial Highlights

- The City had East 2nd Street, West 2nd Street, and Brewer Creek Estate projects completed during fiscal year 2018.
- The City received \$1,000,000 loan from USDA. This funding was loaned to Mary Ann's Specialty Foods for the purchase of equipment during fiscal year 2018.

Overview of Financial Statements

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

Government-Wide Financial Statements

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

The statement of net position presents information on all of the City of Webster City's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between reported as net position. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the City of Webster City is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving the rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Webster City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Webster City include public safety, public works, health and social services, culture and recreation, community and economic development and general government. The business-

type activities of the City of Webster City include the operation of electric, water, and sewer utilities.

The government-wide financial statements include not only the City of Webster City itself (known as the primary government), but also a legally separate airport authority for which the City of Webster City is financially accountable and a trust known as the Fred Fuller Trust that was created for the sole benefit of the City. Financial information for these component units are reported separately from the financial information presented for the primary government itself. The Electric, Water, and Sewer utilities function as departments of the City of Webster City, and therefore have been included as an integral part of the primary government.

Fund Financial Statements

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

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

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

The City of Webster City maintains 51 individual governmental funds. Information presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and Brewer Creek Estates fund, of which all are considered to be major funds. Data from the other 48 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Webster City adopts an annual combined budget for all of its funds except private purpose trust funds and internal service funds. A budgetary comparison schedule has been provided to demonstrate compliance with this budget.

Proprietary Funds: The City of Webster City maintains different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Webster City uses enterprise funds to account for its Electric, Water, and Sewer utilities. Internal service funds are an accounting

device used to accumulate and allocate costs internally among the City of Webster City's various functions. The City of Webster City uses an internal service fund to account for self-insured dental/vision insurance. The internal service fund will be found in the governmental activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water and sewer utilities, all of which are considered major funds of the City of Webster City. Conversely, the internal service fund is combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Webster City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Government-wide Financial Analysis

The largest portion of the City of Webster City's net position (70%) reflects its investment in capital assets (e.g. Land, Construction in progress, Land improvements, Structures and Improvements, Machinery and equipment, and Infrastructure) less any related debt used to acquire those assets that is still outstanding. The City of Webster City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Webster City's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-type Activities		Total	
	6/30/18	6/30/17 (Not Restated)	6/30/18	6/30/17 (Not Restated)	6/30/18	6/30/17 (Not Restated)
Current and other assets	\$12,280,332	\$15,836,311	\$29,219,605	\$27,037,726	\$41,499,937	\$42,874,037
Capital Assets, net of depreciation	36,225,556	34,688,622	31,209,957	29,964,014	67,435,513	64,650,636
Total Assets	48,505,888	50,522,933	60,429,562	57,001,740	108,935,450	107,524,673
Deferred Outflows of Resources	884,388	1,053,093	417,463	384,678	1,301,851	1,437,771
Current and other liabilities	830,531	1,807,217	1,597,564	1,864,834	2,428,095	3,672,051
Non-current liabilities	9,705,417	10,161,697	19,344,064	19,279,832	29,049,481	29,441,529
Total Liabilities	10,535,948	11,968,914	20,941,628	21,144,666	31,477,576	33,113,580
Deferred Inflows of Resources	4,034,588	4,005,325	70,275	68,986	4,104,863	4,074,311
Net Position:						
Investment in Capital Assets	30,004,436	28,991,939	21,910,586	19,779,100	51,915,022	48,771,039
Restricted	5,244,061	4,205,630	543,205	543,266	5,787,266	4,748,886
Unrestricted	(428,757)	2,404,218	17,381,331	15,850,410	18,952,574	18,254,828
Total net position	\$34,819,740	\$35,601,787	\$39,835,122	\$36,172,766	\$74,654,862	\$71,774,553

An additional portion of the City of Webster City's net position (8%) represents resources that are subject to external restrictions on how they may be used. The remaining balances of unrestricted net position (\$16,952,574) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Webster City is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate business-type activities.

Statement of Activities. The government's net position increased by \$3,228,826 during the fiscal year. Net position in the governmental activities decreased by \$459,565. The key element in the governmental activity decrease is an increase of \$126,368 of overall expenses as well as a decrease in the amount of grants received. In 2017, the City received a \$300,000 grant from the USDA, as well as \$738,001 of a DOT grant for highway planning and construction. Net position in the business type activities increased by \$3,688,391.

	City of Webster City's Changes in Net Position					
	Governmental Activities		Business Type Activities		Total	
	6/30/2018	6/30/2017 (Not Restated)	6/30/2018	6/30/2017 (Not Restated)	6/30/2018	6/30/2017 (Not Restated)
Revenues						
Program Revenues:						
Charges for Services	\$ 877,149	\$ 959,844	\$17,464,580	\$15,734,461	\$ 18,341,729	\$ 16,694,305
Operating Grants & Contributions	1,162,902	1,401,396	-	-	1,162,902	1,401,396
Capital Grants & Contributions	8,003	858,168	-	-	8,003	858,168
General Revenues:						
Property Taxes	3,820,727	3,666,460	-	-	3,820,727	3,666,460
Other Taxes	753,266	852,165	-	-	753,266	852,165
Other	811,167	1,364,578	102,520	(421,299)	913,687	943,279
Total Revenues	7,433,214	9,102,611	17,567,100	15,313,162	25,000,314	24,415,773
Expenses:						
Public Safety	2,464,164	1,984,775	-	-	2,464,164	1,984,775
Public Works	1,539,234	1,833,417	-	-	1,539,234	1,833,417
Health & Social Services	51,383	36,156	-	-	51,383	36,156
Culture & Recreation	1,499,562	1,337,132	-	-	1,499,562	1,337,132
Community & Economic Development	624,039	628,873	-	-	624,039	628,873
General Government	248,155	459,338	-	-	248,155	459,338
Interest & Fiscal Charges	148,790	169,266	-	-	148,790	169,266
Water Utility	-	-	1,692,535	1,771,497	1,692,535	1,771,497
Sewer Utility	-	-	1,425,302	1,348,195	1,425,302	1,348,195
Electric Utility	-	-	12,078,324	11,680,241	12,078,324	11,680,241
Total Expenses	6,575,327	6,448,957	15,196,161	14,799,933	21,771,488	21,248,890
Increase in Position Before Transfers	857,887	2,653,654	2,370,939	513,229	3,228,826	3,166,883
Transfers	(1,317,452)	701,328	1,317,452	(701,328)	-	-
Increase (Decrease) in Net Position	(459,565)	3,354,982	3,688,391	(188,099)	3,228,826	3,166,883
Net Position – Beginning (Restated)	35,279,305	32,246,805	36,146,731	36,360,865	71,426,036	68,607,670
Ending Net Position	\$34,819,740	\$35,601,787	\$39,835,122	\$36,172,766	\$ 74,654,862	\$ 71,774,553

Governmental Activities. Governmental activities decreased the City of Webster City's net position by \$459,565. The decrease was caused by governmental activities paying for approximately \$1,720,000 of business type capital assets, which are shown as transfer out on the statement of activities under the governmental activities.

The main sources of revenue for the governmental activities are from property taxes, other taxes (including local options sales tax), and grants and contributions. The City of Webster City received \$3,820,727 in property tax revenue, \$753,266 in other taxes, \$1,162,902 in operating grants and contributions, and \$8,003 in capital grants and contributions.

Business-type Activities. The net position of the business-type activities of the City of Webster City increased by \$3,688,391.

The goal of the City of Webster City is to have the revenues exceed the expenses in the Business-type activities. This goal was obtained for all utilities, for the year ending June 30, 2018.

The electric utility is the main function of the City of Webster City Business-type Activities making up 78% of the total revenue. Since most sewer utility usage is based on a per unit water usage, with the exception of industrial sewer, the revenues for these two functions should remain close. Rates are monitored in each of these utilities on an on-going basis to maintain their financial stability.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City of Webster City's governmental funds reported combined ending fund balances of \$6,636,207; with the prior year being \$8,882,754, the decrease for this year was \$2,246,547. Ending fund balance is classified as \$522,991 is nonspendable, \$4,843,165 is restricted, \$1,043,714 is committed, \$162,704 is assigned and \$63,633 is unassigned.

Revenues from the City's governmental funds totaled \$7,249,778 with taxes accounting for \$3,958,865 of that amount. Intergovernmental activities, including local option sales tax and road use tax, represented another \$2,082,669 of the total governmental revenues.

Total expenditures for the governmental funds were \$10,054,552. The six main activities that make up these expenditures are public works for \$1,538,399, public safety for \$2,439,609, debt service for \$600,797, culture and recreation for \$1,259,080, community and economic development for \$615,911, and capital projects for \$3,253,759.

The general fund is the chief operating fund of the City of Webster City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,459,889. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance to the total fund expenditures. Unassigned fund balance represents 83% of the total general fund expenditures.

The fund balance of the City of Webster City's general fund decreased by \$663,695 during the current fiscal year, due primarily to transfers out to utility funds and expenditures increasing around \$340,000.

The debt service fund ended the year with a \$202,051 fund balance. The City intends to reduce this fund balance by reducing future tax levies.

The Brewer Creek Estates fund balance decreased \$1,459,450 due to project costs. The ending balance is shown as unrestricted for \$(2,705,196).

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

Total net position of the electric utility totaled \$19,563,863, the water utility totaled \$11,560,628, and the sewer utility totaled \$8,710,631. The total change in net position for these three funds was \$1,089,941, \$905,678, and \$1,692,772 respectively. Other factors concerning the finances of these three funds have already been addressed in the discussion of the City of Webster City's business-type activities.

Governmental and Proprietary Funds Budgetary Highlights

The City amended their budget one time during fiscal year 2018.

Capital Asset and Debt Administration

Capital Assets. The City of Webster City's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$67,435,513 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, machinery and equipment, infrastructure.

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

- The improvements made to the Waste Water Treatment Plant
- The completion of Brewer Creek Addition and E 2nd Street Project.
- The purchase of a new Chevy Truck.
- The purchase of land.
- The purchase of Cat Payloader.

	Governmental Activities		General Obligation and Revenue Bonds Business Type Activities		Total	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017	6/30/2018	6/30/2017
	Land	\$ 5,687,945	\$ 4,886,372	\$ 1,197,435	\$ 524,223	\$ 6,885,380
Structures & Equipment	30,194,531	23,388,260	29,153,934	28,112,749	59,348,465	51,501,009
Construction in Progress	343,080	6,411,990	858,588	1,327,042	1,201,668	7,739,032
Total	\$ 36,225,556	\$ 34,686,622	\$ 31,209,957	\$ 29,964,014	\$ 67,435,513	\$ 64,650,636

Long-term debt. At the end of the current fiscal year, the City of Webster City had total bonded debt outstanding of \$24,054,307. Of this amount, \$4,655,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Webster City's debt represents bonds secured solely by specified revenue source (i.e. revenue bonds).

Total outstanding liabilities includes an estimated liability for compensated absences, other post-employment benefits and net pension liability. The total estimate for compensated absences is \$556,684 with \$301,139 being for governmental activities and \$255,545 being for business-type activities.

	General Obligation and Revenue Bonds					
	Governmental Activities		Business-type Activities		Total	
	6/30/18	6/30/17	6/30/18	6/30/17	6/30/18	6/30/17
General Obligation Bonds	\$ 4,655,000	\$ 5,040,000	\$ -	\$ -	\$ 4,655,000	\$ 5,040,000
Revenue Bonds	1,809,985	1,865,666	15,833,019	16,672,019	17,643,004	18,537,685
Notes Payable	-	-	1,756,303	907,563	1,756,303	907,563
Total	\$ 6,464,985	\$ 6,905,666	\$ 17,589,322	\$ 17,579,582	\$ 24,054,307	\$ 24,485,248

The City of Webster City's total long-term liabilities decreased by \$1,551,745 (including notes payable, compensated absences, and net pension liability) during the fiscal year. The reason for the decrease is the retirement of \$1,375,260 of bonded debt and no new issuances.

State statutes limit the amount of general obligation debt, including tax increment financing. A government entity may issue to 5% of its total assessed valuation. The current debt limit for the City of Webster City is approximately \$17,270,000. With the General Obligation Debt being \$4,655,000 and the Tax Increment Debt being \$1,809,985, the City of Webster City is at 37% of the debt limit.

Economic Factors and Next Year's Budgets and Rates

- City contribution rates for Municipal Police and Fire Retirement System of Iowa decreased from 25.92 in FY17 to 25.68 in FY18 but increased to 26.02% for FY19.
- City contribution rates for Iowa Public Employees Retirement System of Iowa increased from 8.93% to 9.44% in the regular class and from 9.84% to 10.21% in the protective class (Volunteer Fire) beginning July 1, 2018.
- The City continues to work hard to bring new businesses and jobs to the community as well as help existing businesses grow and expand. New buildings have been constructed to house Dollar Tree, Kwik Star and another underway for Fast and Fresh.
- The City loaned Mary Ann's Specialty Foods \$500,000 from their revolving loan fund as well as \$1,000,000 from the USDA REDLG program. The City also loaned \$1,360,000 to Van Diest Medical Clinic from the USDA REDLG Loan & Grant Program within the past 2 years.
- The community's housing shortage is being addressed with the completion of Brewer Creek Estates #5 and #6 with 4 lots sold to date with houses currently being constructed on each. Another private developer has purchased 9 lots with 2 homes completed, 2 homes under construction and 4 homes planned to begin in the Spring. Water, Sewer and footing inspections have been made on another 30 plex apartment building that is slated for an August 2019 completion date. New homes are also being built in the Gourley Addition and on infill lots.

- The City has taken great strides to address nuisance and unsafe properties in the community. Although this is a lengthy process with additional costs involved for legal and abatement costs, the City has taken possession of several in the past year with more in mind.

These factors, if known, were considered in doing the City of Webster City 2017/2018 Budget.

Request for Information

This financial report is designed to provide a general overview of the City of Webster City's finances for all those with an interest in the government's finances. For questions concerning any of the information provided in this report or requests for additional financial information, please feel free to contact the City of Webster City, Finance Director, 400 Second Street, PO Box 217, Webster City, IA 50595.

