

**ANNUAL
FINANCIAL REPORT
OF THE
CITY OF WEBSTER CITY, IOWA
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

**CITY OF WEBSTER CITY, IOWA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022
TABLE OF CONTENTS**

INTRODUCTORY SECTION

	Page
 FINANCIAL SECTION	
Independent Auditors' Report	1 – 3
Management's Discussion and Analysis	4 – 12
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
Statement of Net Position	13
Statement of Activities	14 – 15
FUND FINANCIAL STATEMENTS	
Governmental Funds Financial Statements	
Balance Sheet	16
Reconciliation of the Balance Sheet to the Statement of Net Position	17
Statement of Revenues, Expenditures and Changes in Fund Balances	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	19
Proprietary Funds Financial Statements	
Combining Statement of Net Position	20
Combining Statement of Revenues, Expenses and Changes in Net Position	21 – 22
Combining Statement of Cash Flows	23 – 26
Fiduciary Funds Financial Statements	
Statement of Fiduciary Net Position	27
Statement of Changes in Fiduciary Net Position	28
Notes to Financial Statements	29 – 64
Required Supplementary Information	
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Governmental Funds and Proprietary Funds	65 – 66
Notes to Required Supplementary Information	67
Schedule of City's Proportionate Share of the Net Pension Liability (Asset)	68
Schedule of City Contributions	69
Notes to Required Supplementary Information – Pension Liability (Asset)	70
Schedule of City's Proportionate Share of Net Pension Liability – Municipal Fire and Police Retirement System of Iowa	71
Schedule of City's Contributions – Municipal Fire and Police Retirement of Iowa	72
Notes to Required Supplementary Information – Pension Liability Municipal Fire and Police Retirement System of Iowa	73
Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes	74

**CITY OF WEBSTER CITY, IOWA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022
TABLE OF CONTENTS**

FINANCIAL SECTION – (CONTINUED)

	Page
<hr/>	
Other Supplementary Information	
Governmental Non-Major Funds Combining Financial Statements	
Balance Sheet	75 - 84
Statement of Revenues, Expenditures and Changes in Fund Balances	85 - 94
Custodial Funds Financial Statements	
Statement of Net Position	95
Statement of Changes in Fiduciary Net Position	96
Compliance Section	
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>	97 – 98
Schedule of Audit Findings.....	99-101

* * * *



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 Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the City of Webster City, Iowa's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Webster City, Iowa and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 20 to the financial statements the City adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Webster City, Iowa's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 of Webster City, Iowa's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Webster City, Iowa's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 (Asset), the Schedule of City Contributions and the Schedule of Changes in the city's Total OPEB Liability, Related Ratios, and Notes on pages 4 through 12 and 65 through 74 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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

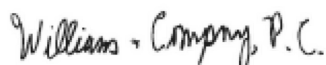
management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 other supplementary information included on pages 74 through 96 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 is 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 22, 2022 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 controls 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.



Certified Public Accountants

Le Mars, Iowa
December 22, 2022

CITY OF WEBSTER CITY
Management Discussion and Analysis
For the year ending June 30, 2022

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, 2022. 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 \$6,230,000 in construction in progress on various projects.
- The City completed multiple capital projects including the Airport Taxiway, 2020 URD Conversion, 2020 Watermain Repair Project, 2020 2nd Street Project, and the 2020 HMA St Improvement.

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 numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, 2020 2nd St Reconstruction fund, and Brewer Creek Estates fund, of which all are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements 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.

	City of Webster City's Net Position					
	Governmental Activities		Business Type Activities		Total	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Current and Other Assets	\$ 17,229,316	\$ 18,601,201	\$ 22,076,891	\$ 23,091,100	\$ 39,306,207	\$ 41,692,301
Non-current assets	189,108	50,178	6,010,588	6,136,157	6,199,696	6,186,335
Capital assets, net of depreciation	45,766,371	44,390,019	35,852,259	34,338,147	\$ 81,618,630	\$ 78,728,166
Total assets	63,184,795	63,041,398	63,939,738	63,565,404	127,124,533	126,606,802
Deferred Outflows of Resources	778,726	961,537	1,247,901	1,631,325	2,026,627	2,592,862
Current and other liabilities	1,847,436	3,105,738	1,699,072	3,238,280	3,546,508	6,344,018
Non-current liabilities	15,338,932	17,319,292	18,533,742	20,639,608	33,872,674	37,958,900
Total liabilities	17,186,368	20,425,030	20,232,814	23,877,888	37,419,182	44,302,918
Deferred Inflows of Resources	6,991,850	4,534,303	1,364,750	90,834	8,356,600	4,625,137
Net Position:						
Net Investment in Capital Assets	32,581,146	32,793,912	25,578,165	22,809,053	58,159,311	55,602,965
Restricted	7,231,778	8,402,632	343,562	357,442	7,575,340	8,760,074
Unrestricted	(27,621)	(2,152,942)	17,668,348	18,061,512	17,640,727	15,908,570
Total Net Position	\$ 39,785,303	\$ 39,043,602	\$ 43,590,075	\$ 41,228,007	\$ 83,375,378	\$ 80,271,609

An additional portion of the City of Webster City's net position (9.09%) represents resources that are subject to external restrictions on how they may be used. The remaining balances of unrestricted net position (\$17,640,727) 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.

	City of Webster City's Changes in Net Position					
	Governmental Activities		Business Type Activities		Total	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Revenues:						
Program Revenues:						
Charges for Services	\$ 962,059	\$ 871,091	\$ 16,194,687	\$ 15,627,836	\$ 17,156,746	\$ 16,498,927
Operating Grants & Contributions	1,106,053	1,220,336	8,139	-	1,114,192	1,220,336
Capital Grants & Contributions	241,949	99,728	-	2,353,982	241,949	2,453,710
General Revenues:						
Property Taxes	4,369,608	4,355,856	-	-	4,369,608	4,355,856
Other Taxes	1,069,561	853,440	-	-	1,069,561	853,440
Other	661,452	1,035,921	2,357,517	1,774,919	3,018,969	2,810,840
Total Revenues	8,410,682	8,436,372	18,560,343	19,756,737	26,971,025	28,193,109
Expenses:						
Public Safety	2,698,652	2,749,555	-	-	2,698,652	2,749,555
Public Works	2,212,775	3,585,783	-	-	2,212,775	3,585,783
Health & Social Services	16,778	35,976	-	-	16,778	35,976
Culture & Recreation	1,805,332	1,313,446	-	-	1,805,332	1,313,446
Community & Economic Development	776,288	1,084,772	-	-	776,288	1,084,772
General Government	316,717	391,882	-	-	316,717	391,882
Interest & Fiscal Charges	336,727	199,888	-	-	336,727	199,888
Water Utility	-	-	2,127,845	2,148,123	2,127,845	2,148,123
Sewer Utility	-	-	1,636,993	1,812,060	1,636,993	1,812,060
Electric Utility	-	-	11,939,149	12,794,202	11,939,149	12,794,202
Total Expenses	8,163,269	9,361,302	15,703,987	16,754,385	23,867,256	26,115,687
Increase (Decrease) in Position Before Transfers	247,413	(924,930)	2,856,356	3,002,352	3,103,769	2,077,422
Transfers	494,288	1,267,437	(494,288)	(1,267,437)	-	-
Increase (Decrease) in Net Position	741,701	342,507	2,362,068	1,734,915	3,103,769	2,077,422
Net Position - Beginning	39,043,602	38,701,095	41,228,007	39,493,092	80,271,609	78,194,187
Ending Net Position	\$ 39,785,303	\$ 39,043,602	\$ 43,590,075	\$ 41,228,007	\$ 83,375,378	\$ 80,271,609

Statement of Activities. The government's net position increased by \$3,103,769 during the fiscal year. Net position in the governmental activities increased by \$741,701. Net position in the business type activities increased by \$2,362,068.

Governmental Activities. Governmental activities increased the City of Webster City's net position by \$741,701. The increase was caused by an increase of other taxes of \$216,121.

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 \$4,369,608 in property tax revenue, \$1,069,561 in other taxes, \$1,106,053 in operating grants and contributions, and \$241,949 in capital grants and contributions.

Business-type Activities. The net position of the business-type activities of the City of Webster City increased by \$2,362,068.

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, 2022 before other financing sources.

The electric utility is the main function of the City of Webster City Business-type Activities making up 74% of the total charges for services. 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 \$10,443,557; with the prior year being \$11,873,242, the decrease for this year was \$1,429,685. Ending fund balance is classified as \$558,948 is non-spendable, \$7,932,650 is restricted, \$737,014 is committed, and \$1,214,945 is unassigned.

Revenues from the City's governmental funds totaled \$8,402,403 with taxes accounting for \$4,499,792 of that amount. Intergovernmental activities, including local option sales tax and road use tax, represented another \$2,285,055 of the total governmental revenues.

Total expenditures for the governmental funds were \$12,052,473. The six main activities that make up these expenditures are public works for \$1,521,914, public safety for \$2,938,634, debt service for \$1,293,260, health and social services for \$16,487, culture and recreation for \$1,466,912, community and economic development for \$565,327, and capital projects for \$3,915,533.

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 \$4,374,642. 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 101% of the total general fund expenditures.

The fund balance of the City of Webster City's general fund decreased by \$32,336 during the current fiscal year, due primarily to an increase in public safety expenditures of \$190,008.

The 2020 2nd St Reconstruction fund balance decreased by \$1,934,685 due to an increase in capital project expenditures. The ending balance is shown as Restricted of \$1,761,413.

The Brewer Creek Estates fund balance increased \$50,353 due to proceeds related to the sale of capital assets of \$39,995. The ending balance is shown as unrestricted for (\$2,555,865).

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 \$21,529,363, the water utility totaled \$11,068,971, and the sewer utility totaled \$10,991,741. The total change in net position for these three funds was \$1,000,168, \$155,731, and \$1,206,169, 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 2022.

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, 2022, amounts to \$81,618,630 (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 completion of the Airport Taxiway Project, 2020 URD Conversion, 2020 Watermain Repair Project, and 2020 2nd Street Project
- The purchase of police radio system.
- The purchase of a 2022 Chevy 2500.

City of Webster City's Capital Assets (Net of Depreciation)						
	Governmental Activities		Business Type Activities		Total	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
Land	\$ 5,687,308	\$ 5,854,078	\$ 1,201,448	\$ 1,172,647	\$ 6,888,756	\$ 7,026,725
Structures & Equipment	36,543,221	30,957,466	31,952,828	29,220,929	68,496,049	60,178,395
Construction in Progress	3,535,842	7,578,475	2,697,983	3,944,571	6,233,825	11,523,046
Total	\$ 45,766,371	\$ 44,390,019	\$ 35,852,259	\$ 34,338,147	\$ 81,618,630	\$ 78,728,166

Long-term debt. At the end of the current fiscal year, the City of Webster City had total bonded debt outstanding of \$31,427,703. Of this amount, \$12,310,000 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 \$607,007 with \$332,935 being for governmental activities and \$274,072 being for business-type activities.

	General Obligation and Revenue Bonds					
	Governmental Activities		Business Type Activities		Total	
	6/30/2022	6/30/2021	6/30/2022	6/30/2021	6/30/2022	6/30/2021
General Obligation Bonds	\$ 12,310,000	\$ 13,130,000	\$ -	\$ -	\$ 12,310,000	\$ 13,130,000
Revenue Bonds	1,574,038	1,636,422	16,980,000	17,790,000	18,554,038	19,426,422
Notes Payable	-	-	949,583	1,151,261	949,580	1,151,261
Capital Leases	-	46,299	-	-	-	46,299
Total	\$ 13,884,038	\$ 14,812,721	\$ 17,929,583	\$ 18,941,261	\$ 31,813,618	\$ 33,753,982

The City of Webster City's total long-term liabilities decreased by \$6,325,441 during the fiscal year.