CITY OF WEBSTER CITY, IOWA
STATEMENT OF NET POSITION
June 30, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Webster City Airport Commission	Fuller Trust
ASSETS					
Cash and Cash Equivalents	\$ 5,974,277	\$ 5,435,201	\$ 11,409,478	\$ 232,565	\$ 114,733
Investments	4,464,240	5,325,390	9,789,630	250,000	2,733,838
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	82,995	1,406,665	1,489,660	2,764	200
Taxes	23,803	-	23,803	401	-
Subsequent Year Taxes	3,865,714	-	3,865,714	60,801	-
Accrued Interest	9,611	20,642	30,253	-	-
Notes Receivable	892,730	8,019,283	8,912,013	-	-
Internal Balances	(3,378,794)	3,378,794	-	-	-
Due from Other Governmental Agencies	175,828	-	175,828	-	-
Inventories	80,129	1,125,328	1,205,457	-	-
Prepaid Assets	89,799	114,704	204,503	-	-
Land Held for Resale	-	2,310,254	2,310,254	-	-
Restricted Assets:					
Cash and Cash Equivalents	-	549,696	549,696	-	-
Investments	-	1,533,648	1,533,648	-	-
Land	5,687,945	1,197,435	6,885,380	-	-
Construction in Progress	343,080	858,588	1,201,668	-	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation					
Total Assets	30,194,531	29,153,934	59,348,465	-	-
	48,505,888	60,429,562	108,935,450	546,531	2,848,771
Deferred Outflows of Resources					
Pension related deferred outflows	878,076	413,030	1,291,106	-	-
OPEB related deferred outflows	6,312	4,433	10,745	-	-
Total Deferred Outflows of Resources	884,388	417,463	1,301,851	-	-
LIABILITIES					
Accounts Payable	705,826	1,140,720	1,846,546	1,290	-
Accrued Wages	33,633	25,713	59,346	-	-
Other Accrued Expenses	65,382	6,615	71,997	-	-
Customer Deposits	-	301,009	301,009	-	-
Claims Incurred But Not Reported	14,000	-	14,000	-	-
Accrued Interest Payable	11,690	-	11,690	-	-
Payables from Restricted Assets:					
Accrued Revenue Bond Interest	-	123,507	123,507	-	-
Noncurrent Liabilities:					
Due within one year:					
Revenue Bonds Payable	-	859,000	859,000	-	-
General Obligation Bonds	395,000	-	395,000	-	-
Notes Payable	-	201,681	201,681	-	-
Compensated Absences and Benefits	165,659	138,108	303,767	-	-
Due in more than one year:					
Revenue Bonds Payable	1,809,985	14,974,019	16,784,004	-	-
General Obligation Bonds	4,356,515	-	4,356,515	-	-
Notes Payable	-	1,554,622	1,554,622	-	-
Other Post Employment Benefits	103,543	72,718	176,261	-	-
Compensated Absences and Benefits	135,480	117,437	252,917	-	-
Net pension liability	2,739,235	1,426,479	4,165,714	-	-
Total Liabilities	10,535,948	20,941,628	31,477,576	1,290	-
Deferred Inflows of Resources					
Unavailable Revenue - Subsequent Year Property Taxes	3,865,714	-	3,865,714	60,801	-
Pension related deferred inflows	167,334	69,193	236,527	-	-
OPEB related deferred inflows	1,540	1,082	2,622	-	-
Total Deferred Inflows of Resources	4,034,588	70,275	4,104,863	60,801	-
NET POSITION					
Net Investment in Capital Assets	30,004,436	21,910,586	51,915,022	-	-
Restricted for:					
Debt Service	190,361	543,205	733,566	-	-
Specific Tax Levies	660,288	-	660,288	-	-
Streets	3,616,808	-	3,616,808	-	-
Capital Projects	341,573	-	341,573	-	-
Endowments:					
Nonexpendable	435,031	-	435,031	-	-
Unrestricted	(428,757)	17,381,331	16,952,574	484,440	2,848,771
Total Net Position	\$ 34,819,740	\$ 39,835,122	\$ 74,654,862	\$ 484,440	\$ 2,848,771

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 2,464,164	\$ 50,550	\$ 329	\$ 2,006
Public Works	1,539,234	269,628	1,002,371	-
Health and Social Services	51,383	-	-	-
Culture and Recreation	1,499,562	332,632	3,502	5,997
Community and Economic Development	624,039	147,071	156,700	-
General Government	248,155	77,268	-	-
Debt Service	148,790	-	-	-
Total governmental activities	<u>6,575,327</u>	<u>877,149</u>	<u>1,162,902</u>	<u>8,003</u>
Business-Type Activities:				
Water System	1,692,536	1,849,511	-	-
Sewer System	1,425,302	2,055,615	-	-
Electric System	12,078,324	13,559,455	-	-
Total Business-Type Activities:	<u>15,196,162</u>	<u>17,464,581</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 21,771,489</u>	<u>\$ 18,341,730</u>	<u>\$ 1,162,902</u>	<u>\$ 8,003</u>
Component Unit:				
Webster City Airport Commission	\$ 83,025	\$ 52,474	45,000	\$ -
Fuller Trust	<u>\$ 205,621</u>	<u>\$ 4,451</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:
Property Taxes
Local Option Sales Tax
Hotel/Motel Taxes
Commerical/Industrial Tax Replacement
Interest and Investment Gains and Losses
Contribution of Property
Gain on Disposition of Assets
Miscellaneous
Interfund Transfers
Total general revenues and transfers
Change in net position

Net Position - beginning
Prior Period Adjustment
Net Position - beginning, as restated
Net Position- ending

Net (Expense) Revenue and Changes in Net Position				
Governmental Activities	Business-Type Activities	Total	Component Unit	
			Webster City Airport Commission	Fuller Trust
\$ (2,411,279)		\$ (2,411,279)		
(267,235)		(267,235)		
(51,383)		(51,383)		
(1,157,431)		(1,157,431)		
(320,268)		(320,268)		
(170,887)		(170,887)		
(148,790)		(148,790)		
<u>(4,527,273)</u>		<u>(4,527,273)</u>		
	\$ 156,975	156,975		
	630,313	630,313		
	1,481,131	1,481,131		
	<u>2,268,419</u>	<u>2,268,419</u>		
<u>(4,527,273)</u>	<u>2,268,419</u>	<u>(2,258,854)</u>		
			\$ 14,449	\$ (201,170)
3,820,727	-	3,820,727	59,237	-
753,266	-	753,266	-	-
155,372	-	155,372	-	-
115,180	-	115,180	-	-
77,852	95,404	173,256	2,102	214,570
128,933	-	128,933	-	-
67,310	-	67,310	-	-
266,520	7,116	273,636	4,197	-
(1,317,452)	1,317,452	-	-	-
<u>4,067,708</u>	<u>1,419,972</u>	<u>5,487,680</u>	<u>65,536</u>	<u>214,570</u>
(459,565)	3,688,391	3,228,826	79,985	13,400
35,601,787	36,172,766	71,774,553	404,455	2,835,371
(322,482)	(26,035)	(348,517)	-	-
<u>35,279,305</u>	<u>36,146,731</u>	<u>71,426,036</u>	<u>404,455</u>	<u>2,835,371</u>
<u>\$ 34,819,740</u>	<u>\$ 39,835,122</u>	<u>\$ 74,654,862</u>	<u>\$ 484,440</u>	<u>\$ 2,848,771</u>

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
BALANCE SHEET
Governmental Funds
June 30, 2018

	General	Debt Service Fund	Capital Projects Brewer Creek Estates	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 1,089,247	\$ 98,036	\$ 54,930	\$ 4,732,064	\$ 5,974,277
Investments	2,601,983	100,793	-	1,761,464	4,464,240
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	37,075	-	-	45,920	82,995
Taxes	13,040	3,222	-	7,541	23,803
Subsequent Year Taxes	1,982,415	491,836	-	1,391,463	3,865,714
Accrued Interest	5,411	-	-	4,200	9,611
Notes Receivable	-	-	-	892,730	892,730
Due from Other Funds	-	-	-	224,110	224,110
Due from Other Governmental Agencies	-	-	-	175,828	175,828
Inventories	30,304	-	-	49,825	80,129
Prepaid Assets	7,831	-	-	-	7,831
Total Assets	5,767,306	693,887	54,930	9,285,145	15,801,268
Liabilities					
Accounts Payable	186,412	-	54,807	463,258	704,477
Accrued Wages	30,006	-	-	3,627	33,633
Other Accrued Expenses	65,149	-	-	233	65,382
Due to Other Funds	-	-	2,705,319	892,182	3,597,501
Total Liabilities	281,567	-	2,760,126	1,359,300	4,400,993
Deferred Inflows of Resources					
Unavailable Revenue - Subsequent Year Property Taxes	1,982,415	491,836	-	1,391,463	3,865,714
Unavailable Revenue - Other	5,300	-	-	893,054	898,354
Total Deferred Inflows of Resources	1,987,715	491,836	-	2,284,517	4,764,068
Fund Balances					
Non-Spendable:					
Inventories	30,304	-	-	49,825	80,129
Prepaid Expenses	7,831	-	-	-	7,831
Permanent Fund	-	-	-	435,031	435,031
Restricted:					
Specific Tax Levy	-	202,051	-	660,288	862,339
Streets	-	-	-	3,566,983	3,566,983
Capital Projects	-	-	-	341,573	341,573
Economic Development Activities	-	-	-	72,270	72,270
Committed:					
Police Activities	-	-	-	5,336	5,336
Economic Development Activities	-	-	-	1,028,797	1,028,797
Community Development Activities	-	-	-	9,581	9,581
Assigned:					
Capital Projects	-	-	-	162,704	162,704
Unassigned					
Total Fund Balances	3,459,889	-	(2,705,196)	(691,060)	63,633
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 5,767,306	\$ 693,887	\$ 54,930	\$ 9,285,145	\$ 15,801,268

CITY OF WEBSTER CITY, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2018

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Total Fund Balance - Governmental Funds (page 15)		\$	6,636,207
Infrastructure, property, equipment and land held for resale used in governmental activities are not financial resources and, therefore, are not reported in the funds.			36,225,556
Internal service funds are used by management to fund and maintain the City's medical/flex costs provided to user departments and are included in the statement of net position.			(119,523)
Assets such as notes receivables and property taxes are not available to pay for current period expenditures and therefore are deferred in the funds.			898,354
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.			81,968
Accrued interest expense from the balance sheet that require current financial resources from governmental activities.			(11,690)
Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:			
Deferred outflows of resources	\$	878,076	
Deferred inflows of resources		<u>(167,334)</u>	710,742
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:			
General Obligation Bonds	\$	(4,751,515)	
Revenue Bonds		(1,809,985)	
Compensated Absences		(301,139)	
Net Pension Liabilities		<u>(2,739,235)</u>	(9,601,874)
Total Net Position - Governmental Activities (page 12)			<u>\$ 34,819,740</u>

CITY OF WEBSTER CITY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2018

	General	Debt Service Fund	Capital Projects Brewer Creek Estates	Other Governmental Funds	Total Governmental Funds
Revenue:					
Taxes	\$ 2,090,650	\$ 491,977	\$ -	\$ 1,376,238	\$ 3,958,865
Licenses and Permits	213,613	-	-	-	213,613
Intergovernmental Revenue	92,525	15,173	-	1,974,971	2,082,669
Charges for Services	461,724	-	-	5,594	467,318
Fines and Forfeits	8,724	-	-	-	8,724
Contributions	3,831	-	-	1,057	4,888
Refunds/Reimbursements	48,961	109,852	-	40,120	198,933
Revenue from Use of Property	168,426	-	-	-	168,426
Interest on Investments	43,167	1,735	148	30,134	75,184
Miscellaneous	65,594	-	-	45,684	111,278
Total Revenue	<u>3,197,215</u>	<u>618,737</u>	<u>148</u>	<u>3,473,798</u>	<u>7,289,898</u>
Expenditures:					
Public Safety	1,819,676	-	-	619,933	2,439,609
Public Works	731,504	-	-	806,895	1,538,399
Health and Social Services	50,971	-	-	-	50,971
Culture and Recreation	1,104,786	-	-	154,294	1,259,080
Community and Economic Development	228,640	-	-	387,271	615,911
General Government	217,794	-	-	78,232	296,026
Capital Projects	-	-	1,500,593	1,753,166	3,253,759
Debt Service	-	600,797	-	-	600,797
Total Expenditures	<u>4,153,371</u>	<u>600,797</u>	<u>1,500,593</u>	<u>3,799,791</u>	<u>10,054,552</u>
Excess (deficiency) of revenues over expenditures	(956,156)	17,940	(1,500,445)	(325,993)	(2,764,654)
Other financing sources (uses):					
Proceeds from Sale of Capital Equipment	70,997	-	40,995	-	111,992
Transfers In	821,509	-	-	1,305,259	2,126,768
Transfers Out	(600,045)	-	-	(1,120,608)	(1,720,653)
Total other financing sources (uses)	<u>292,461</u>	<u>-</u>	<u>40,995</u>	<u>184,651</u>	<u>518,107</u>
Net Change in Fund Balance	(663,695)	17,940	(1,459,450)	(141,342)	(2,246,547)
Fund balances - beginning of year	4,161,719	184,111	(1,245,746)	5,791,669	8,891,753
Prior Period Adjustment	-	-	-	(8,999)	(8,999)
Fund balances - beginning of year (as restated)	<u>4,161,719</u>	<u>184,111</u>	<u>(1,245,746)</u>	<u>5,782,670</u>	<u>8,882,754</u>
Fund balances - end of year	\$ <u>3,498,024</u>	\$ <u>202,051</u>	\$ <u>(2,705,196)</u>	\$ <u>5,641,328</u>	\$ <u>6,636,207</u>

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Amounts reported for governmental activities in the statement of activities are different because:
 Net change in fund balances - total governmental funds (page 17) \$ (2,246,547)

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

	\$	2,472,290	
Expenditures for capital assets			
Depreciation expense		(1,017,608)	1,454,682

Governmental funds report the proceeds from the sale of capital assets as revenue whereas the statement of activities reports the gain or loss on the disposal of capital assets. This is the effect on the change in net position on the statement of activities. (44,682)

Capital Contributions reported in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the funds. 128,933

The effect of the change in prepaid insurance which is not reported in the governmental funds as it is not available to provide current financial resources. (41,188)

Governmental funds report economic development notes receivable and property taxes as revenue when it becomes available, but the statement of activities includes these assets as revenue when originally issued. (52,925)

Accrued interest expense reported in the Statement of Activities does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. 1,642

The effect of bond premiums and discounts are shown in the governmental funds when new debt is issued, whereas, these amounts are deferred and amortized in the Statement of Activities. 9,684

Governmental funds do not reflect the change in accrued compensated absences as it does not consume current financial resources. The Statement of Activities reflects the change in accrued compensated absences through expenditures. (2,312)

Internal service funds are used by management to fund and maintain the City's insurance policies provided to user departments and are included in the statement of net position. The net revenue of the internal service funds is reported with governmental activities. (9,430)

Pension expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (98,103)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. The amount by which payments exceeded proceeds in the current year is as follows:

Repayments of long-term debt	\$	440,681	440,681
------------------------------	----	---------	---------

Change in net position of governmental activities (page 14) \$ (459,565)

CITY OF WEBSTER CITY, IOWA
 COMBINING STATEMENT OF NET POSITION
 Proprietary Funds
 June 30, 2018

	Business Type Activities				Governmental
	Water System	Sewer System	Electric System	Total	Activities Internal Service
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 985,732	\$ 986,457	\$ 3,463,012	\$ 5,435,201	\$ -
Investments	1,104,761	603,174	3,617,455	5,325,390	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	187,573	239,411	979,681	1,406,665	-
Accrued Interest	300	301	20,041	20,642	-
Notes Receivable	-	-	8,019,283	8,019,283	-
Due from Other Funds	-	76,109	3,529,597	3,605,706	-
Inventories	168,165	44,002	913,161	1,125,328	-
Prepaid Assets	33,752	17,789	63,163	114,704	-
Land Held for Resale	-	-	2,310,254	2,310,254	-
Restricted Assets:					
Cash and Cash Equivalents	226,912	322,784	-	549,696	-
Investments	-	-	1,533,648	1,533,648	-
Total Current Assets	2,707,195	2,290,027	24,449,295	29,446,517	-
Noncurrent Assets					
Land	260,885	712,115	224,435	1,197,435	-
Construction in Progress	8,780	748,777	101,031	858,588	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	11,609,125	5,923,605	11,621,204	29,153,934	-
Total Noncurrent Assets	11,878,790	7,384,497	11,946,670	31,209,957	-
Total Assets	14,585,985	9,674,524	36,395,965	60,656,474	-
Deferred Outflows of Resources					
Pension related deferred outflows	103,438	92,737	216,855	413,030	-
OPEB related deferred outflows	1,069	964	2,400	4,433	6,312
Total Deferred Outflows of Resources	104,507	93,701	219,255	417,463	6,312
LIABILITIES					
Current Liabilities					
Accounts Payable	84,790	109,508	946,422	1,140,720	1,349
Accrued Wages	6,406	5,878	13,429	25,713	-
Other Accrued Expenses	-	-	6,615	6,615	-
Customer Deposits	-	-	301,009	301,009	-
Due to Other Funds	226,912	-	-	226,912	5,403
Claims Incurred But Not Reported	-	-	-	-	14,000
Payables from Restricted Assets:					
Accrued Revenue Bond Interest	5,336	1,155	117,016	123,507	-
Total Current Liabilities	323,444	116,541	1,384,491	1,824,476	20,752
Noncurrent Liabilities:					
Due within one year:					
Revenue Bonds Payable	145,000	264,000	450,000	859,000	-
Compensated Absences and Benefits	31,791	27,610	78,707	138,108	-
Notes Payable	-	-	201,681	201,681	-
Due in more than one year:					
Revenue Bonds Payable	2,215,000	274,000	12,485,019	14,974,019	-
Notes Payable	-	-	1,554,622	1,554,622	-
Other Post Employment Benefits	17,536	15,809	39,373	72,718	103,543
Compensated Absences and Benefits	22,260	23,579	71,598	117,437	-
Net pension liability	357,244	320,284	748,951	1,426,479	-
Total Noncurrent Liabilities	2,788,831	925,282	15,629,951	19,344,064	103,543
Total Liabilities	3,112,275	1,041,823	17,014,442	21,168,540	124,295
Deferred Inflows of Resources					
Pension related deferred inflows	17,328	15,536	36,329	69,193	-
OPEB related deferred inflows	261	235	586	1,082	1,540
Total Deferred Inflows of Resources	17,589	15,771	36,915	70,275	1,540
NET POSITION					
Net Investment in Capital Assets	9,518,790	6,846,497	5,545,299	21,910,586	-
Restricted for:					
Debt Service	221,576	321,629	-	543,205	-
Unrestricted	1,820,262	1,542,505	14,018,564	17,381,331	(119,523)
Total Net Position	\$ 11,560,628	\$ 8,710,631	\$ 19,563,863	\$ 39,835,122	\$ (119,523)