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 \$20,714,365. With the General Obligation Debt being \$12,310,000 and the Tax Increment Debt being \$1,636,422, the City of Webster City is at 67% of the debt limit.

Economic Factors and Next Year's Budgets and Rates

Succession planning and professional development continues to be to a strategic priority for the City. In the spring of 2022, the city had over 76 regular employees, not including volunteer firefighters or seasonal staff. Of the 76 regular employees, approximately 21% are eligible for retirement over the next 8 years. This includes 7 director or supervisor level positions. In order to plan and address the pending retirements of several key positions, the Assistant City Manager has been providing support in the Public Works and Community Development Departments. The City hired a new Community Development Director this year and anticipates hiring a new Public Works Director in the near future. City leadership staff participated in a week-long training in efforts to develop leadership skills of existing Directors and Supervisors. The City will continue to make investments in staff development.

While significant strides have been made towards succession planning and professional development of staff, the workforce and labor environment are challenging for both public and private sector employers. The City is not immune from the political and civil discourse affecting all levels of government and rising labor cost throughout the country. As the City prepares for significant changes in its workforce in the coming years, it does so amongst the backdrop and reality that public service and professions in local government do not have the same appeal they once did. New and more stringent requirements for positions that require specific certifications and licenses pose challenges to recruiting and retaining personnel. The City also has limited financial resources that it must balance with expenses and investments necessary to operate efficiently and effectively. Based on recent recruitments and inquiries from potential applicants, the effectiveness and leadership of the City Council and the City Manager plays a pivotal role in the City's ability to attract qualified applicants and move forward in the future.

City contribution rates for Municipal Police and Fire Retirement System of Iowa was 26.18% in FY22, 23.90% in FY23 and will be 22.98% in FY24. City contribution rates for Iowa Public Employees Retirement System of Iowa will remain at 9.44% in the regular class and 9.31% in the protective class (Volunteer Fire) for FY24.

Webster City saw multiple construction project begin this past spring including the rebuild of the John Deere accessory building, Paw Print Pad Dog Kennel, a new building expansion at both Good Life RV and Stein Heating and Cooling, an addition at Peoples Credit Union, and a new multi-office located at 601 Wilson Avenue.

The housing shortage is being addressed with another 30-plex apartment complex that was built by a private contractor. The City continues to address the nuisance and unsafe properties in the community. The City has taken possession of several abandoned and unsafe residential properties the past few years and more are in progress. The city is working to hire outside contractors to demolish the homes with the empty lot being sold for a new construction. The City continues to research other avenues to also help address the housing shortage.

The City continues to be an active in the Heart of Iowa Regional Housing Trust Fund. The Heart of Iowa Regional Housing Trust is a local housing trust fund program. Receives funding from the State Housing Trust Fund and local matches from participating counties and communities. Local matches are raised from contributions of community partners such as banks, credit-unions, realtors, other businesses, and cities directly. The Heart of Iowa Regional Housing Trust Fund assists individuals and community organizations with the rehabilitation and repair of owner-occupied housing. Activities funded serve households with incomes less than 80% of the area median family income. Since its creation in 2018, the City has had 14 projects completed totaling \$164,745. Several other residential properties were in progress or approved and awaiting bids.

The City entered into service agreements with Brightly for Code Enforcement, Permitting, and Fleet Management software to assist with streamlining processes and improving customer services. In addition to this, the City will be issuing a Request for Qualifications for Advanced Metering Infrastructure to be installed for Water and Electric Meters. It is anticipated this project will be completed by the end of 2024. The integration of smart meters will provide accessible data information related to usage for both the customer and the City in real time. This will help the electric department when dealing with power outages as the data provided by the smart electric meters will provide them with locations associated with the power outage.

The City continues to work with Bolton & Menk Engineering to plan and design the construction of a new wastewater treatment plant. The City Council approved the Facility Plan in September 2022 and was submitted to the Iowa Department of Natural Resources (DNR) for approval. The anti-degradation alternatives analysis was approved on November 30, 2022. The design phase is anticipated to be completed by June of 2023. This project is estimated to cost approximately \$78,000,000 and the City is actively working with the State Revolving Loan Fund to pursue financing for this project. It is anticipated that the City will secure a 30-year loan. As part of this project, the City raised sewer rates by 25% for calendar year 2023 and has established a steady increase of rates over the next six years ranging from 10-25% each year. The City faces major challenges as it continues to actively pursue grant funding to offset the large rate impact to citizens of the community. The current supply chain market may pose additional delays to the construction project; however, it is tentatively anticipated the construction will be completed by October of 2025.

The City began analysis associated with the feasibility of expanding or building a new Water Treatment Plant. The existing water treatment plant was constructed in 1979. The plant is land-locked and abuts the Boone River floodplain. Due to the lack of redundancy in the plant's design, each year the water treatment plant must cease softening for several weeks in order to perform maintenance. The City is assessing the ability to expand or develop a new plant that utilizes reverse osmosis or other treatment technologies in order to enhance the quality of treated water

and plan for future constituents. The EPA has signaled that it will likely regulate and require the treatment of contaminants such as per- and polyfluoroalkyl substances (PFAS).

The City completed the resurfacing of two public parking lots in the downtown district, Seneca Street between Bank and Pleasant Street and Betsy Lane. This project also included new water main at Betsy Lane and restoration and sealing of some storm and sanitary structures along Seneca Street. The City also completed the design and awarded bid for reconstruction of Lincoln Drive. This project includes new water main installation and restoration of some sanitary and storm structures. In addition, the City is actively working on the design work associated with reconstruction and new water main on Fairmeadow Drive between Superior Street and Des Moines. The City was awarded a Technical Engineering Assistance Program grant to complete a Safe Routes to School Study. This study was completed and is anticipated to be adopted by the City Council in January 2023. The City of Webster City is currently undergoing an update to the ADA Transition Plan in order to remain compliant and current. This plan will identify areas requiring improvements and these findings will be incorporated into future road projects.

The City continues to work on the conversion of overhead electric lines to underground. The existing market and materials lead times continue to delay the project; however, the City did move forward with placing an order for materials. The comprehensive study and plan for the electric utility was completed and incorporated into the 5-year Capital Improvement Plan. As part of this study, it was identified that the Passwaters Substation would require significant improvements that make it more feasible to build a new substation. Because Passwaters is currently in the path of the anticipated sanitary sewer force main route to the new Wastewater Treatment Plant, it will be decommissioned and Reisner Substation will be constructed south of Highway 20. The City has begun preliminary engineering work associated with the new substation and purchased the power transformer needed to complete the installation.

In order to continue planning efforts towards the future of Webster City, the City Council approved work associated with development of hydraulic models and studies tied to the water distribution system and the storm water conveyance system. These models and studies are anticipated to be completed between 2023 and 2024. The models will provide City staff with information tied to existing capacity, bottlenecks in the system and data for future decision making as it continues to address aging infrastructure.

In addition to the projects the City is embarking on, operations will be impacted as chemical and material suppliers continue to notify the City of price increased in the 2023 calendar year. Price increase notifications have ranged from 10-35% increases in supplies, chemicals and materials. These factors, if known, were considered in doing the City of Webster City 2023/2024 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, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Webster City Airport Commission	Fuller Trust
ASSETS					
Cash and Cash Equivalents	\$ 14,082,535	\$ 12,675,700	\$ 26,758,235	\$ 645,755	\$ 16,068
Investments	-	-	-	-	2,542,391
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	278,985	1,268,789	1,547,774	-	200
Taxes	122,951	-	122,951	2,071	-
Subsequent Year Taxes	4,776,918	-	4,776,918	69,038	-
Accrued Interest	5	659	664	-	-
Lease Receivable	22,257	28,840	51,097	28,042	-
Notes Receivable	36,000	210,299	246,299	-	-
Internal Balances	(2,577,283)	2,577,283	-	-	-
Due from Other Governmental Agencies	208,144	3,077	211,221	70,974	-
Inventories	85,597	929,858	1,015,455	-	-
Prepaid Assets	178,500	143,069	321,569	-	-
Land Held for Resale	-	2,311,479	2,311,479	-	-
Restricted Assets:				-	-
Cash and Cash Equivalents	-	1,927,838	1,927,838	-	-
Noncurrent Assets:					
Lease Receivable	14,707	79,409	94,116	42,398	-
Notes Receivable	189,108	5,931,179	6,120,287	-	-
Land	5,687,308	1,201,448	6,888,756	-	-
Construction in Progress	3,535,842	2,697,983	6,233,825	-	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	36,543,221	31,952,828	68,496,049	-	-
Total Assets	63,184,795	63,939,738	127,124,533	858,278	2,558,659
Deferred Outflows of Resources					
Unamortized bond refunding related deferred outflows	-	934,342	934,342	-	-
Pension related deferred outflows	766,858	303,590	1,070,448	-	-
OPEB related deferred outflows	11,868	9,969	21,837	-	-
Total Deferred Outflows of Resources	778,726	1,247,901	2,026,627	-	-
LIABILITIES					
Accounts Payable	1,088,444	1,118,784	2,207,228	6,015	-
Accrued Wages	67,754	56,555	124,309	-	-
Other Accrued Expenses	67,004	20,844	87,848	-	-
Customer Deposits	-	415,559	415,559	-	-
Claims Incurred But Not Reported	25,000	-	25,000	-	-
Unearned Revenue	573,495	3,678	577,173	505	-
Accrued Interest Payable	25,739	-	25,739	-	-
Payables from Restricted Assets:					
Accrued Revenue Bond Interest	-	83,652	83,652	-	-
Noncurrent Liabilities:					
Due within one year:					
Revenue Bonds Payable	-	845,000	845,000	-	-
General Obligation Bonds	865,000	-	865,000	-	-
Notes Payable	-	201,681	201,681	-	-
Compensated Absences and Benefits	181,266	146,268	327,534	-	-
Due in more than one year:					
Revenue Bonds Payable	1,574,038	16,356,932	17,930,970	-	-
General Obligation Bonds	11,786,733	-	11,786,733	-	-
Notes Payable	-	747,899	747,899	-	-
Other Post Employment Benefits	90,354	75,890	166,244	-	-
Compensated Absences and Benefits	151,669	127,804	279,473	-	-
Net pension liability	689,872	32,268	722,140	-	-
Total Liabilities	17,186,368	20,232,814	37,419,182	6,520	-
Deferred Inflows of Resources					
Lease Related Deferred Inflows	39,483	110,335	149,818	75,236	-
Unavailable Revenue - Subsequent Year Property Taxes	4,776,918	-	4,776,918	69,038	-
Pension related deferred inflows	2,132,377	1,218,238	3,350,615	-	-
OPEB related deferred inflows	43,072	36,177	79,249	-	-
Total Deferred Inflows of Resources	6,991,850	1,364,750	8,356,600	144,274	-
NET POSITION					
Net Investment in Capital Assets	32,581,146	25,578,165	58,159,311	-	-
Restricted for:					
Debt Service	227,340	343,562	570,902	-	-
Specific Tax Levies	610,669	-	610,669	-	-
Streets	4,380,622	-	4,380,622	-	-
Capital Projects	1,557,288	-	1,557,288	-	-
Permanent Funds- nonexpendable	455,859	-	455,859	-	-
Unrestricted	(27,621)	17,668,348	17,640,727	707,484	2,558,659
Total Net Position	\$ 39,785,303	\$ 43,590,075	\$ 83,375,378	\$ 707,484	\$ 2,558,659

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 2,698,652	\$ 54,684	\$ 57,904	\$
Public Works	2,212,775	262,689	1,044,689	230,949
Health and Social Services	16,778	-	-	-
Culture and Recreation	1,805,332	377,090	3,460	11,000
Community and Economic Development	776,288	157,431	-	-
General Government	316,717	110,165	-	-
Debt Service	336,727	-	-	-
Total governmental activities	8,163,269	962,059	1,106,053	241,949
Business-Type Activities:				
Water System	2,127,845	2,143,990	1,537	-
Sewer System	1,636,993	2,016,728	3,163	-
Electric System	11,939,149	12,033,969	3,439	-
Total Business-Type Activities:	15,703,987	16,194,687	8,139	-
Total Primary Government	\$ 23,867,256	\$ 17,156,746	\$ 1,114,192	\$ 241,949
Component Unit:				
Webster City Airport Commission	\$ 220,776	\$ 47,776	\$ -	\$ 233,634
Fuller Trust	\$ 284,698	\$ 69,267	\$ -	\$ -
General Revenues:				
Property Taxes				
Local Option Sales Tax				
Hotel/Motel Taxes				
Commerical/Industrial Tax Replacement				
Interest and Investment Gains and Losses				
Gain on Disposition of Assets				
Miscellaneous				
Revenue from Use of Property				
Interfund Transfers				
Total general revenues and transfers				
Change in net position				
Net Position - beginning				
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
\$ (2,586,064)		\$ (2,586,064)		
(674,448)		(674,448)		
(16,778)		(16,778)		
(1,413,782)		(1,413,782)		
(618,857)		(618,857)		
(206,552)		(206,552)		
(336,727)		(336,727)		
<u>(5,853,208)</u>		<u>(5,853,208)</u>		
	\$ 17,682	17,682		
	382,898	382,898		
	98,259	98,259		
	<u>498,839</u>	<u>498,839</u>		
<u>(5,853,208)</u>	<u>498,839</u>	<u>(5,354,369)</u>		
			\$ 60,634	\$ (215,431)
4,369,608	-	4,369,608	68,145	-
1,069,561	-	1,069,561	-	-
130,181	-	130,181	-	-
105,358	-	105,358	-	-
106,901	108,561	215,462	4,585	(424,885)
8,279	-	8,279	-	-
310,733	2,242,600	2,553,333	8,119	-
-	6,356	6,356	-	-
494,288	(494,288)	-	-	-
<u>6,594,909</u>	<u>1,863,229</u>	<u>8,458,138</u>	<u>80,849</u>	<u>(424,885)</u>
741,701	2,362,068	3,103,769	141,483	(640,316)
39,043,602	41,228,007	80,271,609	566,001	3,198,975
<u>\$ 39,785,303</u>	<u>\$ 43,590,075</u>	<u>\$ 83,375,378</u>	<u>\$ 707,484</u>	<u>\$ 2,558,659</u>

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
BALANCE SHEET
Governmental Funds
June 30, 2022

		Capital Projects		Other	Total
	General	2020 2nd St Reconstruction	Brewer Creek Estates	Governmental Funds	Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 4,095,845	\$ 2,256,702	\$ 153	\$ 7,678,700	\$ 14,031,400
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	91,562	-	-	187,423	278,985
Taxes	67,751	-	-	55,200	122,951
Subsequent Year Taxes	2,267,396	-	-	2,509,522	4,776,918
Accrued Interest	-	-	-	5	5
Lease Receivable	36,964	-	-	-	36,964
Notes Receivable	27,652	-	-	197,456	225,108
Due from Other Funds	777,443	-	-	-	777,443
Due from Other Governmental Agencies	44,123	-	-	164,021	208,144
Inventories	39,894	-	-	45,703	85,597
Prepaid Assets	17,492	-	-	-	17,492
Total Assets	7,466,122	2,256,702	153	10,838,030	20,561,007
Liabilities					
Accounts Payable	266,720	495,289	-	324,944	1,086,953
Accrued Wages	60,774	-	-	6,980	67,754
Other Accrued Expenses	66,666	-	-	338	67,004
Due to Other Funds	-	-	2,551,018	753,926	3,304,944
Unearned Revenue	-	-	-	573,495	573,495
Total Liabilities	394,160	495,289	2,551,018	1,659,683	5,100,150
Deferred Inflows of Resources					
Lease Related Deferred Inflows	39,483	-	-	-	39,483
Unavailable Revenue - Subsequent Year Property Taxes	2,267,396	-	-	2,509,522	4,776,918
Unavailable Revenue - Other	7,741	-	5,000	188,158	200,899
Total Deferred Inflows of Resources	2,314,620	-	5,000	2,697,680	5,017,300
Fund Balances					
Non-Spendable:					
Inventories	39,894	-	-	45,703	85,597
Prepaid Expenses	17,492	-	-	-	17,492
Permanent Fund	-	-	-	455,859	455,859
Restricted:					
Debt Service	-	-	-	253,079	253,079
Specific Tax Levy	-	-	-	610,669	610,669
Streets	-	-	-	4,334,919	4,334,919
Capital Projects	325,314	1,761,413	-	423,151	2,509,878
Economic Development Activities	-	-	-	224,105	224,105
Committed:					
Police Activities	-	-	-	3,677	3,677
Economic Development Activities	-	-	-	727,221	727,221
Community Development Activities	-	-	-	6,116	6,116
Unassigned	4,374,642	-	(2,555,865)	(603,832)	1,214,945
Total Fund Balances	4,757,342	1,761,413	(2,555,865)	6,480,667	10,443,557
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,466,122	\$ 2,256,702	\$ 153	\$ 10,838,030	\$ 20,561,007

See Accompanying Notes to Financial Statements

CITY OF WEBSTER CITY, IOWA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2022

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

Total Fund Balance - Governmental Funds (page 16)		\$ 10,443,557
Infrastructure, property, equipment and land held for resale used in governmental activities are not financial resources and, therefore, are not reported in the funds.		45,766,371
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.		(146,696)
Assets such as notes receivables and property taxes are not available to pay for current period expenditures and therefore are deferred in the funds.		200,899
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		161,008
Accrued interest expense from the balance sheet that require current financial resources from governmental activities.		(25,739)
Pension 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	\$ 766,858	
Deferred inflows of resources	(2,132,377)	(1,365,519)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	\$ (12,651,733)	
Revenue Bonds	(1,574,038)	
Compensated Absences	(332,935)	
Net Pension Liabilities	(689,872)	(15,248,578)
Total Net Position - Governmental Activities (page 13)		<u>\$ 39,785,303</u>

CITY OF WEBSTER CITY, IOWA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended June 30, 2022

		Capital Projects		Other	Total
	General	2020 2nd St Reconstruction	Brewer Creek Estates	Governmental Funds	Governmental Funds
Revenue:					
Taxes	\$ 2,368,290	\$ -	\$ -	\$ 2,131,503	\$ 4,499,793
Licenses and Permits	221,119	-	-	-	221,119
Intergovernmental Revenue	122,936	-	-	2,162,119	2,285,055
Charges for Services	477,296	-	-	7,022	484,318
Fines and Forfeits	8,163	-	-	-	8,163
Contributions	29,667	-	-	242,699	272,366
Refunds/Reimbursements	4,467	-	-	155,006	159,473
Revenue from Use of Property	182,915	-	-	-	182,915
Interest on Investments	41,466	16,774	153	48,103	106,496
Miscellaneous	106,608	-	-	76,097	182,705
Total Revenue	3,562,927	16,774	153	4,822,549	8,402,403
Expenditures:					
Public Safety	2,054,648	-	-	883,986	2,938,634
Public Works	542,322	-	-	979,592	1,521,914
Health and Social Services	16,487	-	-	-	16,487
Culture and Recreation	1,262,498	-	-	204,414	1,466,912
Community and Economic Development	169,139	-	-	396,188	565,327
General Government	230,620	-	-	103,786	334,406
Capital Projects	-	2,971,912	-	943,621	3,915,533
Debt Service	48,135	-	-	1,245,125	1,293,260
Total Expenditures	4,323,849	2,971,912	-	4,756,712	12,052,473
Excess (deficiency) of revenues over expenditures	(760,922)	(2,955,138)	153	65,837	(3,650,070)
Other financing sources (uses):					
Proceeds from Sale of Capital Equipment	92,791	-	39,995	-	132,786
Transfers In	939,691	1,020,453	10,205	1,599,368	3,569,717
Transfers Out	(303,896)	-	-	(1,178,222)	(1,482,118)
Total other financing sources (uses)	728,586	1,020,453	50,200	421,146	2,220,385
Net Change in Fund Balance	(32,336)	(1,934,685)	50,353	486,983	(1,429,685)
Fund balances - beginning of year	4,789,678	3,696,098	(2,606,218)	5,993,684	11,873,242
Fund balances - end of year	\$ 4,757,342	\$ 1,761,413	\$ (2,555,865)	\$ 6,480,667	\$ 10,443,557

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, 2022

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

Net change in fund balances - total governmental funds (page 18)	\$ (1,429,685)
--	----------------

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:

Expenditures for capital assets	\$ 3,022,778	
Depreciation expense	<u>(1,306,153)</u>	1,716,625

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.	(340,274)
--	-----------

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.	8,791
--	-------

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.	(56,357)
---	----------

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.	7,410
---	-------

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.	24,067
--	--------

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.	6,952
--	-------

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.	8,444
--	-------

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.	(132,955)
--	-----------

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. The transaction, however, has no effect on net position. The amount of payments in the current year are as follows:	<u>928,683</u>
--	----------------

Change in net position of governmental activities (page 15)	<u><u>\$ 741,701</u></u>
---	--------------------------

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF NET POSITION
Proprietary Funds
June 30, 2022