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Proprietary Funds
For the Year Ended June 30, 2018

	Business Type Activities	
	Water System	Sewer System
Operating Revenues:		
Charges for Services	\$ 1,837,052	\$ 2,049,583
Miscellaneous	12,459	6,032
Total Operating Revenue	<u>1,849,511</u>	<u>2,055,615</u>
Operating Expenses:		
Operating and Maintenance	1,209,487	1,098,194
Depreciation	419,021	313,248
Total Operating Expenses	<u>1,628,508</u>	<u>1,411,442</u>
Operating Income (Loss)	221,003	644,173
Non-Operating Income (Expense):		
Interest Income	14,277	10,648
Revenue from Use of Property	-	-
Interest Expense	(64,028)	(13,860)
Total Non-Operating Income (Expenses)	<u>(49,751)</u>	<u>(3,212)</u>
Income (Loss) before Contributions and Transfers	171,252	640,961
Other Financing Sources (Uses)		
Contributed Capital Revenue	1,092,195	541,787
Transfers In	-	610,911
Transfers (Out)	(357,769)	(100,887)
Total Other Financing Sources (Uses)	<u>734,426</u>	<u>1,051,811</u>
Change in Net Position	905,678	1,692,772
Net Position- Beginning	10,660,691	7,024,880
Prior Period Adjustment	(5,741)	(7,021)
Net Position - Beginning, as Restated	<u>10,654,950</u>	<u>7,017,859</u>
Net Postion - Ending	<u>\$ 11,560,628</u>	<u>\$ 8,710,631</u>

See Accompanying Notes to Financial Statements

Business Type Activities		Governmental Activities	
Electric System	Total	Internal Service	
\$ 11,595,252	\$ 15,481,887	\$ -	
1,964,203	1,982,694	1,113,534	
<u>13,559,455</u>	<u>17,464,581</u>	<u>1,113,534</u>	
10,790,389	13,098,070	1,122,964	
599,356	1,331,625	-	
<u>11,389,745</u>	<u>14,429,695</u>	<u>1,122,964</u>	
2,169,710	3,034,886	(9,430)	
70,479	95,404	-	
7,116	7,116	-	
<u>(688,579)</u>	<u>(766,467)</u>	<u>-</u>	
<u>(610,984)</u>	<u>(663,947)</u>	<u>-</u>	
1,558,726	2,370,939	(9,430)	
89,585	1,723,567	-	
-	610,911	-	
<u>(558,370)</u>	<u>(1,017,026)</u>	<u>-</u>	
<u>(468,785)</u>	<u>1,317,452</u>	<u>-</u>	
1,089,941	3,688,391	(9,430)	
18,487,195	36,172,766	203,390	
<u>(13,273)</u>	<u>(26,035)</u>	<u>(313,483)</u>	
<u>18,473,922</u>	<u>36,146,731</u>	<u>(110,093)</u>	
<u>\$ 19,563,863</u>	<u>\$ 39,835,122</u>	<u>\$ (119,523)</u>	

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2018

	Business Type Activities	
	Water System	Sewer System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 1,845,944	\$ 1,978,950
Cash Paid to Suppliers for Goods and Services	(848,225)	(652,292)
Cash Paid to Employees for Services	(390,007)	(347,166)
Other Nonoperating Income	-	-
Net Cash Provided by Operating Activities	<u>607,712</u>	<u>979,492</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(144,742)	(1,034,814)
Proceeds from Notes	-	-
Increase in Notes Receivable	-	-
Principal Paid on Notes and Bonds	(145,000)	(254,000)
Interest Paid on Notes and Bonds	(64,028)	(13,860)
Net Cash (Used) for Capital and Related Financing Activities	<u>(353,770)</u>	<u>(1,302,674)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers to Other Funds	(357,769)	510,024
Due From (To) Other Funds	226,912	(5,403)
Net Cash Provided (Used) for Non-Capital Financing Activities	<u>(130,857)</u>	<u>504,621</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Land Held for Resale	-	-
Proceeds from Sale of Investments	495,239	-
Purchase of Investments	-	(303,174)
Interest and Dividends on Investments	17,728	11,113
Net Cash Provided (Used) for Investing Activities	<u>512,967</u>	<u>(292,061)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	636,052	(110,622)
Cash and Cash Equivalents at Beginning of Year	<u>576,592</u>	<u>1,419,863</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,212,644</u>	<u>\$ 1,309,241</u>
Cash and Cash Equivalents:		
Unrestricted	\$ 985,732	\$ 986,457
Restricted	226,912	322,784
	<u>\$ 1,212,644</u>	<u>\$ 1,309,241</u>

See Accompanying Notes to Financial Statements

<u>Business Type Activities</u>		<u>Governmental</u>
<u>Electric</u>		<u>Activities</u>
<u>System</u>	<u>Total</u>	<u>Internal</u>
		<u>Service</u>
\$ 13,421,226	\$ 17,246,120	\$ 1,113,534
(10,035,766)	(11,536,283)	(1,108,968)
(863,238)	(1,600,411)	-
7,116	7,116	-
<u>2,529,338</u>	<u>4,116,542</u>	<u>4,566</u>
(63,083)	(1,242,639)	-
1,000,000	1,000,000	-
(848,739)	(848,739)	-
(591,260)	(990,260)	-
(692,423)	(770,311)	-
<u>(1,195,505)</u>	<u>(2,851,949)</u>	<u>-</u>
(558,370)	(406,115)	-
(1,036,312)	(814,803)	5,403
<u>(1,594,682)</u>	<u>(1,220,918)</u>	<u>5,403</u>
(764,189)	(764,189)	-
682,545	1,177,784	-
-	(303,174)	-
69,977	98,818	-
<u>(11,667)</u>	<u>209,239</u>	<u>-</u>
(272,516)	252,914	9,969
<u>3,735,528</u>	<u>5,731,983</u>	<u>(9,969)</u>
<u>\$ 3,463,012</u>	<u>\$ 5,984,897</u>	<u>\$ -</u>
\$ 3,463,012	\$ 5,435,201	\$ -
-	549,696	-
<u>\$ 3,463,012</u>	<u>\$ 5,984,897</u>	<u>\$ -</u>

(Continued)

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended June 30, 2018

	<u>Business Type Activities</u>	
	<u>Water System</u>	<u>Sewer System</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	\$ 221,003	\$ 644,173
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	419,021	313,248
Miscellaneous Non-Cash Expense	7,986	57,209
(Increase) Decrease in Assets:		
Accounts Receivable	(3,566)	(76,662)
Prepaid Expenses	(8,126)	(3,986)
Inventories	(48,136)	(5,619)
Deferred outflows of resources	(6,851)	(8,346)
Increase (Decrease) in Liabilities		
Accounts Payable	21,440	48,376
Accrued Wages	3,725	3,364
Other Accruals	-	-
Net pension liability	(428)	7,664
Deferred inflows of resources	76	464
Customer Deposits	-	-
Other Post Employment Benefits	1,568	(393)
Total Adjustments	<u>386,709</u>	<u>335,319</u>
Net Cash Provided by Operating Activities	<u>\$ 607,712</u>	<u>\$ 979,492</u>
Supplemental Schedule of Noncash Capital and Related Financing Activities:		
Contributed Capital	<u>\$ 1,092,195</u>	<u>\$ 541,787</u>

See Accompanying Notes to Financial Statements

<u>Business Type Activities</u>		<u>Governmental</u>
<u>Electric</u>		<u>Activities</u>
<u>Utility</u>	<u>Total</u>	<u>Internal</u>
		<u>Service</u>
\$ 2,169,710	\$ 3,034,886	\$ (9,430)
599,356	1,331,625	-
7,116	72,311	-
(150,669)	(230,897)	-
(16,232)	(28,344)	-
(70,711)	(124,466)	-
(17,588)	(32,785)	1,540
(34,078)	35,738	36
9,926	17,015	-
4,220	4,220	-
10,331	17,567	-
749	1,289	(6,312)
12,451	12,451	-
4,757	5,932	18,732
359,628	1,081,656	13,996
<u>\$ 2,529,338</u>	<u>\$ 4,116,542</u>	<u>\$ 4,566</u>
<u>\$ 89,585</u>	<u>\$ 1,723,567</u>	-

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
COMBINED STATEMENT OF FIDUCIARY NET POSTION
 Fiduciary Funds
 June 30, 2018

	<u>Agency Fund</u>	<u>Private Purpose</u>	
	B.L.U.E	Trust Fund	Totals
ASSETS			
Cash and Cash Equivalents	\$ 2,860	\$ 16,709	\$ 19,569
Total Assets	<u>2,860</u>	<u>16,709</u>	<u>19,569</u>
LIABILITIES			
Due to Other	2,860	-	2,860
Total Liabilities	<u>2,860</u>	<u>-</u>	<u>2,860</u>
NET POSITION			
Restricted	-	16,709	16,709
Total Net Position	<u>\$ -</u>	<u>\$ 16,709</u>	<u>\$ 16,709</u>

CITY OF WEBSTER CITY, IOWA
COMBINED STATEMENT OF CHANGES IN NET POSITION
Fiduciary Funds
For the Year Ended June 30, 2018

	Totals
Additions	
Interest Income	\$ 88
Miscellaneous	<u>52</u>
Total Additions	140
Deductions	
Culture and Recreation	<u>76</u>
Total Deductions	<u>76</u>
Changes in Net Position	64
Net Position Beginning of Year	<u>16,645</u>
Net Position End of Year	<u><u>\$ 16,709</u></u>

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Webster City, Iowa is a political subdivision of the State of Iowa located in Hamilton County, and was incorporated in 1874, under the laws of the State of Iowa, later amended in 1974 under the Home Rule City Act. The City operates under a Council-Manager form of government with the council members elected on a non-partisan basis and administers the following functions as authorized by its charter: public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also has municipal water, sewer, and electric utility systems, which are governed by the City Council.

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

A. Reporting Entity

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

These financial statements present the City of Webster City, Iowa (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Discretely Presented Component Units

Webster City Airport Commission

The government-wide financial statements include the Webster City Airport Commission ("airport commission") as a component unit. The airport commission is a legally separate organization. The board of the airport commission is appointed by the Webster City City Council. Iowa Statutes provide for circumstances whereby the City can impose their will on the airport commission. The airport commission can create a potential financial benefit to or burden on the City. As a component unit, the airport commission's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended June 30, 2018. Separate financial statements are not issued for the Webster City Airport Commission.

Fuller Trust

The government-wide financial statements include the Fuller Trust as a component unit.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Fuller Trust is a legally separate organization. The board of Fuller Trust is elected by the general public and can provide a financial benefit or burden to the City. As a component unit, the Fuller Trust's financial statements have been presented as a discrete column in the financial statements. The information presented is for the fiscal year ended June 30, 2018. Separate financial statements are not issued for the Fuller Trust.

Jointly Governed Organizations - The City also participates in several jointly governed organizations for which the City is not financially accountable or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following Boards and Commissions: Hamilton County Assessors' Conference Board, Hamilton County Emergency Management Commission, and Hamilton County Joint E911 Service Board.

B. Basis of Presentation

Government-wide Financial Statements – The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax, intergovernmental revenues, and other nonexchange revenues are reported separately from business type activities, which rely to a significant extent on fees and charges for services. The City's general, special revenue, debt service, capital projects and permanent funds are classified as governmental activities. The City's Medical/Flex internal service fund is also classified as a governmental-type activity.

The Statement of Net Position presents the City's nonfiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories.

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

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. The City first uses restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

The City does not allocate indirect costs. Certain expenses of the City are accounted for through the internal service fund on a cost-reimbursement basis.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net position resulting from the current year activities.

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

The City reports the following major governmental funds:

- 1) General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The sources of revenue include property taxes, charges for services, fines and fees, licenses and permits, as well as state and federal grants. The expenditures of the General Fund relate to general administration, police and fire protection, maintenance of public streets, economic development, and culture and recreation.
- 2) Debt Service Fund - Accounts for the accumulation of resources for and the payment of general obligation debt principal, interest and related costs.
- 3) Capital Project – The Brewer Creek Estates Fund is used to account for costs and resources for residential development.

The City reports the following major proprietary (enterprise) funds:

The Water Utility is used to account for the operation and maintenance of the City's water system.

The Sewer Utility is used to account for the operation and maintenance of the City's sewer system.

The Electric Utility is used to account for the operation and maintenance of the City owned electric system.

In addition, the City reports the following fund types:

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the city, or to other governmental units, on a cost-reimbursement basis.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Private-purpose trust funds are used to report any trust arrangement not properly reported in a pension trust fund under which principal and income benefit individuals, private organizations, or other governments.

Joe E. Barr Trust	Zella Silvers Trust
Edgar Foster Trust	Mulberry Church Trust
Calvary Cemetery Trust	

Agency funds are used to account for activity of other organizations where the City is responsible for the accounting.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-recovery basis. The City's internal service fund is presented in the proprietary fund financial statements.

Fiduciary funds are used to report assets held in an agency or custodial capacity for others and therefore not available to support City programs.

D. Assets, Liabilities and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents – The cash balances of most City funds, including the airport discretely presented component unit, are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Investments consist of the following:

<u>Type</u>	<u>Method</u>
Nonnegotiable Certificates of Deposit	Cost
Government Obligations	Fair Value
Commercial Paper	Fair Value
Mutual Funds – Fuller Trust	Fair Value

Custodial Credit Risk – the City has no policy in place regarding custodial credit risk and deposits with financial institutions, however, deposits are insured by the state sinking fund, which provides for additional assessments against depositories to avoid loss of public funds.

Property Tax Receivable, Including Tax Increment Financing - Property tax, including tax increment financing, in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City Council to the County Board of Supervisors. Current year

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

delinquent property taxes receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the City Council to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City Council is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2016 assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2017. Any county collections on the 2017-2018 tax levy remitted to the City within 60 days subsequent to June 30, 2018, are recorded as property tax revenue.

Customer Accounts and Unbilled Usage – Accounts receivable in the Enterprise Funds includes services billed prior to June 30, 2018 and an estimate of services provided through June 30, 2018 but not billed.