	Business Type Activities				Governmental Activities
	Water System	Sewer System	Electric System	Total	Internal Service
ASSETS					
Current Assets					
Cash and Cash Equivalents	\$ 1,654,263	\$ 3,771,352	\$ 7,250,085	\$ 12,675,700	\$ 51,135
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	215,929	191,181	861,679	1,268,789	-
Accrued Interest	398	-	261	659	-
Lease Receivable	1,602	-	27,238	28,840	-
Notes Receivable	-	-	210,299	210,299	-
Due from Other Funds	-	25,887	3,662,797	3,688,684	-
Due from Other Governmental Agencies	190	2,022	865	3,077	-
Inventories	220,345	82,938	626,575	929,858	-
Prepaid Assets	42,660	24,284	76,125	143,069	-
Land Held for Resale	-	-	2,311,479	2,311,479	-
Restricted Assets:					
Cash and Cash Equivalents	352,534	-	1,575,304	1,927,838	-
Total Current Assets	2,487,921	4,097,664	16,602,707	23,188,292	51,135
Noncurrent Assets					
Lease Receivable	25,066	-	54,343	79,409	-
Notes Receivable	-	-	5,931,179	5,931,179	-
Land	237,885	741,628	221,935	1,201,448	-
Construction in Progress	1,513,179	921,938	262,866	2,697,983	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation	12,302,402	6,676,102	12,974,324	31,952,828	-
Total Noncurrent Assets	14,078,532	8,339,668	19,444,647	41,862,847	-
Total Assets	16,566,453	12,437,332	36,047,354	65,051,139	51,135
Deferred Outflows of Resources					
Unamortized bond refunding related deferred outflows	-	-	934,342	934,342	-
Pension related deferred outflows	72,186	62,373	169,031	303,590	-
OPEB related deferred outflows	2,426	1,984	5,559	9,969	11,868
Total Deferred Outflows of Resources	74,612	64,357	1,108,932	1,247,901	11,868
LIABILITIES					
Current Liabilities					
Accounts Payable	71,394	62,152	985,238	1,118,784	1,491
Accrued Wages	13,807	10,596	32,152	56,555	-
Other Accrued Expenses	4,922	1,322	14,600	20,844	-
Customer Deposits	-	-	415,559	415,559	-
Due to Other Funds	-	1,111,401	-	1,111,401	49,782
Unearned Revenue	-	-	3,678	3,678	-
Claims Incurred But Not Reported	-	-	-	-	25,000
Payables from Restricted Assets:					
Accrued Revenue Bond Interest	8,972	-	74,680	83,652	-
Total Current Liabilities	99,095	1,185,471	1,525,907	2,810,473	76,273
Noncurrent Liabilities:					
Due within one year:					
Revenue Bonds Payable	210,000	-	635,000	845,000	-
Compensated Absences and Benefits	37,753	17,537	90,978	146,268	-
Notes Payable	-	-	201,681	201,681	-
Due in more than one year:					
Revenue Bonds Payable	4,876,932	-	11,480,000	16,356,932	-
Notes Payable	-	-	747,899	747,899	-
Total Other Post Employment Benefits	18,469	15,104	42,317	75,890	90,354
Compensated Absences and Benefits	21,640	24,726	81,438	127,804	-
Net pension liability	7,083	6,707	18,478	32,268	-
Total Noncurrent Liabilities	5,171,877	64,074	13,297,791	18,533,742	90,354
Total Liabilities	5,270,972	1,249,545	14,823,698	21,344,215	166,627
Deferred Inflows of Resources					
Lease related deferred inflows	24,914	-	85,421	110,335	-
Pension related deferred inflows	267,404	253,203	697,631	1,218,238	-
OPEB related deferred inflows	8,804	7,200	20,173	36,177	43,072
Total Deferred Inflows of Resources	301,122	260,403	803,225	1,364,750	43,072
NET POSITION					
Net Investment in Capital Assets	9,319,068	8,339,668	7,919,429	25,578,165	-
Restricted for:					
Debt Service	343,562	-	-	343,562	-
Unrestricted	1,406,341	2,652,073	13,609,934	17,668,348	(146,696)
Total Net Position	\$ 11,068,971	\$ 10,991,741	\$ 21,529,363	\$ 43,590,075	\$ (146,696)

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, 2022

	Business Type Activities	
	Water System	Sewer System
Operating Revenues:		
Charges for Services	\$ 2,143,990	\$ 2,016,728
Miscellaneous	35,231	556,008
Total Operating Revenue	2,179,221	2,572,736
Operating Expenses:		
General Government		
Operating and Maintenance	1,528,431	1,260,665
Depreciation	476,875	376,328
Total Operating Expenses	2,005,306	1,636,993
Operating Income (Loss)	173,915	935,743
Non-Operating Income (Expense):		
Interest Income	33,765	26,866
Grant Revenue	1,537	3,163
Revenue from Use of Property	6,356	-
Interest Expense	(115,049)	-
Bad Debt Expense	(7,490)	-
Corn Belt Reimbursements	-	-
Total Non-Operating Income (Expenses)	(80,881)	30,029
Income (Loss) before Contributions and Transfers	93,034	965,772
Contributions and Transfers		
Contributed Capital Revenue	953,310	633,765
Transfers (Out)	(890,613)	(393,368)
Total Contributions and Transfers	62,697	240,397
Change in Net Position	155,731	1,206,169
Net Position- Beginning	10,913,240	9,785,572
Net Position - Ending	\$ 11,068,971	\$ 10,991,741

Business Type Activities		Governmental Activities	
Electric System	Total	Internal Service	
\$ 12,033,969	\$ 16,194,687	\$ 1,422,688	
657,642	1,248,881	-	
12,691,611	17,443,568	1,422,688	
10,707,835	13,496,931	1,414,244	
698,105	1,551,308	-	
11,405,940	15,048,239	1,414,244	
1,285,671	2,395,329	8,444	
47,930	108,561	-	
3,439	8,139	-	
-	6,356	-	
(518,975)	(634,024)	-	
(14,234)	(21,724)	-	
993,719	993,719	-	
511,879	461,027	-	
1,797,550	2,856,356	8,444	
6,236	1,593,311	-	
(803,618)	(2,087,599)	-	
(797,382)	(494,288)	-	
1,000,168	2,362,068	8,444	
20,529,195	41,228,007	(155,140)	
\$ 21,529,363	\$ 43,590,075	\$ (146,696)	

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended June 30, 2022

	Business Type Activities	
	Water System	Sewer System
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash Received from Customers	\$ 2,124,830	\$ 2,523,511
Cash Paid to Suppliers for Goods and Services	(1,055,980)	(878,530)
Cash Paid to Employees for Services	(711,197)	(592,990)
Other Non-Operating Income	7,893	3,163
Net Cash Provided by Operating Activities	<u>365,546</u>	<u>1,055,154</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and Construction of Capital Assets	(1,047,045)	(262,168)
Corn Belt Reimbursements	-	-
Principal Paid on Notes and Bonds	(190,000)	-
Interest Paid on Notes and Bonds	(130,349)	-
Net Cash (Used) for Capital and Related Financing Activities	<u>(1,367,394)</u>	<u>(262,168)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Transfers From (To) Other Funds	(890,613)	(393,368)
Due From (To) Other Funds	-	10,000
Net Cash Provided (Used) for Non-Capital Financing Activities	<u>(890,613)</u>	<u>(383,368)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds of Redeemed CDs	-	203,048
Interest and Dividends on Investments	33,367	26,926
Net Cash Provided for Investing Activities	<u>33,367</u>	<u>229,974</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,859,094)	639,592
Cash and Cash Equivalents at Beginning of Year	<u>3,865,891</u>	<u>3,131,760</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 2,006,797</u></u>	<u><u>\$ 3,771,352</u></u>
Cash and Cash Equivalents:		
Unrestricted	\$ 1,654,263	\$ 3,771,352
Restricted	352,534	-
	<u><u>\$ 2,006,797</u></u>	<u><u>\$ 3,771,352</u></u>

Business Type Activities		Governmental Activities
Electric System	Total	Internal Service
\$ 12,642,542	\$ 17,290,883	\$ 1,422,688
(9,592,642)	(11,527,152)	(1,416,697)
(1,634,692)	(2,938,879)	-
997,158	1,008,214	-
<u>2,412,366</u>	<u>3,833,066</u>	<u>5,991</u>
(237,768)	(1,546,981)	-
204,978	204,978	-
(821,681)	(1,011,681)	-
(456,784)	(587,133)	-
<u>(1,311,255)</u>	<u>(2,940,817)</u>	<u>-</u>
(803,618)	(2,087,599)	-
(545,617)	(535,617)	1,433
<u>(1,349,235)</u>	<u>(2,623,216)</u>	<u>1,433</u>
304,572	507,620	-
<u>47,758</u>	<u>108,051</u>	<u>-</u>
352,330	615,671	-
104,206	(1,115,296)	7,424
<u>8,721,183</u>	<u>15,718,834</u>	<u>43,711</u>
<u>\$ 8,825,389</u>	<u>\$ 14,603,538</u>	<u>\$ 51,135</u>
\$ 7,250,085	\$ 12,675,700	\$ 51,135
1,575,304	1,927,838	-
<u>\$ 8,825,389</u>	<u>\$ 14,603,538</u>	<u>\$ 51,135</u>

(Continued)

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF CASH FLOWS (Continued)
Proprietary Funds
For the Year Ended June 30, 2022

	Business Type Activities	
	Water System	Sewer System
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating Income	<u>\$ 173,915</u>	<u>\$ 935,743</u>
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	476,875	376,328
Other Non-Operating Income	7,893	3,163
Bad Debt Expense	(7,490)	-
(Increase) Decrease in Assets and Deferred Outflows:		
Accounts Receivable	(46,125)	(48,197)
Lease Receivable	(26,668)	
Due from Other Governmental Agencies	978	(1,028)
Prepaid Expenses	(5,507)	(2,788)
Inventories	(34,291)	(38,330)
Deferred outflows of resources	69,963	64,172
Increase (Decrease) in Liabilities and Deferred Inflows:		
Accounts Payable	(21,667)	(13,356)
Accrued Wages	6,806	(7,956)
Other Accruals	9	(13)
Net pension liability	(514,281)	(456,543)
Deferred inflows of resources	280,580	241,834
Customer Deposits	-	-
Other Post Employment Benefits	4,556	2,125
Total Adjustments	<u>191,631</u>	<u>119,411</u>
Net Cash Provided by Operating Activities	<u><u>\$ 365,546</u></u>	<u><u>\$ 1,055,154</u></u>
Supplemental Schedule of Noncash Capital and Related Financing Activities:		
Bad Debt Expense	\$ 7,490	\$ -
Contributed Capital	953,310	633,765
	<u><u>\$ 960,800</u></u>	<u><u>\$ 633,765</u></u>

<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>

\$	1,285,671	\$	2,395,329	\$	8,444
----	-----------	----	-----------	----	-------

698,105	1,551,308	-
997,158	1,008,214	
(14,234)	(21,724)	-
(62,421)	(156,743)	-
(81,581)	(108,249)	
795	745	
(11,505)	(19,800)	-
204,679	132,058	-
184,102	318,237	(2,312)
(312,685)	(347,708)	1,491
6,569	5,419	2,368
11,393	11,389	(2,000)
(1,274,426)	(2,245,250)	-
751,502	1,273,916	(2,000)
22,951	22,951	-
6,293	12,974	-
1,126,695	1,437,737	(2,453)
\$ 2,412,366	\$ 3,833,066	\$ 5,991

\$	14,234	\$	21,724	\$	-
	6,236		1,593,311		-
\$	20,470	\$	1,615,035	\$	-

CITY OF WEBSTER CITY, IOWA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2022

	Private Purpose Trust Fund
ASSETS	
Cash and Cash Equivalents	\$ 33,571
Total Assets	33,571
LIABILITIES	
Accounts Payable	6,043
Total Liabilities	6,043
NET POSITION	
Restricted for individuals, organizations, and other governments	27,528
Total Net Position	<u>\$ 27,528</u>

CITY OF WEBSTER CITY, IOWA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2022

	Private Purpose Trust Fund
Additions	
Interest Income	\$ 150
Miscellaneous	10,566
Total Additions	<u>10,716</u>
Deductions	
Culture and Recreation	<u>9,919</u>
Total Deductions	<u>9,919</u>
Changes in Net Position	797
Net Position Beginning of Year	<u>26,731</u>
Net Position End of Year	<u><u>\$ 27,528</u></u>

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

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, 2022. 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, 2022

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, 2022. 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, 2022

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) Capital Project – The Brewer Creek Estates Fund is used to account for costs and resources for residential development.
- 3) Capital Project – The 2020 2nd St Reconstruction Fund is used to track revenue and expenses related to street reconstruction.

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, 2022

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

The City reports the following fiduciary fund type:

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
Edgar Foster Trust
Calvary Cemetery Trust

Zella Silvers Trust
Mulberry Church Trust

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary, and fiduciary 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, 2022

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.

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	Amortized 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 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.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

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

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, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2021. Any county collections on the 2021-2022 tax levy remitted to the City within 60 days subsequent to June 30, 2022, are recorded as property tax revenue.

Customer Accounts and Unbilled Usage – Accounts receivable in the Enterprise Funds includes services billed prior to June 30, 2022 and an estimate of services provided through June 30, 2022 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, 2022, 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, 2022 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 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.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

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

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

Leases – City of Webster City is a lessor for multiple different types of leases, including land and telephone pole space. The City recognizes lease receivables and deferred inflows of resources in the government-wide, governmental fund, and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City of Webster City determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

City of Webster City uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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, unamortized portion of the net difference between projected and actual earnings on pension plan assets, 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, 2022. The compensated absences liability attributable to the governmental activities will be paid by the General Fund.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

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

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 (asset) 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 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, the unamortized portion of the net difference between projected and actual earnings on pension plan investments and OPEB, and the deferred amounts related to leases.

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.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

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

- *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 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, 2022, disbursements did not exceed any function of budgeted expenditures.

Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS

The City's deposits at June 30, 2022, 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.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

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

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. The City has no investments as at June 30, 2022.

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	Credit Risk	Fair Value	Less Than 1 Year
Fixed Income	Not Rated	\$ 372,867	\$ 372,867
Fixed Income Bonds	AAA	64,005	64,005
Fixed Income Bonds	AA	152,401	152,401
Fixed Income Bonds	A	83,638	83,638
Fixed Income Bonds	BBB	53,953	53,953
Mutual Funds	-	1,815,527	1,815,527
		<u>\$ 2,542,391</u>	<u>\$ 2,542,391</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.

The recurring fair value measurement for the Fixed Income Bonds of \$726,864 and the Mutual Funds of \$1,815,527 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.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 3 - RECEIVABLES

Receivables at June 30, 2022 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$8,052 at June 30, 2022.

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, 2022, amounts due from other governments were as follows:

Due from the Iowa Department of Revenue for Road Use Tax allocation	\$ 83,068
Due from the Federal Emergency Management Agency for COVID Relief Funds	1,334
Due from the Iowa Department of Revenue for Local Option Sales taxes	80,917
Due from the Iowa Department of Revenue for Local Transient Guest taxes	42,825
Total Governmental Funds	<u>\$ 208,144</u>
Due from Federal Emergency Management Agency for COVID Relief Funds	3,077
Total Proprietary Funds	<u>\$ 3,077</u>

Note 5 - LEASE RECEIVABLES

The City has entered into lease agreements as the Lessor for multiple types of leases. Balances as of June 30, 2022 for the lease receivables are as follows:

	Governmental Activities	Business-Type Activities	Component Units	Total
Collins Street Land Lease	\$ -	\$ 26,668	\$ -	\$ 26,668
WCCS Dark Fibers Lease	-	6,564	-	6,564
Airport Farm Lease	-	-	70,440	70,440
ICN Pole Lease	-	2,547	-	2,547
Township 88 Land Lease	36,964	58,184	-	95,148
2019 Woolstock Mutual Pole Lease	-	6,706	-	6,706
2020 Woolstock Mutual Pole Lease	-	7,580	-	7,580
Total	<u>\$ 36,964</u>	<u>\$ 108,249</u>	<u>\$ 70,440</u>	<u>\$ 215,653</u>

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 5 - LEASE RECEIVABLES (Continued)

On July 6, 2021, the City of Webster City entered into a 180 month lease as Lessor for the use of 1317 Collins Street. An initial lease receivable was recorded in the amount of \$26,668 as of June 30, 2022. The lessee is required to make annual fixed payments of \$2,000. The lease has an interest rate of 1.51%. The value of the deferred inflow of resources as of June 30, 2022 was \$24,914, and the City of Webster City recognized lease revenue of \$1,753 and lease interest of \$398 during the fiscal year. The lessee has 2 extension options, each for 180 month. A summary of the remaining lease receivable principal and interest to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 1,602	\$ 398	\$ 2,000
2024	1,621	379	2,000
2025	1,646	354	2,000
2026	1,670	330	2,000
2027	1,696	304	2,000
2028-2032	8,871	1,129	10,000
2033-2037	9,562	438	10,000
Total	<u>\$ 26,668</u>	<u>\$ 3,332</u>	<u>\$ 30,000</u>

On October 1, 2015, the City of Webster City entered into a 51 month lease as Lessor for the use of dark fibers. As of June 30, 2022, the value of the lease receivable recorded is \$6,564. The lessee is required to make annual fixed payments of \$1,664. The lease has an interest rate of 0.56%. The value of the deferred inflow of resources as of June 30, 2022 was \$6,292, and the City of Webster City recognized lease revenue of \$1,936 and lease interest of \$37 during the fiscal year. The lessee has 1 extension option for 12 months. A summary of the remaining lease receivable principal and interest to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 1,627	\$ 37	\$ 1,664
2024	1,637	27	1,664
2025	1,646	18	1,664
2026	1,654	10	1,664
Total	<u>\$ 6,564</u>	<u>\$ 92</u>	<u>\$ 6,656</u>

On March 1, 2022, the City of Webster City entered into a 36 month lease as Lessor for the use of Hamilton County 1 farmland. As of June 30, 2022, the value of the lease receivable is \$70,440. The lessee is required to make semi-annual fixed payments of \$14,200. The lease has an interest rate of 0.48%. The value of the deferred inflow of resources as of June 30, 2022 was \$75,236, and the City of Webster City recognized lease revenue of \$9,404 during the fiscal year. A summary of the remaining lease receivable principal and interest to maturity is as follows:

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 5 - LEASE RECEIVABLES (Continued)

Year Ending June 30,	Principal	Interest	Total
2023	\$ 28,042	\$ 358	\$ 28,400
2024	28,232	168	28,400
2025	14,166	34	14,200
Total	<u>\$ 70,440</u>	<u>\$ 560</u>	<u>\$ 71,000</u>

On March 20, 2017, the City of Webster City entered into a 66 month lease as Lessor for the use of ICN-Pole Attachment. As of June 30, 2022, the value of the lease receivable is \$2,547. The lessee is required to make annual fixed payments of \$650. The lease has an interest rate of 0.82%. The value of the deferred inflow of resources as of June 30, 2022 was \$2,607, and the City of Webster City recognized lease revenue of \$577 and lease interest of \$23 during the fiscal year. A summary of the remaining lease receivable principal and interest to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 628	\$ 22	\$ 650
2024	634	16	650
2025	640	10	650
2026	645	5	650
Total	<u>\$ 2,547</u>	<u>\$ 53</u>	<u>\$ 2,600</u>

On October 1, 2019, the City of Webster City entered into a 98 month lease as Lessor for the use of WCMU's Poles 1. As of June 30, 2022, the value of the lease receivable recorded in the Electric fund is \$6,706. The lessee is required to make annual fixed payments of \$1,000. The lease has an interest rate of 1.08%. The value of the deferred inflow of resources as of June 30, 2022 was \$6,745, and the City of Webster City recognized lease revenue of \$941 and lease interest of \$75 during the fiscal year. A summary of the remaining lease receivable principal and interest to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 927	\$ 73	\$ 1,000
2024	937	63	1,000
2025	948	52	1,000
2026	958	42	1,000
2027	968	32	1,000
2028-2029	1,968	32	2,000
Total	<u>\$ 6,706</u>	<u>\$ 294</u>	<u>\$ 7,000</u>

On September 8, 2020, The City of Webster City entered into a 111 month lease as Lessor for the use of WCMU's Poles 2. As of June 30, 2022, the value of the lease receivable recorded in the Electric fund is \$7,580. The lessee is required to make annual fixed payments of \$1,000. The lease has an interest rate of 1.21%. The value of the deferred inflow of resources as of June 30,

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 5 - LEASE RECEIVABLES (Continued)

2022 was \$7,630, and The City of Webster City recognized lease revenue of \$925 and lease interest of \$95 during the fiscal year. A summary of the remaining lease receivable principal and interest to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 908	\$ 92	\$ 1,000
2024	919	81	1,000
2025	930	70	1,000
2026	942	58	1,000
2027	953	47	1,000
2028-2030	2,928	72	3,000
Total	<u>\$ 7,580</u>	<u>\$ 420</u>	<u>\$ 8,000</u>

On March 14, 2022, The City of Webster City entered into a 36 month lease as Lessor for the use of Township 88 North, Range 26. As of June 30, 2022, the value of the lease receivable recorded 61.15% in the Electric fund and 38.85% in the General fund is \$95,148. The lessee is required to make semi-annual fixed payments of \$19,188. The lease has an interest rate of 0.48%. The value of the deferred inflow of resources as of June 30, 2022 was \$101,630, and The City of Webster City recognized lease revenue of \$12,704 and lease interest of \$92 during the fiscal year. A summary of the remaining lease receivable principal and interest to maturity is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 37,855	\$ 521	\$ 38,376
2024	38,149	227	38,376
2025	19,144	44	19,188
Total	<u>\$ 95,148</u>	<u>\$ 792</u>	<u>\$95,940</u>

Note 6 - INTERFUND RECEIVABLES AND PAYABLES

As of June 30, 2022, short-term interfund borrowings were as follows:

<u>Fund Due To</u>	<u>Fund Due From</u>	<u>Amount</u>
General	Sewer	\$600,000
General	Non-Major Governmental	177,443
Electric	Sewer	511,401
Electric	Brewer Creek Estates	2,551,018
Electric	Internal Service	49,782
Electric	Non-Major Governmental	550,596
Sewer	Non-Major Governmental	25,887
		<u>\$ 4,466,127</u>

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, 2022

Note 7 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 5,067,279	\$ 173,338	\$ 340,108	\$ 4,900,509
Right of way	786,799	-	-	786,799
Construction in progress	7,578,475	2,454,994	6,497,627	3,535,842
Total capital assets not being depreciated	13,432,553	2,628,332	6,837,735	9,223,150
Capital assets being depreciated:				
Land improvements	2,503,172	-	-	2,503,172
Structures and improvements	8,688,780	2,200,705	3,496	10,885,989
Machinery and equipment	6,037,371	394,447	217,579	6,214,239
Streets	30,532,256	2,790,708	-	33,322,964
Trails and paths	2,070,885	-	-	2,070,885
Sidewalks	1,332,445	656,470	-	1,988,915
Storm sewers	2,612,039	687,020	-	3,299,059
Bridges	3,161,836	162,725	-	3,324,561
Dam	200,000	-	-	200,000
Traffic signals	183,657	-	-	183,657
Total capital assets being depreciated	57,322,441	6,892,075	221,075	63,993,441
Less: Accumulated depreciation for				
Land improvements	732,931	51,820	-	784,751
Structures and improvements	4,731,060	246,046	3,329	4,973,777
Machinery and equipment	3,054,021	269,564	217,579	3,106,006
Streets	14,605,753	587,877	-	15,193,630
Trails and paths	525,114	41,418	-	566,532
Sidewalks	326,728	20,716	-	347,444
Storm sewers	673,021	31,732	-	704,753
Bridges	1,386,024	50,313	-	1,436,337
Dam	146,668	6,667	-	153,335
Traffic signals	183,655	-	-	183,655
Total Accumulated Depreciation	26,364,975	1,306,153	220,908	27,450,220
Capital Assets, Net of Depreciation	30,957,466	5,585,922	167	36,543,221
Governmental activities capital assets, net	\$44,390,019	\$ 8,214,254	\$6,837,902	\$45,766,371

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 7 - CAPITAL ASSETS - (Continued)

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

Depreciation expense was charged to functions as follows:

Governmental Activities:

General Government	\$ 17,221
Public Safety	132,224
Public Works, which includes the depreciation of infrastructure	915,256
Culture and Recreation	241,452
	<u>1,306,153</u>

Total governmental activities - depreciation expense	<u>\$ 1,306,153</u>
--	---------------------