Short-Term Interfund Receivables/Payables - During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, construct assets, and service debt. To the extent certain transactions between funds have not been paid or received as of June 30, 2018, balances of interfund amounts payable or receivable have been recorded as “due to other funds” and “due from other funds”, respectively in the fund financial statements. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as interfund balances.

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

Inventories - Inventories of the proprietary fund types are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed.

Restricted Assets – Funds set aside for payment of Enterprise Fund revenue notes are classified as restricted assets since their use is restricted by applicable note indentures.

Prepaid Items - Payments made to vendors for services that will benefit periods beyond June 30, 2018 are recorded as prepaid items.

Capital Assets - Capital assets, which include property, equipment and vehicles and infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government) are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Position and in the Proprietary Funds Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

potential. The costs of normal maintenance and repair not adding to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of \$5,000 for general capital assets and \$25,000 for infrastructure assets and estimated useful lives in excess of one year. Depreciation expense is calculated using the straight-line method over the following useful lives:

Buildings	39 – 150 Years
Utility Plant	25 – 90 Years
Machinery & Equipment	3 – 30 Years
Infrastructure	20 – 100 Years
Land Improvements	50 – 100 Years

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

Compensated Absences - City employees accumulate a limited amount of earned but unused vacation and sick-leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statement. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2018. The compensated absences liability attributable to the governmental activities will be paid by the General Fund.

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

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources.

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

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows and inflows of resources related to OPEB and OPEB expense, information has been determined based on the City’s actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

governmental activities will be paid primarily by the General Fund.

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

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and tax increment financing receivable that will not be recognized as revenue until the year for which they are levied and the unamortized portion of the net difference between projected and actual earnings on pension plan investments and OPEB.

Fund balances - In each of the City's governmental funds (general fund, special revenue funds, capital projects funds, and debt service funds) are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used:

- *Nonspendable fund balance* – amounts that cannot be spent because they are either not in a spendable form (such as inventories and prepaid amounts) or are legally or contractually required to be maintained intact.
- *Restricted fund balance* – amounts that can be spent only for specific purposes because of constraints imposed by external providers (such as grantors, bondholders, and higher levels of government), or imposed by constitutional provisions or enabling legislation.
- *Committed fund balance* – amounts that can be spent only for specific purposes determined by a formal action of the government's highest level of decision-making authority.
- *Assigned fund balance* – amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed.
- *Unassigned fund balance* – amounts that are available for any purpose; these amounts can be reported only in the City's General Fund.

Fund balance amounts represent the nature of the net resources that are reported in a governmental fund. The City fund balance classifications include non-spendable resources, restricted, and non-restricted (committed, assigned and unassigned) amounts. When the City incurs an expenditure and both restricted and unrestricted amounts are available, the City considers restricted amounts to have been spent. When the City incurs an expenditure for an unrestricted amount, committed amounts are reduced first, followed by assigned amounts and then unassigned amounts for purposes in which any of those unrestricted fund balance classifications could be used.

Interfund Transactions - Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used transactions and reimbursements, are reported as transfers.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2018, disbursements exceeded the amounts budgeted in public safety, community and economic development, capital projects and business – type functions.

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2018, were entirely covered by Federal Depository Insurance collateralized with securities or letters of credit held by the City or by a multiple financial institution collateral pool in accordance with Chapter 12C of the Code of Iowa. Chapter 12C provides for additional assessments against the depositories to insure there will be no loss of public funds. The City is authorized by statute to invest public funds in obligation 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.

Deposits at June 30, 2018, are shown below:

	Primary Government	Fiduciary Funds	Webster City Airport Commission Component Unit	Fuller Trust Component Unit	Total
Demand Deposits	\$ 11,958,174	\$ 19,569	\$ 232,565	\$ 114,733	\$12,325,041
Cash on Hand	1,000	-	-	-	1,000
Time Deposits	9,789,630	-	250,000	-	10,039,630
	<u>\$ 21,748,804</u>	<u>\$ 19,569</u>	<u>\$ 482,565</u>	<u>\$ 114,733</u>	<u>\$22,365,670</u>

Interest Rate Risk – This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City does have a formal investment policy that limits investment maturities (no more than 397 days) as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the exposure of the City's investments to this risk, is as follows:

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS - (Continued)

Type of Investment	Fair Value	Investment Maturities (In Years)
		Less Than 1 Year
U. S. Government Issues	\$ 415,728	\$ 415,728
Commercial Paper	1,117,920	1,117,920
	<u>\$ 1,533,648</u>	<u>\$ 1,533,648</u>

The City uses fair value hierarchy established by generally accepted accounting principles 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 inputs are significant unobservable inputs.

The recurring fair value measurement for the U.S. Government Issues of \$415,728 and the Commercial Paper of \$1,117,920 were all determined using the last reported sales price at current exchange rates (Level 1 inputs).

The City had no other investments meeting the disclosure requirements of Governmental Accounting Standards Board's Statement No. 72.

Fuller Trust – Discretely Presented Component Unit:

Custodial Credit Risk: This 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. The Fuller Trust funds do not have custodial credit risk policies for investments.

Interest Rate Risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Fuller Trust does not have a formal investment policy that limits investment maturities (no more than 397 days) as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the exposure of the Fuller Trust's investments to this risk is as follows:

Type of Investment	Fair Value	Less Than 1 Year
Fixed Income Bonds	\$ 712,647	\$ 712,647
Mutual Funds	2,021,191	2,021,191
	<u>\$ 2,733,838</u>	<u>\$ 2,733,838</u>

The Fuller Trust uses the fair value hierarchy established by generally accepted accounting principles 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 inputs are significant unobservable inputs.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS – (Continued)

The recurring fair value measurement for the Fixed Income Bonds of \$712,647 and the Mutual Funds of \$2,021,191 were all determined using the last reported sales price at current exchange rates (Level 1 inputs).

The Fuller Trust had no other investments meeting the disclosure requirements of Governmental Accounting Standards Boards Statement No. 72.

Note 3 - RECEIVABLES

Receivables at June 30, 2018 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$21,789 at June 30, 2018.

The City has received federal and state grant funds for economic development and housing rehabilitation loan programs to various businesses and individuals. The City records a loan receivable when the loan has been made and funds have been disbursed.

It is the City's policy to record unavailable revenue for the net amount of the receivable balance. As loans are repaid, revenue is recognized. When new loans are made from the repayments, expenditures are recorded. Interest received from loan repayments is recognized as revenue when received in cash. Any unspent loan repayments at year-end are presented as committed fund balance in the fund financial statements.

Note 4 - DUE FROM OTHER GOVERNMENTS

At June 30, 2018, amounts due from other governments were as follows:

Due from the Iowa Department of Revenue for Road Use Tax allocation	\$	76,962
Due from the Iowa Department of Revenue for Local Option Sales taxes		62,786
Due from the Iowa Department of Transportation for Grants		36,080
Total Governmental Funds	\$	175,828

Note 5 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2018, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
Electric	Non-Major Governmental	\$ 597,366
Electric	Brewer Creek Estates	2,705,319
Electric	Water	226,912
Sewer	Non-Major Governmental	70,706
Sewer	Internal Service	5,403
Non-Major Governmental	Non-Major Governmental	224,110
		\$ 3,829,816

The purpose of the interfund balances is to help finance short-term cash flow shortages of various funds and interfund borrowing.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018 was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Reclass	Ending Balance
Capital assets not being depreciated:					
Land	\$ 4,099,573	\$ 844,032	\$ 42,459	\$ -	\$ 4,901,146
Right of way	786,799	-	-	-	786,799
Construction in progress	6,411,990	88,616	6,157,526	-	343,080
Total capital assets not being depreciated	11,298,362	932,648	6,199,985	-	6,031,025
Capital assets being depreciated:					
Land improvements	2,233,981	-	-	-	2,233,981
Structures and improvements	7,525,582	70,089	-	-	7,595,671
Machinery and equipment	5,155,435	375,210	208,515	(22,103)	5,300,027
Streets	23,938,991	5,360,372	-	-	29,299,363
Trails and paths	1,978,502	92,383	-	-	2,070,885
Sidewalks	745,810	599,528	-	-	1,345,338
Storm sewers	1,425,283	1,033,339	-	-	2,458,622
Bridges	2,302,644	310,912	-	-	2,613,556
Dam	200,000	-	-	-	200,000
Traffic signals	183,657	-	-	-	183,657
Total capital assets being depreciated	45,689,885	7,841,833	208,515	(22,103)	53,301,100
Less: Accumulated depreciation for					
Land improvements	534,096	45,090	-	-	579,186
Structures and improvements	4,064,357	170,367	-	-	4,234,724
Machinery and equipment	2,584,735	228,195	190,561	(22,103)	2,600,266
Streets	12,436,255	456,562	-	-	12,892,817
Trails and paths	361,226	39,636	-	-	400,862
Sidewalks	256,593	13,047	-	-	269,640
Storm sewers	566,614	16,144	-	-	582,758
Bridges	1,216,131	34,554	-	-	1,250,685
Dam	120,002	6,667	-	-	126,669
Traffic signals	161,616	7,346	-	-	168,962
Total Accumulated Depreciation	22,301,625	1,017,608	190,561	(22,103)	23,106,569
Capital Assets, Net of Depreciation	23,388,260	6,824,225	17,954	-	30,194,531
Governmental activities capital assets, net	\$ 34,686,622	\$ 7,756,873	\$ 6,217,939	\$ -	\$ 36,225,556

Construction in progress is related to street projects and airport improvements.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 6 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to functions as follows:

Governmental Activities:	
General Government	\$ 13,524
Public Safety	103,122
Public Works, which includes the depreciation of infrastructure	687,040
Culture and Recreation	<u>213,922</u>
Total governmental activities - depreciation expense	<u>\$ 1,017,608</u>

	Beginning Balance	Additions	Deletions	Reclass	Ending Balance
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 524,223	\$ 673,212	\$ -	\$ -	\$ 1,197,435
Construction in Progress	1,327,042	8,878	477,332	-	858,588
Total capital assets not being depreciated	<u>1,851,265</u>	<u>682,090</u>	<u>477,332</u>	<u>-</u>	<u>2,056,023</u>
Capital assets being depreciated:					
Buildings and improvements	3,008,978	-	-	-	3,008,978
Machinery and equipment	4,347,298	261,802	19,080	-	4,590,020
Utility Plant	65,924,747	2,111,008	-	22,103	68,057,858
Total capital assets being depreciated	<u>73,281,023</u>	<u>2,372,810</u>	<u>19,080</u>	<u>22,103</u>	<u>75,656,856</u>
Less: Accumulated Depreciation	45,168,274	1,331,625	19,080	22,103	46,502,922
Total capital assets being depreciated, net	<u>28,112,749</u>	<u>1,041,185</u>	<u>-</u>	<u>-</u>	<u>29,153,934</u>
Business-type activities capital assets, net	<u>\$29,964,014</u>	<u>\$ 1,723,275</u>	<u>\$ 477,332</u>	<u>\$ -</u>	<u>\$31,209,957</u>

Construction in progress at June 30, 2018 consisted of costs associated with the water, wastewater and electric system improvements.

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

Business-Type Activities:	
Water	\$ 419,021
Sewer	313,248
Electric	<u>599,356</u>
Total depreciation expense – business-type activities	<u>\$ 1,331,625</u>

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 6 - CAPITAL ASSETS – (Continued)

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business-Type Activities
Land	\$ 5,687,945	\$ 1,197,435
Construction in Progress	343,080	858,588
Capital Assets (net of accumulated depreciation)	30,194,531	29,153,934
Less: General Obligation Bonds Payable	(4,411,135)	-
Revenue Bonds	(1,809,985)	(9,299,371)
	\$ 30,004,436	\$ 21,910,586

The General Obligation Bonds Payable adjustment of \$4,411,135 excludes unspent bond proceeds of \$340,380.

Note 7 - LONG-TERM DEBT

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and projects. General obligation bonds have been issued for both governmental and business-type activities. These bonds are direct obligations and pledge the full faith and credit of the City.

General obligation bonds outstanding as of June 30, 2018 are as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 6/30/18	Due Within One Year
Governmental Activities						
General Obligation Debt						
Corporate purpose bonds	06/29/16	06/01/29	2.00 – 2.50%	\$ 4,590,000	\$ 4,380,000	\$ 260,000
Corporate purpose bonds	11/01/10	06/01/20	2.00 – 2.90%	1,290,000	275,000	135,000
Total Governmental Activities – General Obligation Debt					\$ 4,655,000	\$ 395,000

The balances shown on the Statement of Net Position is net of unamortized bond premiums of \$96,515.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 7 - LONG-TERM DEBT - (Continued)

Debt service requirements to maturity are as follows:

Years	Governmental Activities		Total
	Principal	Interest	
2019	\$ 395,000	\$ 96,835	\$ 491,835
2020	405,000	87,923	492,923
2021	415,000	78,563	493,563
2022	425,000	70,263	495,263
2023	430,000	61,763	491,763
2024-2028	2,285,000	174,950	2,459,950
2029-2030	300,000	6,300	306,300
Total	\$ 4,655,000	\$ 576,597	\$5,231,597

Revenue Bonds

The City also has issued revenue bonds where the City pledges income derived from the acquired or constructed asset to pay debt service. These funds have been expended on construction of the water treatment and wastewater treatment facilities and electric system improvements.

Revenue bonds outstanding at June 30, 2018 are as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 6/30/18	Due Within One Year
Governmental Activities Revenue Debt:						
Community Center revenue note	07/01/02	07/01/42	Variable	\$ 2,600,000	\$ 1,809,985	\$ -
Business-Type Activities Revenue Debt:						
<u>Sewer Utility</u> Revenue bonds	02/07/00	06/01/20	3.92%	3,900,000	538,000	264,000
<u>Water Utility</u> Revenue Bonds	06/01/12	06/01/32	0.60 – 3.25%	3,200,000	2,360,000	145,000
<u>Electric Utility</u> Revenue Bonds	05/01/12	11/01/37	2.25 – 5.65%	\$ 14,915,000	12,935,019	450,000
Total Business Type Activities					\$15,833,019	\$ 859,000

Debt service requirements to maturity are as follows:

Years	Business-type Activities Revenue Debt		
	Principal	Interest	Total
2019	\$ 859,000	\$ 768,278	\$ 1,627,278
2020	884,000	743,268	1,627,268
2021	630,000	716,308	1,346,308
2022	655,000	695,308	1,350,308
2023	675,000	672,207	1,347,207
2024-2028	3,835,000	2,912,898	6,747,898
2029-2033	4,620,000	1,912,557	6,532,557
2033-2037	3,675,019	607,375	4,282,394
	\$15,833,019	\$ 9,028,199	\$24,861,218

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 7 - LONG-TERM DEBT - (Continued)

A repayment schedule has not been established for the community center revenue note as of June 30, 2018.

Notes Payable

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 6/30/18	Due Within One Year
Electric Utility:						
USDA Note	08/15/16	06/15/26	0%	\$ 1,000,000	\$ 806,723	\$ 100,840
USDA Note	12/05/17	11/15/27	0%	\$ 1,000,000	949,580	100,841
Total					<u>\$1,756,303</u>	<u>\$ 201,681</u>

The City received \$1,000,000 of USDA note proceeds on August 15, 2016 and then transferred the proceeds to Hamilton Hospital for use on a building expansion. The hospital pays the City for the note and the City then makes the payments USDA.