	Beginning				Ending
	Balance	Additions	Deletions	Reclass	Balance
Business-Type Activities:					
Capital assets not being depreciated:					
Land	\$ 1,172,647	\$ 28,801	\$ -	\$ -	\$ 1,201,448
Construction in Progress	3,944,571	2,932,351	4,178,939	-	2,697,983
Total capital assets not being depreciated	<u>5,117,218</u>	<u>2,961,152</u>	<u>4,178,939</u>	<u>-</u>	<u>3,899,431</u>
Capital assets being depreciated:					
Buildings and improvements	3,470,896	-	-	47,868	3,518,764
Machinery and equipment	5,976,431	106,102	12,833	(1,214,437)	4,855,263
Utility Plant	70,133,987	4,178,939	-	1,166,569	75,479,495
Total capital assets being depreciated	<u>79,581,314</u>	<u>4,285,041</u>	<u>12,833</u>	<u>-</u>	<u>83,853,522</u>
Less: Accumulated Depreciation	<u>50,362,219</u>	<u>1,551,308</u>	<u>12,833</u>	<u>-</u>	<u>51,900,694</u>
Total capital assets being depreciated, net	<u>29,219,095</u>	<u>2,733,733</u>	<u>-</u>	<u>-</u>	<u>31,952,828</u>
Business-type activities capital assets, net	<u>\$ 34,336,313</u>	<u>\$ 5,694,885</u>	<u>\$ 4,178,939</u>	<u>\$ -</u>	<u>\$ 35,852,259</u>

Construction in progress at June 30, 2022 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	\$476,875
Sewer	376,328
Electric	698,105
	<u>1,551,308</u>

Total depreciation expense – business-type activities	<u>\$ 1,551,308</u>
---	---------------------

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 7 - CAPITAL ASSETS - (Continued)

Reconciliation of Net Investment in Capital Assets:

	Governmental Activities	Business- Type Activities
Land	\$ 5,687,308	\$ 1,201,448
Construction in Progress	3,535,842	2,697,983
Capital Assets (net of accumulated depreciation)	36,543,221	31,952,828
Unspent Bond Proceeds	1,170,937	-
Less: General Obligation Bonds Payable	(12,651,733)	-
Revenue Bonds	(1,574,038)	(10,274,094)
Retainage Payable	(130,391)	-
Net Investment in Capital Assets	<u>\$ 32,581,146</u>	<u>\$ 25,578,165</u>

Note 8 - 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, 2022 are as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 6/30/22	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	\$ 3,015,000	\$ 430,000
Corporate purpose bonds	03/31/21	06/01/40	2.00 – 2.20%	\$ 9,690,000	\$ 9,295,000	\$ 435,000
Total Governmental Activities – General Obligation Debt					<u>\$12,310,000</u>	<u>\$ 865,000</u>

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 8 - LONG-TERM DEBT - (Continued)

The balances shown on the Statement of Net Position is net of unamortized bond premiums of \$341,733.

Debt service requirements to maturity are as follows:

Years	Principal	Interest	Total
2023	\$ 865,000	\$ 262,433	\$ 1,127,433
2024	880,000	245,133	1,125,133
2025	895,000	227,533	1,122,533
2026	915,000	209,633	1,124,633
2027	930,000	191,333	1,121,333
2028-2032	4,025,000	684,750	4,709,750
2033-2037	2,640,000	298,800	2,938,800
2038-2040	1,160,000	51,370	1,211,370
Total	<u>\$ 12,310,000</u>	<u>\$ 2,170,985</u>	<u>\$ 14,480,985</u>

On March 31, 2021, the City issued General Obligation Refunding Bonds, Series 2021A. These bonds reduced the present value of future debt service payments of \$4,100,000 for Road Use Tax General Obligation Bonds. The savings were available due to improved municipal bond market conditions during the year. The refunding was undertaken to reduce total debt service payments over the next six years by \$499,036 and resulted in an economic gain of \$460,018.

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 facilities, electric system improvements, and street reconstruction.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 8 - LONG-TERM DEBT - (Continued)

Revenue bonds outstanding at June 30, 2022 are as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 6/30/22	Due Within One Year
Governmental Activities Revenue Debt:						
Community Center Revenue Note – Direct Borrowing	07/01/02	07/01/42	Variable	\$ 2,600,000	\$ 1,574,038	-
Total Governmental Activities					<u>\$ 1,574,038</u>	<u>-</u>
Business-Type Activities Revenue Debt:						
<u>Water Utility</u> Revenue Bonds	03/31/21	06/01/41	2.00 – 3.00%	5,055,000	<u>\$ 4,865,000</u>	<u>\$ 210,000</u>
<u>Electric Utility</u> Revenue Bonds	04/17/19	11/01/36	2.75 – 4.20%	13,900,000	<u>12,115,000</u>	<u>635,000</u>
Total Business Type Activities					<u>\$16,980,000</u>	<u>\$ 845,000</u>

The balances shown on the Statement of Net Position for Business – Type Activities is net of unamortized bond premiums of \$221,932.

Debt service requirements to maturity are as follows:

Years	Revenue Debt		
	Principal	Interest	Total
2023	\$ 845,000	\$ 546,370	\$ 1,391,370
2024	870,000	522,815	1,392,815
2025	900,000	497,895	1,397,895
2026	930,000	472,494	1,402,494
2027	950,000	443,864	1,393,864
2028-2032	5,190,000	1,740,220	6,930,220
2033-2037	6,110,000	760,671	6,870,671
2038-2042	1,185,000	85,825	1,270,825
Total	<u>\$ 16,980,000</u>	<u>\$ 5,070,154</u>	<u>\$ 22,050,154</u>

A repayment schedule has not been established for the community center revenue note as of June 30, 2022.

Revenue Refunding Bonds

On April 17, 2019, the City issued \$13,900,000 in advance refunding Revenue Bonds with interest rates ranging from 2.75%-4.20%. The city issued the bonds to advance refund \$12,485,019 of outstanding series 2012A Electric Revenue Bonds with interest rates ranging from 2.25% to 5.65%. \$13,726,250 was deposited into an irrevocable escrow to complete the advance refunding through an in-substance defeasance. As a result, the series 2012A bond is considered to be defeased and the escrow assets and liability for the notes are not included in the 2022 financial statements. The

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 8 - LONG-TERM DEBT - (Continued)

call date of the 2012A bond was November of 2021 and therefore there is no balance outstanding of defeased bonds. The difference between the net carrying amount of the series 2012A bond and the reacquisition price of the 2012A bond created a deferred outflow related to debt of \$1,140,767. This balance is amortized over the remaining life of the 2019 bond, which matures November of 2036. As of June 30, 2022, amortization of the deferred outflow, which is recognized as interest expense, totaled \$65,187. The new 2019 issuance reduces debt service payments by \$999,035, with an economic gain of \$665,806. Annual principle payments on the 2019 issuance began in November of 2019. Interest payments are due semi-annually each May and November. The balance of the bond at June 30, 2022 was \$12,115,000.

On March 31, 2021, the City issued Water Revenue & Refunding Bonds, Series 2021B. These bonds reduced the present value of future debt service payments of \$2,070,000 of Water Revenue Bonds, Series 2012B. The savings were available due to improved municipal bond market conditions during the year. The refunding was undertaken to reduce total debt service payments over the next eleven years and resulted in an economic gain of \$328,205.

Notes Payable – Direct Borrowing

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 6/30/22	Due Within One Year
Electric Utility:						
USDA Note	08/15/16	06/15/26	0%	\$ 1,000,000	\$ 403,360	\$ 100,840
USDA Note	12/05/17	11/15/27	0%	\$ 1,000,000	546,220	100,841
Total					<u>\$949,580</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.

Debt service requirements to maturity are as follows:

Years	Electric Utility - Notes Payable	
	Principal	Total
2023	\$ 201,681	\$ 201,681
2024	201,681	201,681
2025	201,681	201,681
2026	201,681	201,681
2027	100,840	100,840
2028	42,016	42,016
Total	<u>\$ 949,580</u>	<u>\$ 949,580</u>

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 8 - LONG-TERM DEBT - (Continued)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Governmental Activities:					
Bonds Payable:					
General Obligation	\$ 13,130,000	\$ -	\$ 820,000	\$ 12,310,000	\$ 865,000
Revenue Bonds	1,636,422	-	62,384	1,574,038	-
Compensated Absences	339,887	332,935	339,887	332,935	181,266
Governmental Activity Long-Term Liabilities:	15,106,309	332,935	1,222,271	14,216,973	1,046,266
Business-Type Activities:					
Bonds Payable:					
Revenue Bonds	17,790,000	-	810,000	16,980,000	845,000
Notes Payable - Direct Borrowing	1,151,261	-	201,681	949,580	201,681
Compensated Absences	282,397	274,072	282,397	274,072	146,268
Business-Type Activity Long-Term Liabilities:	\$ 19,223,658	\$ 274,072	\$ 1,294,078	\$ 18,203,652	\$ 1,192,949

Note 9 - TRANSFERS

The following is a summary of transfers between funds:

	General	2020 2nd St Reconstruction	Brewer Creek Estates	Non-Major	Total Transfer Out
General	\$ -	\$ -	\$ -	\$ 303,896	\$ 303,896
Electric	632,422	171,196	-	-	803,618
Sewer	91,807	235,269	-	66,292	393,368
Water	90,462	613,988	-	186,163	890,613
Non-Major	125,000	-	10,205	1,043,017	1,178,222
Total Transfer In	\$ 939,691	\$ 1,020,453	\$ 10,205	\$ 1,599,368	\$ 3,569,717

Generally, transfers are used to (1) move revenues from the fund that collects them to the fund that the 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.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 10- PENSION PLAN

Pension Plans

	IPERS	MFPRSI	Total
Pension liability	\$ 23,838	\$ 698,302	\$ 722,140
Deferred Outflows of Resources Related to Pensions	507,180	563,268	1,070,448
Deferred Inflows of Resources Related to Pensions	2,115,447	1,235,168	3,350,615
Pension Expense	\$ (162,876)	\$ 39,789	\$ (123,087)

Iowa Public Employees Retirement System

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 salary.

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

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

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

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 10- PENSION PLAN - (Continued)

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 2022, pursuant to the required rate, Regular members contributed 6.29 percent of covered payroll and the City contributed 9.44 percent of covered payroll, for a total rate of 15.73 percent. Protective occupation members contributed 6.21 percent of covered payroll and the City contributed 9.31 percent of covered payroll for a total rate of 15.52 percent.

The City's total contributions to IPERS for the year ended June 30, 2022 were \$316,378.

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

At June 30, 2022, the City reported a liability of \$23,838 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability (asset) was

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 10- PENSION PLAN - (Continued)

based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2021, the City's collective proportion was .007 percent, which was an decrease of .033 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense (income) of (\$162,876). At June 30, 2022 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	\$ 44,508	\$ 42,278
Changes of assumptions	36,474	35
Net difference between projected and actual earnings on pension plan investments	-	2,030,692
Changes in proportion and differences between City contributions and proportionate share of contributions	109,820	42,442
City contributions subsequent to the measurement date	316,378	-
Total	<u>\$ 507,180</u>	<u>\$ 2,115,447</u>

\$316,378 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, 2023. 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 Ending June 30,	
2023	\$ (456,529)
2024	(466,406)
2025	(446,761)
2026	(555,153)
2027	204
	<u>\$ (1,924,645)</u>

There were no non-employer contributing entities to IPERS.

Actuarial assumptions – The total pension liability (asset) in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 10- PENSION PLAN - (Continued)

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, 2021 valuation were based on the results of actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best estimate ranges of expected future real rates (expected returns, net of 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	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	100%	

Discount rate – The discount rate used to measure the total pension liability (asset) 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 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

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 10- PENSION PLAN - (Continued)

on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of the City's proportionate share of the net pension liability (asset) to changes in the discount rate. The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0 percent, as well as what the City's proportionate share of the net pension liability (asset) 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 (asset)	\$ 1,948,784	\$ 23,838	\$ (1,589,358)

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 IPERS – 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, 2022.

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.

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

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 10- PENSION PLAN - (Continued)

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, 2022.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1 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

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 10- PENSION PLAN - (Continued)

contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 26.18% for the year ended June 30, 2022.