The City received \$1,000,000 of USDA note proceeds on December 5, 2017 and then transferred the proceeds to Mary Ann's Specialty Foods. The proceeds were used to purchase equipment. Mary Ann's Specialty Foods pays the City for the note and the City makes the payment to USDA.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Beginning Balance (As restated)	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
General Obligation	\$ 5,040,000	\$ -	\$ 385,000	\$ 4,655,000	\$ 395,000
Revenue Bonds	1,865,666	-	55,681	1,809,985	-
Compensated Absences	298,827	301,139	298,827	301,139	165,659
Other Post Employment Benefits	84,811	18,732	-	103,543	-
Net Pension Liability	2,799,475	-	60,240	2,739,235	-
Governmental Activity Long-Term Liabilities	<u>\$ 10,088,779</u>	<u>\$ 319,871</u>	<u>\$ 799,748</u>	<u>\$ 9,608,902</u>	<u>\$ 560,659</u>
Business-Type Activities:					
Bonds Payable:					
Revenue Bonds	\$16,672,019	\$ -	\$ 839,000	\$ 15,833,019	\$ 859,000
Notes Payable	907,563	1,000,000	151,260	1,756,303	201,681
Compensated Absences	246,744	255,545	246,744	255,545	138,108
Other Post Employment Benefits	66,785	5,933	-	72,718	-
Net Pension Liability	1,408,912	17,567	-	1,426,479	-
Business-Type Activity Long-Term Liabilities	<u>\$19,302,023</u>	<u>\$ 1,279,045</u>	<u>\$ 1,237,004</u>	<u>\$ 19,344,064</u>	<u>\$ 1,198,789</u>

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 8 - TRANSFERS

The following is a summary of transfers between funds:

	General	Sewer	Non Major Governmental	Total Transfer Out
General	\$ -	\$ 600,000	\$ 45	\$ 600,045
Electric	558,370	-	-	558,370
Sewer	100,887	-	-	100,887
Water	100,373	-	257,396	357,769
Non-Major	61,879	10,911	1,047,818	1,120,608
Total Transfer In	\$ 821,509	\$ 610,911	\$ 1,305,259	\$ 2,737,679

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 9- PENSION PLAN

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:

- 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 salaries.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 9- PENSION PLAN - (Continued)

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

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

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

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

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

Disability and Death Benefits

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

Contributions

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

In fiscal year 2018, pursuant to the required rate, Regular members contributed 5.95 percent of covered payroll and the City contributed 8.93 percent of covered payroll, for a total rate of 14.88 percent. Protective occupation members contributed 6.56 percent of covered payroll and the City contributed 9.84 percent of covered payroll for a total rate of 16.40 percent.

The City's total contributions to IPERS for the year ended June 30, 2018 were \$249,982.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 9- PENSION PLAN - (Continued)

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

At June 30, 2018, the City reported a liability of \$2,365,229 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2017, the City's collective proportion was .0355 percent, which was a decrease of .0003 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$293,217. At June 30, 2018 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 21,760	\$ 20,697
Changes of assumptions	413,098	2
Net difference between projected and actual earnings on pension plan investments	-	24,885
Changes in proportion and differences between City contributions and proportionate share of contributions	-	69,143
City contributions subsequent to the measurement date	249,982	-
Total	\$ 684,840	\$ 114,727

\$249,982 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2019	23,697
2020	162,138
2021	99,533
2022	7,741
2023	27,022
	\$ 320,131

There were no non-employer contributing entities to IPERS.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 9- PENSION PLAN - (Continued)

Actuarial assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2017)	2.60 percent per annum
Salary Increases (effective June 30, 2017)	3.25 to 16.25 percent average, including inflation. Rates vary by membership group.
Long-term Investment Rate of Return (effective June 30, 2017)	7.00 percent per annum, compounded annually, net of pension plan investment expense, and including inflation.
Wage Growth (effective June 30, 2017)	3.25 percent per annum based on 2.60 percent inflation and 0.65 percent real wage inflation.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017. Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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 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 target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	24.0%	6.25%
International equity	16.0	6.71
Core plus fixed income	27.0	2.25
Public credit	3.5	3.46
Public real assets	7.0	3.27
Cash	1.0	(0.31)
Private equity	11.0	11.15
Private real assets	7.5	4.18
Private credit	3.0	4.25
Total	100%	

Discount rate – The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 9- PENSION PLAN - (Continued)

contractually required rates, actuarially determined. Based on those assumptions, the IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, 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 percentage point lower (6.00 percent) or 1 percentage point higher (8.0 percent) than the current rate.

	1% Decrease 6.0%	Discount Rate 7.0%	1% Increase 8.0%
City's proportionate share of the net Pension liability	\$ 3,906,325	\$ 2,365,229	\$ 1,070,424

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

Payables to the pension plan

All legally required City contributions and legally required employee contributions which had been withheld from employee wages were remitted by the City to IPERS by June 30, 2018.

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 Webster City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at www.mfprsi.org.

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

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

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 9- PENSION PLAN - (Continued)

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66 percent 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 percent surviving spouse benefit.

Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. When electing to participate in DROP the member signs a contract indicating 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 and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60 percent 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 percent 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 percent of average final compensation for those with less than 5 years of service.

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

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

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

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2018.

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

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 9- PENSION PLAN - (Continued)

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 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 25.68% for the year ended June 30, 2018.

The City's contributions to MFPRSI for the year ended June 30, 2018 was \$218,353.

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

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2018.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2018, the City reported a liability of \$1,800,485 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2017, the City's proportion was .307% which was an increase of .004% from its proportions measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$276,324. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 69,095	\$ 1,096
Changes of assumptions	153,002	20,450
Net difference between projected and actual earnings on pension plan investments	73,773	-
Changes in proportion and differences between City contributions and proportionate share of contributions	92,043	100,254
City contributions subsequent to the measurement date	218,353	-
Total	\$ 606,266	\$ 121,800

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 9- PENSION PLAN - (Continued)

\$218,353 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2019	\$ 29,282
2020	155,337
2021	91,168
2022	(19,872)
2023	10,198
	\$ 266,113

Actuarial Assumptions The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation	3.00 percent
Salary increases	4.50 to 15.00 percent, including inflation
Investment rate of return	7.50 percent, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Postretirement mortality rates were based on 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 five years projection of future mortality improvement with Scale BB.

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 WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 9- PENSION PLAN - (Continued)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap	5.5%
Small Cap	5.8
International Large Cap	7.3
Emerging Markets	9.0
Emerging Market Debt	6.3
Private Non-Core Real Estate	8.0
Master Limited Partnerships	9.0
Private Equity	9.0
Core Plus Fixed Income	3.3
Private Core Real Estate	6.0
Tactical Asset Allocation	6.4

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made at 9.40% of covered payroll and the City contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the MFPRSI's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on MFPRSI'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 7.50 percent, 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-percent lower (6.50 percent) or 1-percent higher (8.5 percent) than the current rate.

	<u>1% Decrease 6.5%</u>	<u>Discount Rate 7.5%</u>	<u>1% Increase 8.5%</u>
City's proportionate share of the net Pension liability	\$2,958,978	\$1,800,485	\$836,903

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

Payables to the Pension Plan - All legally required City contributions and legally required employee contributions which had been withheld from employee wages were remitted by the City to MFPRSI by June 30, 2018.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 9- PENSION PLAN - (Continued)

Employee Vision and Dental Plan – The City of Webster City Medical/Flex Insurance Fund was established to account for the City’s medical and flex benefit plan. The City has entered into an administrative services agreements with Employee Benefits System, to administer the employee dental and vision benefit plans. The agreements are subject to automatic renewal provisions.

Monthly payments of service fees and plan contributions to the City of Webster City Medical/Flex Insurance Fund are recorded as disbursements in the operating funds. Under an administrative services agreement, monthly payments of service fees and claims processed were paid to Wellmark Blue Cross and Blue Shield from the Internal Service Fund, Medical/Flex Insurance Account.

For vision claims, the claims are limited to specified services outlined in the vision plan and the uninsured risk of loss is minimal per employee. For dental claims, the uninsured risk of loss is \$1,000 for a policy year per employee. The City has not purchased additional commercial insurance since claims are limited to the amounts specified in the plan.

All funds of the City participate in the vision and dental plan. Amounts payable to the medical/flex insurance fund are based on actual claims incurred in prior years.

A liability for a claim is established if information indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss is reasonably estimable. Liabilities include an amount for claims that have been incurred but not reported. The City does not allocate overhead costs or other non-incremental costs to the claims liability.

Claims Liability

	Current Year	Prior Year
Unpaid claims, beginning of fiscal year	\$ 14,000	\$ 14,000
Current year claims and changes in estimates	149,410	125,022
Claim payments	(149,410)	(125,022)
Unpaid claims, end of fiscal year	\$ 14,000	\$ 14,000

Note 10 - DEFICIT FUND EQUITY

The City has nine funds with deficit equity balances at June 30, 2018. The City intends to finance these deficits from various resources including; TIF Receipts, fund transfers, and note payments.

The individual fund deficits were as follows:

Major – Brewer Creek Estates	2,705,196
Nonmajor – Second Street Reconstruction	585,401
Nonmajor – Urban Renewal Southeast TIF	24,110
Nonmajor – Urban Renewal SW Watermain	5,682
Nonmajor – City Hall Plaza	155
Nonmajor – Van Diest TIF	2,500
Nonmajor – TIF Custom Meats	2,283
Nonmajor – Webster City Federal TIF	51,754
Nonmajor – Bridge Project	19,175

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 11- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. All of these risks, with the exception of vision and dental care, are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial coverage in any of the past three years. There were no significant reductions in coverage compared to the prior year.

Note 12- COMMITMENTS

As of June 30, 2018, the City had entered into several construction contracts totaling approximately \$5,688,815 of which approximately \$5,021,958 has been expended to date. The remaining \$666,857 will be paid as work progresses.

Note 13 - CONTINGENCY

From time to time, the City is party to various pending claims and legal proceedings. Although the outcome of such matters cannot be forecasted with certainty, it is the opinion of the management and the City attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

The City has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grants. Management believes such disallowances, if any, would be immaterial.

The City of Webster City has entered into several development agreements with developers.

The developers are constructing industrial/commercial facilities on property located in the City. Chapter 403 of the Code of Iowa authorizes cities to establish urban renewal areas and to undertake economic development projects. In recognition of the developers' commitment, the City agreed to make economic tax rebate payments to the developer during the term of the agreements in amounts which represent the property taxes paid with respect to the project by the developers in that fiscal year, minus the amount of debt service taxes levied by taxing jurisdictions, provided, however, that the total rebate payments during the term of the agreement do not exceed the maximum amounts listed.

The agreement assumes that the full taxable value of the project will go on the property tax rolls as of the dates listed below. All tax rebate payments will be made on December 1, and June 1 beginning the year after the initial incremental taxable value is placed on the property tax roll. The tax rebate payments shall not constitute general obligation of the City, but shall be paid solely and only from incremental property taxes received by the City from the Hamilton County Treasurer which are attributable to each individual project.

The tax rebate payments to the developer are subject to the following conditions:

1. Timely payment of property taxes by the developer when due and submission to the City of a receipt or cancelled check as evidence of each tax payment. Residential developers are not required to submit receipts.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 13 - CONTINGENCY - (Continued)

2. Submission of documentation satisfactory to the City, at least one week prior to each December 1 and June 1 payment date, that that project is being used as a commercial facility.

Note 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

OPEB Benefits – Individuals who are employed by City of Webster City and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	<u>68</u>
Total	<u>68</u>

Total OPEB Liability – The City's total OPEB liability of \$176,261 was measured as of July 1, 2017 and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurements.

Rate of inflation (effective July 1, 2017)	2.60% per annum
Rates of salary increase (effective July 1, 2017)	3.25% per year,
Discount rate (effective July 1, 2017)	3.58% compounded annually
Healthcare cost trend rate (effective June 30, 2017)	9.00% initial rate decreasing by .50% annually to an ultimate rate of 5.00%

Discount Rate – The discount rate used to measure the total OPEB liability was 3.58% which reflects The Bond Buyer index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB – CONTINUED)

Mortality table has been updated from SOA RPH-2014 Total Dataset Mortality Table fully generational using Scale MP-2014 to SOA RPH-2017 Total Dataset Mortality Table fully generational using Scale MP-2017.

Annual rates of retirement based on the IPERS and MFPRSI actuarial valuation for fiscal year ending June 30, 2017. Both were modified for City experience.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Changes in Total OPEB Liability

	Total OPEB Liability
Total OPEB liability beginning of year, as restated	\$ 151,596
Changes for the year:	
Service cost	13,109
Interest	4,776
Differences between expected and actual experiences	11,937
Changes in assumptions	(2,912)
Benefit payments	(2,245)
Net changes	24,665
Total OPEB liability end of year	\$ 176,261

Changes of assumptions reflect a change in the discount rate from 2.92% in fiscal year 2017 to 3.58% in fiscal year 2018.

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.58%) or 1% higher (4.58%) than the current discount rate.

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability	\$ 188,977	176,261	163,724

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 14 - OTHER POSTEMPLOYMENT BENEFITS (OPEB – CONTINUED)

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower (8.0%) or 1% higher (10.0%) than the current healthcare cost trend rate.

	1% Decrease (8.00%)	Healthcare Cost Trend Rate (9.00%)	1% Increase (10.00%)
Total OPEB Liability	\$ 153,267	176,261	203,583

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2018, the City recognized OPEB expense of \$18,770. At June 30, 2018, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,745	\$ -
Changes of assumptions	-	2,622
Total	\$ 10,745	\$ 2,622

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

Year ending June 30,	Amount
2019	\$ 903
2020	903
2021	903
2022	903
2023	903
Thereafter	3,608
Total	\$ 8,123

Note 15 - NOTES RECEIVABLE

In May 2012, the City loaned Corn Belt Energy \$5,000,000 for system upgrades that are not City assets out of the Electric fund. This was done in conjunction with the issuance of the 2012A Electric Revenue Bonds and will be repaid starting in fiscal year 2032. Corn Belt Energy is reimbursing the City for all principal and interest related to the 2012A Electric Revenue Bonds.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 15 - NOTES RECEIVABLE – (Continued)

The Electric fund has multiple loans to various entities for economic development. The related note receivable balance as of June 30, 2018 was \$3,019,283.

The governmental activities has multiple loans to various entities for community betterment and economic development. The related note receivable balance as of June 30, 2018 was \$892,730.

Note 16 - 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, 2018, the City abated \$87,903 of property tax under the urban renewal and economic development projects.

Note 17 - DEVELOPMENT AGREEMENTS

The City entered into various development agreements for construction of commercial buildings and land development. The City agreed to pay the developers an amount not to exceed \$2,677,236 subject to annual appropriation by the City Council. The agreements require semi-annual payments, provided the developer follows the terms of the agreement. During the year ended June 30, 2018, the City rebated \$198,842 of incremental property tax to the developers. At June 30, 2018, the remaining balance to be paid on the agreements was \$625,430.

Note 18 – ACCOUNTING CHANGE/RESTATEMENT

Governmental Accounting Standards Board Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB), was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. In addition, GASB Statement No. 75 requires a state or local government employer to use the entry age normal actuarial cost method, and requires deferred outflows of resources and deferred inflows of resources which arise from other types of events related to OPEB to be recognized. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources are not reported.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2018

Note 18 – ACCOUNTING CHANGE/RESTATEMENT – (Continued)

Beginning net position for governmental and business type activities was related to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

It was determined that accounts receivable recorded in the nonmajor funds of TIF-Shopko and TIF-3DK were overstated. The prior period adjustment decreased fund balance by \$8,999 between TIF-Shopko and TIF-3DK. The prior period adjustment also decreased governmental activities net position by \$8,999.

It was determined that activity within the internal service fund was not properly recorded. A prior period adjustment was made reducing the governmental activities net position by \$280,202.