The City's contributions to MFPRSI for the year ended June 30, 2022 was \$286,805.

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.

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2022.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2022, the City reported a liability of \$698,302 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2021, the City's proportion was .311% which was an increase of .032% from its proportions measured as of June 30, 2020.

For the year ended June 30, 2022, the City recognized pension expense of \$39,789. At June 30, 2022, 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	\$ 81,001	\$ 7,859
Changes of assumptions	26,300	-
Net difference between projected and actual earnings on pension plan investments	-	1,166,777
Changes in proportion and differences between City contributions and proportionate share of contributions	169,162	60,532
City contributions subsequent to the measurement date	286,805	-
Total	<u>\$ 563,268</u>	<u>\$ 1,235,168</u>

\$286,805 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, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 10- PENSION PLAN - (Continued)

Year Ending June 30,	
2023	\$ (203,719)
2024	(208,189)
2025	(239,522)
2026	(321,700)
2027	14,425
	<u>\$ (958,705)</u>

Actuarial Assumptions The total pension liability in the June 30, 2021, 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	3.75 to 15.11 percent, including inflation
Investment rate of return	7.50 percent, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2007 to June 30, 2017.

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

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

Asset Class	Long-Term Expected Real Rate of Return
Large Cap	7.4%
Small Cap	8.1
International Large Cap	7.2
Emerging Markets	7.9
Global Infrastructure	7.5
Private Non-Core Real Estate	11.5
Private Credit	6.4
Private Equity	10.8
Core Plus Fixed Income	4.0
Private Core Real Estate	7.2

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 10- PENSION PLAN - (Continued)

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.

	1% Decrease 6.5%	Discount Rate 7.5%	1% Increase 8.5%
City's proportionate share of the net Pension liability	\$2,066,422	\$698,302	(\$437,159)

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, 2022.

Note 11- 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.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 11- EMPLOYEE VISION AND DENTAL PLAN - (Continued)

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

	<u>Current Year</u>
Unpaid claims, beginning of fiscal year	\$ 27,000
Current year claims and changes in estimates	204,380
Claim payments	<u>(206,380)</u>
Unpaid claims, end of fiscal year	<u>\$ 25,000</u>

Note 12 - DEFICIT FUND EQUITY

The City has ten funds with deficit equity balances at June 30, 2022. 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.....	\$2,555,865
Nonmajor – Unemployment Compensation.....	4,594
Nonmajor – Second Street Reconstruction.....	515,524
Nonmajor – Urban Renewal Southeast TIF	20,998
Nonmajor – Urban Renewal SW Watermain	4,559
Nonmajor – Van Diest TIF	2,500
Nonmajor – TIF Custom Meats.....	897
Nonmajor – Webster City Federal TIF	17,698
Nonmajor – E Twin Improvements	37,062
Internal Service.....	146,696

Note 13- 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 14- COMMITMENTS

As of June 30, 2022, the City had entered into several construction contracts totaling approximately \$5,164,563 of which approximately \$4,232,200 has been expended to date. The remaining \$932,363 will be paid as work progresses.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 15 - 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.
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 16 - 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.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 16 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – (Continued)

Retired participants must be age 55 or older at retirement. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	<u>66</u>
Total	<u>66</u>

Total OPEB Liability – The City's total OPEB liability of \$166,244 was measured as of July 1, 2021 and was determined by an actuarial valuation date of July 1, 2021.

Actuarial Assumptions – The total OPEB liability in the June 30, 2022 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 June 30, 2022)	2.60% per annum
Rates of salary increase (effective June 30, 2022)	3.25% per year, annum, including inflation
Discount rate (effective July 1, 2021)	2.19% compounded annually, including inflation
Healthcare cost trend rate (effective July 1, 2021)	7.50% initial rate decreasing by .50% annually to an ultimate rate of 4.50%

Discount Rate – The discount rate used to measure the total OPEB liability was 2.19% 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.

Mortality rates are from the SOA Public Plan 2010 tables. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

Changes in Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year	\$ 150,902
Changes for the year:	
Service cost	14,629
Interest	4,403
Differences between expected and actual experiences	(13,224)
Changes in assumptions	9,534
Benefit payments	-
Net changes	<u>15,342</u>
Total OPEB liability end of year	<u>\$ 166,244</u>

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 16 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – (Continued)

Changes of assumptions reflect a change in the discount rate from 2.66% in fiscal year 2021 to 2.19% in fiscal year 2022.

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 (1.19%) or 1% higher (3.19%) than the current discount rate.

	1% Decrease (1.19%)	Discount Rate (2.19%)	1% Increase (3.19%)
Total OPEB Liability	\$ 177,103	\$ 166,244	\$ 155,366

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 (6.50%) or 1% higher (8.50%) than the current healthcare cost trend rate.

	1% Decrease (6.50%)	Healthcare Cost Trend Rate (7.50%)	1% Increase (8.50%)
Total OPEB Liability	\$ 143,776	\$ 166,244	\$ 193,122

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2022, the City recognized OPEB expense of \$10,703. At June 30, 2022, 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	\$ 5,967	\$ (71,241)
Changes of assumptions	14,984	(8,008)
Contributions subsequent to measurement date	886	-
Total	\$ 21,837	\$ (79,249)

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

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 16 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) – (Continued)

Year ending June 30,	Amount
2023	\$ (8,329)
2024	(8,329)
2025	(8,329)
2026	(8,329)
2027	(8,334)
Thereafter	(16,648)
Total	<u>\$ (58,298)</u>

Note 17 - 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 which was refunded by 2019 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 2019 Electric Revenue Bonds.

The Electric fund has multiple loans to various entities for economic development. The related note receivable balance as of June 30, 2022 was \$1,141,478.

The governmental activities has multiple loans to various entities for community betterment and economic development. The related note receivable balance as of June 30, 2022 was \$225,108.

Note 18 - TAX ABATEMENTS

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

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements 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, 2022, the City abated \$145,198 of property tax under the urban renewal and economic development projects.

CITY OF WEBSTER CITY, IOWA
Notes to Financial Statements
June 30, 2022

Note 19 - 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 \$2,478,000 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, 2022, the City rebated \$151,894 of incremental property tax to the developers. At June 30, 2022, the remaining balance to be paid on the agreements was \$1,434,650.

Note 20 - IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES

For 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and a right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the City's 2022 financial statements and had no effect on the beginning net position of the business-type and governmental activities since the deferred inflows equal the amount of the lease receivable.

The implementation of GASB Statement No. 87 had the following effect on the net position as reported June 30, 2021:

	Governmental Activities	Business-Type Activities	Component Unit - Airport
Net Position June 30, 2021	\$ 39,043,602	\$41,228,007	\$ 566,001
Adjustments:			
Lease Receivables	44,419	124,237	84,640
Lease Related Deferred Inflows	(44,419)	(124,237)	(84,640)
Restated Net Position June 30, 2021	\$ 39,043,602	\$ 41,228,007	\$ 566,001

Note 21 - SUBSEQUENT EVENTS

On September 22, 2022, the City received a General Obligation Police Vehicle Acquisition Note in the amount of \$170,000.

Note 22 - PROSPECTIVE ACCOUNTING CHANGE

Governmental Accounting Standards Board has issued Statement No. 96, Subscription-Based Information Technology Arrangements. This statement will be implemented for the fiscal year ending June 30, 2023. The revised requirements of this statement will require reporting certain assets and liabilities for the right-to-use another party's information technology software alone or in combination with tangible capital assets that are not currently reported.

CITY OF WEBSTER CITY, IOWA
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Governmental Funds and Proprietary Funds
For the Year Ended June 30, 2022

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Taxes	\$ 4,499,793	\$ -
Licenses and Permits	221,119	-
Intergovernmental Revenue	2,285,055	-
Charges for Services	484,318	16,194,687
Revenue from Use of Property	289,411	-
Miscellaneous	622,707	2,365,656
Total receipts	<u>8,402,403</u>	<u>18,560,343</u>
Disbursements:		
Public Safety	2,938,634	-
Public Works	1,521,914	-
Health and Social Services	16,487	-
Culture and Recreation	1,466,912	-
Community and Economic Development	565,327	-
General Government	334,406	-
Capital Projects	3,915,533	-
Debt Service	1,293,260	-
Business-Type Activities	-	15,703,987
Total disbursements	<u>12,052,473</u>	<u>15,703,987</u>
Excess (deficiency) of receipts over disbursements	<u>(3,650,070)</u>	<u>2,856,356</u>
Other financing sources (uses):		
Proceeds from Sale of Asset	132,786	-
Contributed Capital Revenue	-	1,593,311
Transfers In	3,569,717	-
Transfers Out	(1,482,118)	(2,087,599)
Total other financing sources (uses)	<u>2,220,385</u>	<u>(494,288)</u>
Net Change in Balances	(1,429,685)	2,362,068
Balances - beginning of year	11,873,242	41,228,007
Balances - end of year	<u>\$ 10,443,557</u>	<u>\$ 43,590,075</u>

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 4,499,793	\$ 5,317,233	\$ 5,175,132	\$ (675,339)
221,119	161,250	161,250	59,869
2,285,055	1,477,037	1,477,037	808,018
16,679,005	16,228,120	16,228,120	450,885
289,411	860,031	860,031	(570,620)
2,988,363	1,801,981	1,761,981	1,226,382
26,962,746	25,845,652	25,663,551	1,299,195
2,938,634	2,980,298	3,047,168	108,534
1,521,914	1,844,318	1,959,153	437,239
16,487	69,949	69,949	53,462
1,466,912	2,151,053	2,229,007	762,095
565,327	668,529	873,818	308,491
334,406	381,681	454,234	119,828
3,915,533	3,792,921	4,921,399	1,005,866
1,293,260	1,344,765	1,344,765	51,505
15,703,987	25,053,974	25,053,974	9,349,987
27,756,460	38,287,488	39,953,467	12,197,007
(793,714)	(12,441,836)	(14,289,916)	13,496,202
132,786	-	-	132,786
1,593,311	-	-	1,593,311
3,569,717	13,321,012	8,812,891	(5,243,174)
(3,569,717)	(13,321,012)	(17,829,133)	14,259,416
1,726,097	-	(9,016,242)	10,742,339
932,383	(12,441,836)	(23,306,158)	24,238,541
53,101,249	-	-	-
\$ 54,033,632	\$ (12,441,836)	\$ (23,306,158)	\$ -

CITY OF WEBSTER CITY, IOWA
Notes to Required Supplementary Information – Budgetary Reporting
June 30, 2022

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 prepared on the modified accrual basis of accounting 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 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, 2022, disbursements did not exceed the amount budgeted in any function.

CITY OF WEBSTER CITY, IOWA
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY(ASSET)
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST TEN YEARS*
(IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021	2020	2019
City's proportion of the net pension liability (asset)	.006905%	.039985%	.039774%	.036903%
City's proportionate share of the net pension liability (asset)	\$ 24	\$ 2,809	\$ 2,303	\$ 2,335
City's covered payroll	\$ 3,243	\$ 3,198	\$ 3,049	\$ 2,790
City's proportionate share of the net pension liability as a percentage of its covered payroll	0.74%	87.84%	75.53%	83.69%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.81%	82.90%	85.45%	83.62%
	2018	2017	2016	2015
City's proportion of the net pension liability (asset)	.035507%	.035876%	.036600%	0.03806%
City's proportionate share of the net pension liability (asset)	\$ 2,365	\$ 2,257	\$ 1,808	\$ 1,509
City's covered payroll	\$ 2,666	\$ 2,595	\$ 2,559	\$ 2,553
City's proportionate share of the net pension liability as a percentage of its covered payroll	88.71%	86.97%	70.65%	59.11%
Plan fiduciary net position as a percentage of the total pension liability (asset)	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, 2022

	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 316	\$ 305	\$ 302	\$ 288	\$ 250
Contributions in relation to the statutorily required contribution	(316)	(305)	(302)	(288)	(250)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,392	\$ 3,243	\$ 3,198	\$ 3,049	\$ 2,790
Contributions as a percentage of covered payroll	9.32%	9.40%	9.44%	9.44%	8.96%

	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 238	\$ 232	\$ 230	\$ 225	\$ 220
Contributions in relation to the statutorily required contribution	(238)	(232)	(230)	(225)	(220)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,666	\$ 2,595	\$ 2,559	\$ 2,553	\$ 2,567
Contributions as a percentage of covered payroll	8.93%	8.94%	8.98%	8.77%	8.58%

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, 2022**

Changes of Benefit Terms:

There are no significant changes in benefit terms.