	Governmental Activities	Business Type Activities			Total
		Water	Sewer	Electric	
Net Position June 30, 2017, as previously reported	\$ 35,601,787	\$10,660,091	\$ 7,024,880	\$ 18,487,195	\$ 36,172,766
Net OPEB obligation measured under previous standards	51,530	10,227	9,180	21,343	40,750
Total OPEB liability as June 30, 2017	(84,811)	(15,968)	(16,201)	(34,616)	(66,785)
Other	(289,201)	-	-	-	-
Net Position July 1, 2017, as restated	\$ 35,279,305	\$10,654,950	\$ 7,017,859	\$ 18,473,922	\$ 36,146,731

CITY OF WEBSTER CITY, IOWA
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN
BALANCES - BUDGET AND ACTUAL (CASH BASIS) -
Governmental Funds and Proprietary Funds
For the Year Ended June 30, 2018

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Taxes	\$ 3,853,223	\$ -
Licenses and Permits	220,352	-
Intergovernmental Revenue	2,319,312	-
Charges for Services	471,628	17,250,564
Revenue from Use of Property	298,722	104,491
Miscellaneous	440,835	7,116
Total receipts	<u>7,604,072</u>	<u>17,362,171</u>
Disbursements:		
Public Safety	2,612,808	-
Public Works	1,441,691	-
Health and Social Services	49,730	-
Culture and Recreation	1,144,584	-
Community and Economic Development	856,524	-
General Government	306,962	-
Capital Projects	4,001,825	-
Debt Service	600,799	-
Business-Type Activities	-	17,757,276
Total disbursements	<u>11,014,923</u>	<u>17,757,276</u>
Excess (deficiency) of receipts over disbursements	<u>(3,410,851)</u>	<u>(395,105)</u>
Other financing sources (uses):		
Proceeds from Debt Issuance	-	-
Proceeds from Sale of Asset	111,992	-
Transfers In	2,557,868	4,205,362
Transfers Out	(1,919,284)	(4,420,878)
Total other financing sources (uses)	<u>750,576</u>	<u>(215,516)</u>
Net Change in Balances	(2,660,275)	(610,621)
Balances - beginning of year	13,016,119	14,051,645
Balances - end of year	<u>\$ 10,355,844</u>	<u>\$ 13,441,024</u>

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 3,853,223	\$ 3,851,624	\$ 3,791,224	\$ 61,999
220,352	104,810	104,810	115,542
2,319,312	2,028,678	3,028,678	(709,366)
17,722,192	14,398,871	14,398,871	3,323,321
403,213	420,904	420,904	(17,691)
447,951	1,670,267	1,575,267	(1,127,316)
<u>24,966,243</u>	<u>22,475,154</u>	<u>23,319,754</u>	<u>1,646,489</u>
2,612,808	2,490,359	2,490,359	(122,449)
1,441,691	1,529,564	1,529,564	87,873
49,730	65,135	65,135	15,405
1,144,584	1,271,448	1,271,448	126,864
856,524	276,054	636,054	(220,470)
306,962	297,610	347,951	40,989
4,001,825	1,875,203	3,360,203	(641,622)
600,799	756,855	821,855	221,056
17,757,276	32,983,421	16,483,421	(1,273,855)
<u>28,772,199</u>	<u>41,545,649</u>	<u>27,005,990</u>	<u>(1,766,209)</u>
<u>(3,805,956)</u>	<u>(19,070,495)</u>	<u>(3,686,236)</u>	<u>(119,720)</u>
-	35,000,000	-	-
111,992	-	-	111,992
6,763,230	21,848,052	4,348,052	2,415,178
(6,340,162)	(21,848,052)	(4,348,052)	(1,992,110)
<u>535,060</u>	<u>35,000,000</u>	<u>-</u>	<u>535,060</u>
(3,270,896)	15,929,505	(3,686,236)	415,340
27,067,764	-	-	-
<u>\$ 21,272,617</u>	<u>\$ 15,929,505</u>	<u>\$ (3,686,236)</u>	<u>\$ -</u>

CITY OF WEBSTER CITY, IOWA
BUDGET TO GAAP RECONCILIATION
REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
For the Year Ended June 30, 2018

	Cash Basis	Accrual Adjustments	Modified/Full Accrual Basis
Revenue:			
Taxes	\$ 3,853,223	\$ 105,642	\$ 3,958,865
Licenses and Permits	220,352	(6,739)	213,613
Intergovernmental Revenue	2,319,312	(236,643)	2,082,669
Charges for Services	17,722,192	209,707	17,931,899
Fines and Forfeits	-	8,724	8,724
Contributions	-	4,888	4,888
Refunds/Reimbursements	-	198,933	198,933
Revenue from Use of Property	403,213	(227,671)	175,542
Interest on Investments	-	170,588	170,588
Miscellaneous	447,951	(336,673)	111,278
Total Revenue	<u>24,966,243</u>	<u>(109,244)</u>	<u>24,856,999</u>
Expenditures/Expenses:			
Public Safety	2,612,808	(173,199)	2,439,609
Public Works	1,441,691	96,708	1,538,399
Health and Social Services	49,730	1,241	50,971
Culture and Recreation	1,144,584	114,496	1,259,080
Community and Economic Development	856,524	(240,613)	615,911
General Government	306,962	(10,936)	296,026
Capital Projects	4,001,825	(748,066)	3,253,759
Debt Service	600,799	(2)	600,797
Business-Type Activities	17,757,276	(2,561,115)	15,196,161
Total Expenditures/Expenses	<u>28,772,199</u>	<u>(3,521,486)</u>	<u>25,250,713</u>
Excess (Deficiency) of Revenues Over Expenditures/Expenses	<u>(3,805,956)</u>	<u>3,412,242</u>	<u>(393,714)</u>
Other financing sources (uses):			
Proceeds from Sale of Fixed Assets	111,992	-	111,992
Contributed Capital Revenue	-	1,723,567	1,723,567
Transfers In	6,763,230	(4,025,551)	2,737,679
Transfers Out	(6,340,162)	3,602,483	(2,737,679)
Total other financing sources (uses)	<u>535,060</u>	<u>1,300,499</u>	<u>1,835,559</u>
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures/Expenses and Other (Uses)	<u>(3,270,896)</u>	<u>4,712,741</u>	<u>1,441,845</u>
Fund Balance/Retained Earnings - beginning of year	24,543,513	20,521,006	45,064,519
Prior Period Adjustment	-	(35,034)	(35,034)
Fund Balance/Retained Earnings - beginning of year, as Restated	<u>24,543,513</u>	<u>20,485,972</u>	<u>45,029,485</u>
Fund Balance/Retained Earnings - end of year	<u>\$ 21,272,617</u>	<u>\$ 25,198,713</u>	<u>\$ 46,471,330</u>

CITY OF WEBSTER CITY, IOWA
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2018

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service Funds, and appropriates the amount deemed necessary for each of the different City offices and departments. The budgets may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end. The budget was amended once during the year.

Formal and legal budgetary control is based upon 9 major classes of expenditures known as functions, not by fund. These 9 functions are: public safety, public works, community and economic development, health and social services, culture and recreation, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department.

During the fiscal year ended June 30, 2018, disbursements exceeded the amounts budgeted in the public safety, community and economic development, capital projects and business-type functions.

CITY OF WEBSTER CITY, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST FISCAL YEAR*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016	2015
City's proportion of the net pension liability	.035507%	.035876%	.036600%	0.03806%
City's proportionate share of the net pension liability	\$ 2,365	\$ 2,257	\$ 1,808	\$ 1,509
City's covered-employee payroll	\$ 2,666	\$ 2,595	\$ 2,559	\$ 2,553
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	88.71%	86.97%	70.65%	59.11%
Plan fiduciary net position as a percentage of the total pension liability	82.21%	81.82%	85.19%	87.61%

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

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

**CITY OF WEBSTER CITY, IOWA
SCHEDULE OF THE CITY'S RETIREMENT SYSTEM
LAST TEN YEARS (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 250	\$ 238	\$ 232	\$ 230	\$ 225
Contributions in relation to the statutorily required contribution	(250)	(238)	(232)	(230)	(225)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 2,790	\$ 2,666	\$ 2,595	\$ 2,559	\$ 2,553
Contributions as a percentage of covered-employee payroll	8.96%	8.93%	8.94%	8.98%	8.77%

	2013	2012	2011	2010	2009
Statutorily required contribution	\$ 220	\$ 204	\$ 179	\$ 169	\$ 156
Contributions in relation to the statutorily required contribution	(220)	(204)	\$ (179)	(169)	(156)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 2,567	\$ 2,567	\$ 2,603	\$ 2,504	\$ 2,441
Contributions as a percentage of covered-employee payroll	8.58%	7.94%	6.88%	6.75%	6.40%

See accompanying independent auditors' report

**CITY OF WEBSTER CITY, IOWA
SCHEDULE OF THE CITY'S RETIREMENT SYSTEM
LAST TEN YEARS (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

Changes of Benefit Terms:

Legislation enacted in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

Changes of Assumptions

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

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

CITY OF WEBSTER CITY, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST FISCAL YEAR* (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017	2016	2015
City's proportion of the net pension liability	.30700%	.31197%	.28126%	.31191%
City's proportionate share of the net pension liability	\$ 1,800	\$ 1,951	\$ 1,321	\$ 1,131
City's covered-employee payroll	\$ 869	\$ 845	\$ 737	\$ 797
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	207%	231%	179%	142%
Plan fiduciary net position as a percentage of the total pension liability	81%	78%	83%	86%

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

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

**CITY OF WEBSTER CITY, IOWA
SCHEDULE OF CITY CONTRIBUTIONS
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST TEN YEARS (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 218	\$ 225	\$ 235	\$ 244	\$ 240
Contributions in relation to the statutorily required contribution	(218)	(225)	(235)	(244)	(240)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 850	\$ 869	\$ 845	\$ 737	\$ 797
Contributions as a percentage of covered-employee payroll	25.68%	25.92%	27.77%	30.41%	30.12%

	2013	2012	2011	2010	2009
Statutorily required contribution	\$ 208	\$ 197	\$ 159	\$ 137	\$ 144
Contributions in relation to the statutorily required contribution	\$ (208)	(197)	(159)	(137)	(144)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered employee payroll	\$ 796	\$ 796	\$ 799	\$ 806	\$ 768
Contributions as a percentage of covered-employee payroll	26.12%	24.76%	19.90%	17.00%	18.75%

See accompanying independent auditors' report

CITY OF WEBSTER CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2018

Changes of Benefit Terms:

There were no significant changes of benefit terms.

Changes of Assumptions:

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

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

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

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

**CITY OF WEBSTER CITY, IOWA
SCHEDULE OF CHANGES IN THE CITY'S
TOTAL OPEB LIABILITY, RELATED RATIOS AND NOTES
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

	2018
Service Cost	\$ 13,109
Interest Cost	4,776
Difference between expected and actual experiences	11,937
Changes in assumptions	(2,912)
Benefit payments	(2,245)
Net change in total OPEB liability	24,665
Total OPEB liability beginning of year, as restated	151,596
Total OPEB liability end of year	\$ 176,261
Covered-employee payroll	\$ 3,696,412
Total OPEB liability as a percentage of covered-employee payroll	4.8%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

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

Year ended June 30, 2018	3.58%
Year ended June 30, 2017	4.00%

Note: GASB No.75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the county will present information for those years for which information is available.

See accompanying independent auditor's report

CITY OF WEBSTER CITY, IOWA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 June 30, 2018

	Special Revenue Funds				
	FICA/ IPERS	Worker's Compensation	Medical/Flex Insurance	Unemployment Compensation	Road Use Tax
Assets					
Cash and Cash Equivalents	\$ 46,896	\$ 175,718	\$ 182,491	\$ 17,816	\$ 1,231,026
Investments	-	-	-	-	1,067,617
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	-	-	-	-	-
Taxes	1,440	4,612	27	73	-
Subsequent Year Taxes	221,272	107,710	588,958	11,260	-
Accrued Interest	-	-	-	-	-
Notes Receivable	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	76,962
Inventories	-	-	-	-	49,825
Total Assets	269,608	288,040	771,476	29,149	2,425,430
Liabilities					
Accounts Payable	-	-	-	-	30,614
Accrued Wages	-	-	-	-	3,627
Other Accrued Expenses	-	-	-	-	233
Due to Other Funds	-	-	-	-	-
Total Liabilities	-	-	-	-	34,474
Deferred Inflows of Resources					
Unavailable Revenue - Subsequent Year Property Taxes	221,272	107,710	588,958	11,260	-
Unavailable Revenue - Other	-	-	-	-	-
Total Deferred Inflows of Resources	221,272	107,710	588,958	11,260	-
Fund Balances					
Non-Spendable:					
Inventories	-	-	-	-	49,825
Permanent Fund	-	-	-	-	-
Restricted:					
Specific Tax Levy	48,336	180,330	182,518	17,889	-
Streets	-	-	-	-	2,341,131
Capital Projects	-	-	-	-	-
Economic Development Activities	-	-	-	-	-
Committed:					
Police Activities	-	-	-	-	-
Economic Development Activities	-	-	-	-	-
Community Development Activities	-	-	-	-	-
Assigned:					
Capital Projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	48,336	180,330	182,518	17,889	2,390,956
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 269,608	\$ 288,040	\$ 771,476	\$ 29,149	\$ 2,425,430

Special Revenue Funds								
Police/Fire Retirement	DARE	Seized Property	Police Reserve Fund	Economic Development Loan	WC Comm Rehabilitation Revolving Loan	Urban Renewal TIF Gourley	Urban Renewal TIF Riverview	
\$ 83,238	\$ -	\$ 2,356	\$ 3,469	\$ 286,060	\$ 64,473	\$ -	\$ -	
-	-	-	-	577,935	75,595	-	-	
-	-	-	-	-	-	-	-	
1,389	-	-	-	-	-	-	-	
213,416	-	-	-	-	-	8,239	11,897	
-	-	-	-	808	82	-	-	
-	-	-	-	597,277	4,453	-	-	
-	-	-	-	224,110	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
298,043	-	2,356	3,469	1,686,190	144,603	8,239	11,897	
-	-	489	-	266	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	200,000	-	-	-	
-	-	489	-	200,266	-	-	-	
213,416	-	-	-	-	-	8,239	11,897	
324	-	-	-	597,277	4,453	-	-	
213,740	-	-	-	597,277	4,453	8,239	11,897	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
84,303	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	1,867	3,469	-	-	-	-	
-	-	-	-	888,647	140,150	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
84,303	-	1,867	3,469	888,647	140,150	-	-	
\$ 298,043	\$ -	\$ 2,356	\$ 3,469	\$ 1,686,190	\$ 144,603	\$ 8,239	\$ 11,897	

CITY OF WEBSTER CITY, IOWA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 June 30, 2018

	Special Revenue Funds				
	Urban Renewal TIF Hy-Vee	Urban Renewal TIF Brewer Creek	SSMID	Urban Renewal TIF Struchen	Urban Renewal TIF Mitchell Machine
Assets					
Cash and Pooled Investments	\$ 3,605	\$ 60,082	\$ 7,972	\$ -	\$ 31
Investments	-	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	-	-	-	-	-
Taxes	-	-	-	-	-
Subsequent Year Taxes	-	-	15,410	17,769	4,936
Accrued Interest	-	-	-	-	-
Notes Receivable	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	-
Inventories	-	-	-	-	-
Total Assets	3,605	60,082	23,382	17,769	4,967
Liabilities:					
Accounts Payable	-	-	-	-	-
Accrued Wages	-	-	-	-	-
Other Accrued Expenses	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Total Liabilities	-	-	-	-	-
Deferred Inflows of Resources					
Taxes	-	-	15,410	17,769	4,936
Unavailable Revenue - Other	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	15,410	17,769	4,936
Fund Balances:					
Non-Spendable:					
Inventories	-	-	-	-	-
Permanent Fund	-	-	-	-	-
Restricted:					
Specific Tax Levy	3,605	60,082	7,972	-	31
Streets	-	-	-	-	-
Capital Projects	-	-	-	-	-
Economic Development Activities	-	-	-	-	-
Committed:					
Police Activities	-	-	-	-	-
Economic Development Activities	-	-	-	-	-
Community Development Activities	-	-	-	-	-
Assigned:					
Capital Projects	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	3,605	60,082	7,972	-	31
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,605	\$ 60,082	\$ 23,382	\$ 17,769	\$ 4,967

Special Revenue Funds								
USDA Revolving Loan Fund	Urban Renewal TIF Southeast	Urban Renewal TIF SW Watermain	CDBG Housing Rehab	Wilson Brewer Park Depot	Webster City Pride	First State Bank TIF	Infinity TIF	
\$ 72,270	\$ -	\$ -	\$ -	\$ 5,161	\$ 4,252	\$ 9,044	\$ 7,794	40,317
-	-	-	36,173	150	-	-	-	-
-	-	1,096	-	-	-	15,000	-	-
291,000	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
363,270	-	1,096	36,173	5,311	4,252	24,044	-	48,111
-	-	-	36,155	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	24,110	5,682	-	-	-	-	-	-
-	24,110	5,682	36,155	-	-	-	-	-
-	-	1,096	-	-	-	15,000	-	-
291,000	-	-	-	-	-	-	-	-
291,000	-	1,096	-	-	-	15,000	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	9,044	-	48,111
-	-	-	-	-	-	-	-	-
72,270	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	18	5,311	4,252	-	-	-
-	-	-	-	-	-	-	-	-
-	(24,110)	(5,682)	-	-	-	-	-	-
72,270	(24,110)	(5,682)	18	5,311	4,252	9,044	-	48,111
\$ 363,270	\$ -	\$ 1,096	\$ 36,173	\$ 5,311	\$ 4,252	\$ 24,044	\$ -	\$ 48,111

CITY OF WEBSTER CITY, IOWA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 June 30, 2018

	Special Revenue Funds					
	Webster City Federal TIF	Van Diest Medical Center TIF	TIF Town & Country	TIF Fareway	TIF Shopko	TIF 3DK
Assets						
Cash and Pooled Investments	\$ 18,952	\$ -	\$ 8,910	\$ 4,690	\$ 1,029	\$ 938
Investments	-	-	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)						
Accounts	-	-	-	-	2,500	-
Taxes	-	-	-	-	-	-
Subsequent Year Taxes	71,000	-	15,000	7,000	65,000	11,000
Accrued Interest	-	-	-	-	-	-
Notes Receivable	-	-	-	-	-	-
Due from Other Funds	-	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Total Assets	89,952	-	23,910	11,690	68,529	11,938
Liabilities:						
Accounts Payable	-	-	-	-	-	-
Accrued Wages	-	-	-	-	-	-
Other Accrued Expenses	-	-	-	-	-	-
Due to Other Funds	70,706	2,500	-	-	-	-
Total Liabilities	70,706	2,500	-	-	-	-
Deferred Inflows of Resources						
Taxes	71,000	-	15,000	7,000	65,000	11,000
Unavailable Revenue - Other	-	-	-	-	-	-
Total Deferred Inflows of Resources	71,000	-	15,000	7,000	65,000	11,000
Fund Balances:						
Non-Spendable:						
Inventories	-	-	-	-	-	-
Permanent Fund	-	-	-	-	-	-
Restricted:						
Specific Tax Levy	-	-	8,910	4,690	3,529	938
Streets	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
Economic Development Activities	-	-	-	-	-	-
Committed:						
Police Activities	-	-	-	-	-	-
Economic Development Activities	-	-	-	-	-	-
Community Development Activities	-	-	-	-	-	-
Assigned:						
Capital Projects	-	-	-	-	-	-
Unassigned	(51,754)	(2,500)	-	-	-	-
Total Fund Balances	(51,754)	(2,500)	8,910	4,690	3,529	938
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 89,952	\$ -	\$ 23,910	\$ 11,690	\$ 68,529	\$ 11,938

Special Revenue Funds			Capital Project Funds				
TIF Custom Meats	TIF Tasler's	Second Street Reconstruction	East Second Street	1999 Sidewalk Improvements	Annual Street Maintenance	Bridge Project	
\$ -	\$ -	\$ -	\$ 96,875	\$ 45,703	\$ 325,261	\$ -	
-	-	-	-	-	-	-	
-	1,500	-	-	-	-	-	
5,500	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	36,080	-	-	-	
-	-	-	-	-	-	-	
5,500	1,500	-	132,955	45,703	325,261	-	
-	-	-	115,607	-	225,757	19,175	
-	-	-	-	-	-	-	
2,283	1,500	585,401	-	-	-	-	
2,283	1,500	585,401	115,607	-	225,757	19,175	
5,500	-	-	-	-	-	-	
-	-	-	-	-	-	-	
5,500	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	-	-	-	-	
-	-	-	17,348	45,703	99,504	-	
(2,283)	-	(585,401)	-	-	-	(19,175)	
(2,283)	-	(585,401)	17,348	45,703	99,504	(19,175)	
\$ 5,500	\$ 1,500	\$ -	\$ 132,955	\$ 45,703	\$ 325,261	\$ -	

CITY OF WEBSTER CITY, IOWA
 COMBINING BALANCE SHEET
 Governmental Nonmajor Funds
 June 30, 2018

	Capital Project Funds					Permanent Perpetual Care Fund	Total Governmental Nonmajor Funds
	Capital Improvement Reserve	Railroad Crossing Bicentennial	City Hall Plaza	W. Second Street	Superior Street		
Assets							
Cash and Pooled Investments	\$ 1,155,350	\$ 149	\$ -	\$ 375,422	\$ -	\$ 435,031	\$ 4,732,064
Investments	-	-	-	-	-	-	1,761,464
Receivables (Net, where applicable, of allowance for uncollectibles)							
Accounts	5,597	-	-	-	-	-	45,920
Taxes	-	-	-	-	-	-	7,541
Subsequent Year Taxes	-	-	-	-	-	-	1,391,463
Accrued Interest	2,119	-	-	1,191	-	-	4,200
Notes Receivable	-	-	-	-	-	-	892,730
Due from Other Funds	-	-	-	-	-	-	224,110
Due from Other Governmental Agencies	62,786	-	-	-	-	-	175,828
Inventories	-	-	-	-	-	-	49,825
Total Assets	1,225,852	149	-	376,613	-	435,031	9,285,145
Liabilities:							
Accounts Payable	-	-	155	35,040	-	-	463,258
Accrued Wages	-	-	-	-	-	-	3,627
Other Accrued Expenses	-	-	-	-	-	-	233
Due to Other Funds	-	-	-	-	-	-	892,182
	-	-	155	35,040	-	-	1,359,300
Deferred Inflows of Resources							
Taxes	-	-	-	-	-	-	1,391,463
Deferred Revenue	-	-	-	-	-	-	893,054
Total Deferred Inflows of Resources	-	-	-	-	-	-	2,284,517
Fund Balances:							
Non-Spendable:							
Inventories	-	-	-	-	-	-	49,825
Permanent Fund	-	-	-	-	-	435,031	435,031
Restricted:							
Specific Tax Levy	-	-	-	-	-	-	660,288
Streets	1,225,852	-	-	-	-	-	3,566,983
Capital Projects	-	-	-	341,573	-	-	341,573
Economic Development Activities	-	-	-	-	-	-	72,270
Committed:							
Police Activities	-	-	-	-	-	-	5,336
Economic Development Activities	-	-	-	-	-	-	1,028,797
Community Development Activities	-	-	-	-	-	-	9,581
Assigned:							
Capital Projects	-	149	-	-	-	-	162,704
Unassigned	-	-	(155)	-	-	-	(691,060)
Total Fund Balances	1,225,852	149	(155)	341,573	-	435,031	5,641,328
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,225,852	\$ 149	\$ -	\$ 376,613	\$ -	\$ 435,031	\$ 9,285,145

CITY OF WEBSTER CITY, IOWA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 Governmental Nonmajor Funds
 For the Year Ended June 30, 2018

	Special Revenue Funds				
	FICA/ IPERS	Worker's Compensation	Medical/Flex Insurance	Unemployment Compensation	Road Use Tax
Revenue:					
Taxes	\$ 197,583	\$ 168,594	\$ 508,953	\$ 9,494	\$ -
Intergovernmental Revenue	5,535	4,754	14,284	266	1,002,061
Charges for Services	-	-	-	-	-
Contributions	-	-	-	-	-
Refunds/Reimbursements	-	-	-	-	-
Interest	-	-	-	-	-
Miscellaneous	29	12,508	-	-	-
Total Revenue	203,147	185,856	523,237	9,760	1,002,061
Expenditures:					
Public Safety	53,092	63,314	279,168	3,123	-
Public Works	56,117	12,099	108,025	867	629,787
Culture and Recreation	70,422	12,065	70,486	1,321	-
Community and Economic Development	-	-	-	-	-
General Government	30,423	722	42,340	464	-
Capital Projects	-	-	-	-	-
Total Expenditures	210,054	88,200	500,019	5,775	629,787
Excess (deficiency) of revenues over expenditures	(6,907)	97,656	23,218	3,985	372,274
Other financing sources (uses):					
Transfers In	-	-	-	-	40,205
Transfers Out	-	-	-	-	(67,066)
Total other financing sources (uses)	-	-	-	-	(26,861)
Net Change in Fund Balance	(6,907)	97,656	23,218	3,985	345,413
Fund balances (deficits) -beginning of year	55,243	82,674	159,300	13,904	2,045,543
Prior Period Adjustments	-	-	-	-	-
Fund balances (deficits) -beginning of year (as restated)	55,243	82,674	159,300	13,904	2,045,543
Fund balances (deficits) - end of year	\$ 48,336	\$ 180,330	\$ 182,518	\$ 17,889	\$ 2,390,956

Special Revenue Funds								
Police/Fire Retirement	DARE	Seized Property	Police Reserve Fund	Economic Development Loan	WC Comm Rehabilitation Revolving Loan	Urban Renewal TIF Gourley	Urban Renewal TIF Riverview	
\$ 214,615	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,237	\$ 24,663	
6,038	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	
294	-	-	20	15,650	4,120	-	-	
-	-	3,011	-	22,407	1,366	-	-	
220,947	-	3,011	20	38,057	5,622	8,237	24,663	
218,548	125	2,563	-	-	-	-	-	
-	-	-	-	-	-	-	-	
-	-	-	-	12,653	-	5,410	-	
-	-	-	-	-	-	-	-	
218,548	125	2,563	-	12,653	-	5,410	-	
2,399	(125)	448	20	25,404	5,622	2,827	24,663	
-	40	-	-	8,590	-	-	-	
-	-	-	-	-	-	(2,827)	(24,663)	
-	40	-	-	8,590	-	(2,827)	(24,663)	
2,399	(85)	448	20	33,994	5,622	-	-	
81,904	85	1,419	3,449	854,653	134,528	-	-	
-	-	-	-	-	-	-	-	
81,904	85	1,419	3,449	854,653	134,528	-	-	
\$ 84,303	\$ -	\$ 1,867	\$ 3,469	\$ 888,647	\$ 140,150	\$ -	\$ -	

CITY OF WEBSTER CITY, IOWA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 Governmental Nonmajor Funds
 For the Year Ended June 30, 2018

	Special Revenue Funds				
	Urban Renewal TIF Hy-Vee	Urban Renewal TIF Brewer Creek	SSMID	Urban Renewal TIF Struchen	Urban Renewal TIF Mitchell Machine
Revenue:					
Taxes	\$ -	\$ -	\$ 8,883	\$ 15,510	\$ 4,936
Intergovernmental Revenue	-	-	1,946	-	31
Charges for Services	-	-	-	-	-
Contributions	-	-	-	-	-
Refunds/Reimbursements	-	-	-	-	-
Interest	-	655	-	-	-
Miscellaneous	-	-	300	151	-
Total Revenue	-	655	11,129	15,661	4,967
Expenditures:					
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Community and Economic Development	-	5,418	13,658	9,898	4,936
General Government	-	-	-	-	-
Capital Projects	-	-	-	-	-
Total Expenditures	-	5,418	13,658	9,898	4,936
Excess (deficiency) of revenues over expenditures	-	(4,763)	(2,529)	5,763	31
Other financing sources (uses):					
Transfers In	-	-	974	-	-
Transfers Out	-	-	-	(5,763)	-
Total other financing sources (uses)	-	-	974	(5,763)	-
Net Change in Fund Balance	-	(4,763)	(1,555)	-	31
Fund balances (deficits) -beginning of year	3,605	64,845	9,527	-	-
Prior Period Adjustments	-	-	-	-	-
Fund balances (deficits) -beginning of year (as restated)	3,605	64,845	9,527	-	-
Fund balances (deficits) - end of year	\$ 3,605	\$ 60,082	\$ 7,972	\$ -	\$ 31

Special Revenue Funds							
USDA Revolving Loan Fund	Urban Renewal TIF Southeast	Urban Renewal TIF SW Watermain	CDBG Housing Rehab	Wilson Brewer Park Depot	Webster City Pride	First State Bank TIF	Infinity TIF
\$ -	\$ -	\$ 14,753	\$ -	\$ -	\$ -	\$ 15,094	\$ -
-	-	-	156,700	-	-	4,218	-
-	-	-	-	1,057	-	-	-
36,000	-	-	-	-	-	-	-
-	1,041	-	-	24	-	-	597
1,545	-	-	-	-	-	-	-
37,545	1,041	14,753	156,700	1,081	-	19,312	597
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	156,699	-	-	13,725	-
-	-	-	-	4,283	-	-	-
-	-	-	156,699	4,283	-	13,725	-
37,545	1,041	14,753	1	(3,202)	-	5,587	597
-	-	-	5	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	5	-	-	-	-
37,545	1,041	14,753	6	(3,202)	-	5,587	597
34,725	(25,151)	(20,435)	12	8,513	4,252	3,457	47,514
-	-	-	-	-	-	-	-
34,725	(25,151)	(20,435)	12	8,513	4,252	3,457	47,514
\$ 72,270	\$ (24,110)	\$ (5,682)	\$ 18	\$ 5,311	\$ 4,252	\$ 9,044	\$ 48,111

CITY OF WEBSTER CITY, IOWA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 Governmental Nonmajor Funds
 For the Year Ended June 30, 2018

	Special Revenue Funds					
	Webster City Federal TIF	Van Diest Medical Center TIF	TIF Town & Country	TIF Fareway	TIF Shopko	TIF 3DK
Revenue:						
Taxes	\$ 80,942	\$ -	\$ 15,108	\$ 7,337	\$ 66,287	\$ 13,344
Intergovernmental Revenue	9,917	-	3,458	1,621	9,529	1,346
Charges for Services	-	-	-	-	-	-
Contributions	-	-	-	-	-	-
Refunds/Reimbursements	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-
Total Revenue	<u>90,859</u>	<u>-</u>	<u>18,566</u>	<u>8,958</u>	<u>75,816</u>	<u>14,690</u>
Expenditures:						
Public Safety	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Culture and Recreation	-	-	-	-	-	-
Community and Economic Development	67,023	-	13,438	6,482	66,287	9,919
General Government	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-
Total Expenditures	<u>67,023</u>	<u>-</u>	<u>13,438</u>	<u>6,482</u>	<u>66,287</u>	<u>9,919</u>
Excess (deficiency) of revenues over expenditures	<u>23,836</u>	<u>-</u>	<u>5,128</u>	<u>2,476</u>	<u>9,529</u>	<u>4,771</u>
Other financing sources (uses):						
Transfers In	-	-	-	-	-	-
Transfers Out	(10,911)	-	-	-	-	-
Total other financing sources (uses)	<u>(10,911)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	12,925	-	5,128	2,476	9,529	4,771
Fund balances (deficits) -beginning of year	(64,679)	(2,500)	3,782	2,214	(1,500)	666
Prior Period Adjustments	-	-	-	-	(4,500)	(4,499)
Fund balances (deficits) -beginning of year (as restated)	<u>(64,679)</u>	<u>(2,500)</u>	<u>3,782</u>	<u>2,214</u>	<u>(6,000)</u>	<u>(3,833)</u>
Fund balances (deficits) - end of year	<u>\$ (51,754)</u>	<u>\$ (2,500)</u>	<u>\$ 8,910</u>	<u>\$ 4,690</u>	<u>\$ 3,529</u>	<u>\$ 938</u>

Special Revenue Funds			Capital Project Funds			
TIF Custom Meats	TIF Tasler's	Second Street Reconstruction	East Second Street	1999 Sidewalk Improvements	Annual Street Maintenance	Bridge Project
\$ 1,905	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	1	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,905	-	-	1	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
1,725	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	184,267	1,001	997,960	24,363
1,725	-	-	184,267	1,001	997,960	24,363
180	-	-	(184,266)	(1,001)	(997,960)	(24,363)
-	-	23,689	414,576	-	750,228	5,188
-	-	-	(79,618)	-	-	-
-	-	23,689	334,958	-	750,228	5,188
180	-	23,689	150,892	(1,001)	(247,732)	(19,175)
(2,463)	-	(609,090)	(133,344)	46,704	347,236	-
-	-	-	-	-	-	-
(2,463)	-	(609,090)	(133,344)	46,704	347,236	-
\$ (2,283)	\$ -	\$ (585,401)	\$ 17,348	\$ 45,703	\$ 99,504	\$ (19,175)

CITY OF WEBSTER CITY, IOWA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 Governmental Nonmajor Funds
 For the Year Ended June 30, 2018

	Capital Project Funds					Permanent Perpetual Care Fund	Total Governmental Nonmajor Funds
	Capital Improvement Reserve	Railroad Crossing Bicentennial	City Hall Plaza	W. Second Street	Superior Street		
Revenue:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,376,238
Intergovernmental Revenue	753,266	-	-	-	-	-	1,974,971
Charges for Services	-	-	-	-	-	5,594	5,594
Contributions	-	-	-	-	-	-	1,057
Refunds/Reimbursements	-	-	-	-	-	-	40,120
Interest	10,487	-	-	-	-	-	30,134
Miscellaneous	5,597	-	-	-	-	-	45,684
Total Revenue	769,350	-	-	-	-	5,594	3,473,798
Expenditures:							
Public Safety	-	-	-	-	-	-	619,933
Public Works	-	-	-	-	-	-	806,895
Culture and Recreation	-	-	-	-	-	-	154,294
Community and Economic Development	-	-	-	-	-	-	387,271
General Government	-	-	-	-	-	-	78,232
Capital Projects	-	-	-	545,575	-	-	1,753,166
Total Expenditures	-	-	-	545,575	-	-	3,799,791
Excess (deficiency) of revenues over expenditures	769,350	-	-	(545,575)	-	5,594	(325,993)
Other financing sources (uses):							
Transfers in	-	-	-	-	61,764	-	1,305,259
Transfers Out	(515,184)	-	-	(414,576)	-	-	(1,120,608)
Total other financing sources (uses)	(515,184)	-	-	(414,576)	61,764	-	184,651
Net Change in Fund Balance	254,166	-	-	(960,151)	61,764	5,594	(141,342)
Fund balances (deficits) -beginning of year	971,686	149	(155)	1,301,724	(61,764)	429,437	5,791,669
Prior Period Adjustments	-	-	-	-	-	-	(8,999)
Fund balances (deficits) -beginning of year (as restated)	971,686	149	(155)	1,301,724	(61,764)	429,437	5,782,670
Fund balances (deficits) - end of year	\$ 1,225,852	\$ 149	\$ (155)	\$ 341,573	\$ -	\$ 435,031	\$ 5,641,328

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF FIDUCIARY NET POSITION
 Fiduciary Funds
 June 30, 2018

	Trust Funds						Agency Fund B.L.U.E	Totals
	Joe E. Barr Trust	Edgar Foster Trust	Calvary Cemetery Trust	Zella Silvers Trust	Mulberry Church Trust			
ASSETS								
Cash and Cash Equivalents	\$ 1,700	\$ 1,989	\$ 5,072	\$ 2,999	\$ 4,949	\$ 2,860	\$	19,569
Total Assets	1,700	1,989	5,072	2,999	4,949	2,860		19,569
LIABILITIES								
Due to Other	-	-	-	-	-	2,860		2,860
Total Liabilities	-	-	-	-	-	2,860		2,860
NET POSITION								
Unrestricted	1,700	1,989	5,072	2,999	4,949	-		16,709
Total Net Position	\$ 1,700	\$ 1,989	\$ 5,072	\$ 2,999	\$ 4,949	\$ -		\$ 16,709

CITY OF WEBSTER CITY, IOWA
 COMBINING STATEMENT OF CHANGES IN NET POSITION
 Fiduciary Funds
 For the Year Ended June 30, 2018

	Trust Funds					Totals
	Joe E. Barr Trust	Edgar Foster Trust	Calvary Cemetery Trust	Zella Sillers Trust	Mulberry Church Trust	
Additions						
Interest Income	\$ 8	\$ 9	\$ 25	\$ 18	\$ 28	\$ 88
Miscellaneous	-	-	-	-	52	52
Total Additions	<u>8</u>	<u>9</u>	<u>25</u>	<u>18</u>	<u>80</u>	<u>140</u>
Deductions						
Culture and Recreation	24	25	-	27	0	76
Changes in Net Position	<u>(16)</u>	<u>(16)</u>	<u>25</u>	<u>(9)</u>	<u>80</u>	<u>64</u>
Net Position Beginning of Year	<u>1,716</u>	<u>2,005</u>	<u>5,047</u>	<u>3,008</u>	<u>4,869</u>	<u>16,645</u>
Net Position End of Year	<u>\$ 1,700</u>	<u>\$ 1,989</u>	<u>\$ 5,072</u>	<u>\$ 2,999</u>	<u>\$ 4,949</u>	<u>\$ 16,709</u>

CITY OF WEBSTER CITY, IOWA
 COMBINING STATEMENT OF CHANGES IN ASSETES AND LIABILITIES
 Agency Fund
 For the Year Ended June 30, 2018

B.L.U.E	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
Assets				
Cash	\$ 1,832	\$ 3,510	2,482	\$ 2,860
Total Assets	<u>1,832</u>	<u>3,510</u>	<u>2,482</u>	<u>2,860</u>
Liabilities				
Due to Other	1,832	3,510	2,482	2,860
Total Liabilities	<u>\$ 1,832</u>	<u>\$ 3,510</u>	<u>\$ 2,482</u>	<u>\$ 2,860</u>

**CITY OF WEBSTER CITY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)
For the Year Ended June 30, 2018**

Federal Grantor Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number	Passed Through to Subrecipients	Total Federal Expenditures
Direct:				
U.S. Department of Agriculture Rural Economic Development Loans	10.854	REDL-1	\$ 1,000,000	\$ 1,000,000
Indirect:				
U.S. Department of Housing and Urban Development Passed through the Iowa Department of Economic Development Community Development Block Grant	14.228	15-HSG-019		156,700
Total expenditures of federal awards			<u>\$ 1,000,000</u>	<u>\$ 1,156,700</u>

Note 1 - Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Webster City, Iowa under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Webster City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Webster City.

Note 2 - Summary of Significant Accounting Policies - Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City of Webster City has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3- Loan

The balance of loans outstanding as June 30, 2018 consists of:

CFDA Number	Program Name	Outstanding Balance
10.854	Department of Agriculture- Rural Economic Development Loans	\$ 1,756,303



21 1st Avenue NW
P.O. Box 1010
Le Mars, IA 51031
Phone (712) 546-7801
Fax (712) 546-6543

**INDEPENDENT AUDITORS' 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***

Honorable Mayor, Members of the City Council
City of Webster City, Iowa

We have audited, in accordance auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the CITY OF WEBSTER CITY, IOWA, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Webster City, Iowa's basic financial statements, and have issued our report thereon dated December 20, 2018.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described as item 2018-001 in the accompanying schedule of findings and questioned costs that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Webster City, Iowa's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance 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 noncompliance or other

matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2018 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.

City of Webster City, Iowa's Response to Findings

The City of Webster City, Iowa's response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Webster City, Iowa's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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'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 City of Webster City, Iowa during the course of our audit. If you have any questions concerning any of the above matters, we would be pleased to discuss them with you at your convenience.

Williams + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 20, 2018

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

Honorable Members of the City Council
Webster City, Iowa

Report on Compliance for Each Major Federal Program

We have audited the City of Webster City, Iowa's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Webster City, Iowa's major federal programs for the year ended June 30, 2018. The City of Webster City, Iowa's major federal programs are identified in the summary of independent auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City of Webster City, Iowa's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Webster City, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Webster City, Iowa, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the City of Webster City, Iowa, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Webster

City, Iowa's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 Webster City, Iowa's internal control over compliance.

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

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

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

William + Company, P.C.
Certified Public Accountants

Le Mars, Iowa
December 20, 2018

CITY OF WEBSTER CITY, IOWA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Part I: Summary of the Independent Auditors' Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weakness in internal control over the major programs was noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with the Uniform Guidance.
- (g) The major programs were as follows:
 - 10.854 Rural Economic Development Loans and Grants
- (g) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (h) The City of Webster City did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

Instances of Non-Compliance:

No matters were noted.

Material Weakness:

2018-001 Financial Reporting

Condition and Criteria - The auditors were required to propose and have management post material adjusting journal entries to the fund financial statements in order for the financial statements to conform with U.S. generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Effect - The financial statements provided by management are not presented entirely in accordance with U.S. generally accepted accounting principles.

Cause - With a limited number of personnel and current staff workload, the time constraints and staff expertise do not allow for all required year end U.S. GAAP adjusting journal entries to be posted.

Recommendation - We recommend that the City train additional staff on U.S. GAAP and government accounting standards to help reduce the amount of adjusting journal entries and increase their knowledge of the required reporting standards.

Views of Responsible Officials - City management feels that hiring additional personnel to implement the additional U.S. GAAP adjusting journal entries would not be cost-effective. However, management has and will continue to monitor this process on a regular basis.

CITY OF WEBSTER CITY, IOWA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

Part III: Findings and Questioned Costs Related to Federal Expenditures

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

MATERIAL WEAKNESSES:

No matters were noted.

Part IV: Other Findings Related to Statutory Reporting:

III-A-18 - Certified Budget

Condition and Criteria - Disbursements during the year ended June 30, 2018, exceeded the amounts budgeted in the Public Safety, Capital Projects, Community and Economic Development and Business-Type functions.

Effect – The City is not in compliance with Chapter 384.18 of the Code of Iowa.

Cause – The City approved a budget amendment on May 21, 2018. With limited personnel and time constraints, the City inadvertently omitted some items from the preparation of their budget amendment. As a result, disbursement exceeded budget amounts for public safety, community and economic development, capital projects and business-type functions.

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

Views of Responsible Officials – The budget will be amended appropriately in the future, if applicable.

III-B-18 - Questionable Expenditures - We noted no questionable expenditures during our audit.

III-C-18 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

III-D-18 - Business Transactions – Business transactions between the City and City officials are detailed as follows:

Name, Title and Business Connection	Transaction/Description	Amount
Tile Pros, Inc. – Brandon Hayes, Fireman	Contractor	\$ 24,088 (2)
Zehner Safety – Don Zehner, Fireman	Supplies	\$ 578 (1)
Estlud Heating & AC – Jeremy Estlud, Fireman	Repair	\$ 1,441 (1)
TMI – Brandon Hayes, Fireman	Contractor	\$ 90 (1)

(1) These transactions do not appear to represent a conflict of interest since the total transaction was less than \$1,500 during the year, per Chapter 362.5(3)(j) of the code of Iowa.

(2) This transaction does not appear to represent a conflict of interest since it was entered into through competitive bidding in accordance with Chapter 362.5(3)(j) of the code of Iowa.

CITY OF WEBSTER CITY, IOWA
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2018

- III-E-18 - Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. However, we recommend that the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations.
- III-F-18 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.
- III-G-18 - Revenue Bonds - No violations of revenue bond resolutions were noted.
- III-H-18 - Cash and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.
- III-I-18 - 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.

CITY OF WEBSTER CITY, IOWA
Schedule of Prior Year Findings and Questioned Costs
For the Year Ended June 30, 2018

Findings Related to the Financial Statements:

Material Weaknesses:

2017-001 Financial Reporting

Condition and Criteria - The auditors were required to propose and have management post material adjusting journal entries to the fund financial statements in order for the financial statements to conform with U.S. generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Effect – The financial statements provided by management are not presented entirely in accordance with U.S. generally accepted accounting principles.

Cause – With a limited number of personnel and current staff workload, the time constraints and staff expertise do not allow for all required year end U.S. GAAP adjusting journal entries to be posted.

Recommendation – We recommend that the City train additional staff on U.S. GAAP and government accounting standards to help reduce the amount of adjusting journal entries and increase their knowledge of the required reporting standards.

Views of Responsible Officials – City management feels that hiring additional personnel to implement the additional U.S. GAAP adjusting journal entries would not be cost-effective. However, management has and will continue to monitor this process on a regular basis.

Current Status – This finding still exists.

2017-002 Schedule of Expenditures of Federal Awards

Condition and Criteria – The auditors were required to propose and have management post adjusting journal entries to the Schedule of Expenditures of Federal Awards. Management is responsible for the preparation of the Schedule of Expenditures of Federal Awards.

Effect – The Schedule of Expenditures of Federal Awards provided by management were not presented entirely in accordance with the Uniform Guidance and did not include all Federal Expenditures. Adjustments were made to include all Federal Expenditures.

Cause – With a limited number of personnel and current staff workload, the time constraints allow for errors to go uncorrected.

Context – No questioned costs noted due to this weakness, however potential for unreported federal grant activity exists.

Recommendation – We recommend that the City implement a complete review process of the grant reporting process.

Views of Responsible Officials – City management feels that additional training would be beneficial and will proceed to implement immediately.

Current Status - This finding was not identified during the June 30, 2018 audit.



City of Webster City
400 Second Street
PO Box 217
Webster City, IA 50595

p: (515) 832-9141
f: (515) 832-6686
webstercity.com

City of Webster City, Iowa

Corrective Action Plan

June 30, 2018

The City of Webster City, Iowa respectfully submits the following corrective action plan for the year ended June 30, 2018.

The audit was performed by Williams & Company, P.C., 21 1st Avenue NW, Le Mars, Iowa, for the fiscal year ended June 30, 2018.

MATERIAL WEAKNESS:

2018-001 Financial Reporting

Condition and Criteria - The auditors were required to propose and have management post adjusting journal entries to the fund financial statements in order for the financial statements to conform with U.S. generally accepted accounting principles. Management is responsible for the preparation of financial statements in accordance with U.S. generally accepted accounting principles (GAAP).

Effect – The financial statements provided by management are not presented entirely in accordance with U.S. generally accepted accounting principles.

Cause – With a limited number of personnel and current staff workload, the time constraints and staff expertise do not allow for all required year end U.S. GAAP adjusting journal entries to be posted.

Recommendation – We recommend that the City train additional staff on U.S. GAAP and government accounting standards to help reduce the amount of adjusting journal entries and increase their knowledge of the required reporting standards.

Views of Responsible Officials – City management feels that hiring additional personnel to implement the additional U.S. GAAP adjusting journal entries would not be cost-effective. However, management has and will continue to monitor this process on a regular basis.

If involved agencies have any questions regarding this plan, please call Dodie Wolfgram at 515-832-9141.

Sincerely yours,

City of Webster City, Iowa

Dodie Wolfgram, Finance Director