Changes of Assumptions

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

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

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

- Decreased the inflation assumption from 3.00% 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.

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 TEN YEARS* (IN THOUSANDS)
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

	2022	2021	2020	2019
City's proportion of the net pension liability	.31095%	.27856%	.28529%	.29300%
City's proportionate share of the net pension liability	\$ 698	\$ 2,222	\$ 1,871	\$ 1,742
City's covered payroll	\$ 1,010	\$ 885	\$ 864	\$ 850
City's proportionate share of the net pension liability as a percentage of its covered payroll	69%	251%	217%	205%
Plan fiduciary net position as a percentage of the total pension liability	94%	76%	80%	81%
	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 payroll	\$ 869	\$ 845	\$ 737	\$ 797
City's proportionate share of the net pension liability as a percentage of its covered 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, 2022**

	2022	2021	2020	2019	2018
Statutorily required contribution	\$ 287	\$ 351	\$ 216	\$ 225	\$ 218
Contributions in relation to the statutorily required contribution	(287)	(351)	(216)	(225)	(218)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,096	\$ 1,010	\$ 885	\$ 864	\$ 850
Contributions as a percentage of covered payroll	26.19%	34.75%	24.41%	26.04%	25.68%

	2017	2016	2015	2014	2013
Statutorily required contribution	\$ 225	\$ 235	\$ 244	\$ 240	\$ 208
Contributions in relation to the statutorily required contribution	(225)	(235)	(244)	(240)	(208)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 869	\$ 845	\$ 737	\$ 797	\$ 796
Contributions as a percentage of covered payroll	25.92%	27.77%	30.41%	30.12%	26.12%

See accompanying independent auditors' report

**CITY OF WEBSTER CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2022**

Changes of Benefit Terms:

There were no significant changes of benefit terms.

Changes of Assumptions:

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

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

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

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

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

**CITY OF 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, 2022**

	2022	2021	2020	2019	2018
Service Cost	\$ 14,629	\$ 13,424	\$ 14,687	\$ 16,729	\$13,109
Interest Cost	4,403	5,228	7,211	6,909	4,776
Difference between expected and actual experiences	(13,224)	(10,777)	(51,199)	(24,799)	11,937
Changes in assumptions	9,534	8,003	(6,394)	(3,458)	(2,912)
Benefit payments	-	(923)	-	-	(2,245)
Net change in total OPEB liability	15,342	14,954	(35,695)	(4,619)	24,665
Total OPEB liability beginning of year	150,902	135,947	171,642	176,261	151,596
Total OPEB liability end of year	\$ 166,244	\$ 150,902	\$ 135,947	\$ 171,642	\$ 176,261
Covered-employee payroll	\$ 4,033,956	\$ 4,505,464	\$ 3,631,342	\$ 3,995,583	\$ 3,696,412
Total OPEB liability as a percentage of covered-employee payroll	4.1%	3.3%	3.7%	4.3%	4.8%

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

The 2022 valuation implemented the following refinements as a result of a new actuarial opinion dated June 30, 2022:

- Changed mortality assumptions to the SOA Public Plan 2010 tables.

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, 2022	2.19%
Year ended June 30, 2021	2.66%
Year ended June 30, 2020	3.51%
Year ended June 30, 2019	3.87%
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, 2022

	Debt Service Fund	Special Revenue Funds			
		FICA/ IPERS	Worker's Compensation	Medical/Flex Insurance	Unemployment Compensation
Assets					
Cash and Cash Equivalents	\$ 235,754	\$ 66,130	\$ 155,560	\$ 90,768	\$ -
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	-	-	-	-	-
Taxes	17,325	7,863	3,474	18,795	22
Subsequent Year Taxes	806,447	260,768	122,156	767,867	8,693
Accrued Interest	-	-	-	-	-
Notes Receivable	-	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-	-
Inventories	-	-	-	-	-
Total Assets	1,059,526	334,761	281,190	877,430	8,715
Liabilities					
Accounts Payable	-	-	6,488	-	-
Accrued Wages	-	-	-	-	-
Other Accrued Expenses	-	-	-	-	-
Due to Other Funds	-	-	-	-	4,616
Unearned Revenue	-	-	-	-	-
Total Liabilities	-	-	6,488	-	4,616
Deferred Inflows of Resources					
Unavailable Revenue - Subsequent Year Property Taxes	806,447	260,768	122,156	767,867	8,693
Unavailable Revenue - Other	-	-	-	-	-
Total Deferred Inflows of Resources	806,447	260,768	122,156	767,867	8,693
Fund Balances					
Non-Spendable:					
Inventories	-	-	-	-	-
Permanent Fund	-	-	-	-	-
Restricted:					
Debt Service	253,079	-	-	-	-
Specific Tax Levy	-	73,993	152,546	109,563	-
Streets	-	-	-	-	-
Capital Projects	-	-	-	-	-
Economic Development Activities	-	-	-	-	-
Committed:					
Police Activities	-	-	-	-	-
Economic Development Activities	-	-	-	-	-
Community Development Activities	-	-	-	-	-
Unassigned	-	-	-	-	(4,594)
Total Fund Balances	253,079	73,993	152,546	109,563	(4,594)
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,059,526	\$ 334,761	\$ 281,190	\$ 877,430	\$ 8,715

Special Revenue Funds						
Road Use Tax	Police/Fire Retirement	DARE	Police Reserve Fund	Economic Development Loan	WC Comm Rehabilitation Revolving Loan	
\$ 1,393,356	\$ 43,898	\$ 118	\$ 3,559	\$ 574,482	\$ 143,097	
8,463	-	-	-	16	-	
-	7,335	-	-	-	-	
-	246,364	-	-	-	-	
-	-	-	-	5	-	
-	-	-	-	40,835	9,621	
83,104	-	-	-	-	-	
45,703	-	-	-	-	-	
1,530,626	297,597	118	3,559	615,338	152,718	
73,923	-	-	-	-	-	
6,980	-	-	-	-	-	
338	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
81,241	-	-	-	-	-	
-	246,364	-	-	-	-	
-	323	-	-	40,835	-	
-	246,687	-	-	40,835	-	
45,703	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	50,910	-	-	-	-	
1,403,682	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	118	3,559	-	-	
-	-	-	-	574,503	152,718	
-	-	-	-	-	-	
-	-	-	-	-	-	
1,449,385	50,910	118	3,559	574,503	152,718	
\$ 1,530,626	\$ 297,597	\$ 118	\$ 3,559	\$ 615,338	\$ 152,718	

CITY OF WEBSTER CITY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
June 30, 2022

	Special Revenue Funds			
	Urban Renewal TIF Gourley	Urban Renewal TIF Riverview	Urban Renewal TIF Hy-Vee	Urban Renewal TIF Brewer Creek
Assets				
Cash and Pooled Investments	\$ -	\$ 3,136	\$ 3,757	\$ 734
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	-	-	-
Taxes	-	279	-	-
Subsequent Year Taxes	26,275	12,944	-	18,314
Accrued Interest	-	-	-	-
Notes Receivable	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-
Inventories	-	-	-	-
Total Assets	26,275	16,359	3,757	19,048
Liabilities:				
Accounts Payable	-	-	-	-
Accrued Wages	-	-	-	-
Other Accrued Expenses	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	-
Total Liabilities	-	-	-	-
Deferred Inflows of Resources				
Unavailable Revenue - Subsequent Year Property Taxes	26,275	12,944	-	18,314
Unavailable Revenue - Other	-	-	-	-
Total Deferred Inflows of Resources	26,275	12,944	-	18,314
Fund Balances:				
Non-Spendable:				
Inventories	-	-	-	-
Permanent Fund	-	-	-	-
Restricted:				
Debt Service	-	-	-	-
Specific Tax Levy	-	3,415	3,757	734
Streets	-	-	-	-
Capital Projects	-	-	-	-
Economic Development Activities	-	-	-	-
Committed:				
Police Activities	-	-	-	-
Economic Development Activities	-	-	-	-
Community Development Activities	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	3,415	3,757	734
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 26,275	\$ 16,359	\$ 3,757	\$ 19,048

Special Revenue Funds						
SSMID	Urban Renewal TIF Mitchell Machine	USDA Revolving Loan Fund	Urban Renewal TIF Southeast	Urban Renewal TIF SW Watermain	CDBG Housing Rehab	
\$ 20,239	\$ 85	\$ 224,105	\$ -	\$ 2	\$ 17	
-	-	-	-	-	-	-
107	-	-	-	-	-	-
29,585	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	147,000	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
49,931	85	371,105	-	2	17	
3,065	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	20,998	4,561	-	-
-	-	-	-	-	-	-
3,065	-	-	20,998	4,561	-	-
29,585	-	-	-	-	-	-
-	-	147,000	-	-	-	-
29,585	-	147,000	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,281	85	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	224,105	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	17
-	-	-	(20,998)	(4,559)	-	-
17,281	85	224,105	(20,998)	(4,559)	17	
\$ 49,931	\$ 85	\$ 371,105	\$ -	\$ 2	\$ 17	

CITY OF WEBSTER CITY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
June 30, 2022

	Special Revenue Funds			
	Wilson Brewer Park Depot	Webster City Pride	First State Bank TIF	Infinity TIF
Assets				
Cash and Pooled Investments	\$ 1,904	\$ 4,252	\$ 14,267	\$ 50,735
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	-	1	-
Taxes	-	-	-	-
Subsequent Year Taxes	-	-	55,000	-
Accrued Interest	-	-	-	-
Notes Receivable	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-
Inventories	-	-	-	-
Total Assets	1,904	4,252	69,268	50,735
Liabilities:				
Accounts Payable	57	-	-	-
Accrued Wages	-	-	-	-
Other Accrued Expenses	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	-
Total Liabilities	57	-	-	-
Deferred Inflows of Resources				
Unavailable Revenue - Subsequent Year Property Taxes	-	-	55,000	-
Unavailable Revenue - Other	-	-	-	-
Total Deferred Inflows of Resources	-	-	55,000	-
Fund Balances:				
Non-Spendable:				
Inventories	-	-	-	-
Permanent Fund	-	-	-	-
Restricted:				
Debt Service	-	-	-	-
Specific Tax Levy	-	-	14,268	50,735
Streets	-	-	-	-
Capital Projects	-	-	-	-
Economic Development Activities	-	-	-	-
Committed:				
Police Activities	-	-	-	-
Economic Development Activities	-	-	-	-
Community Development Activities	1,847	4,252	-	-
Unassigned	-	-	-	-
Total Fund Balances	1,847	4,252	14,268	50,735
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,904	\$ 4,252	\$ 69,268	\$ 50,735

Special Revenue Funds					
Webster City Federal TIF	Van Diest Medical Center TIF	TIF Town & Country	TIF Fareway	TIF Funds Funds	
\$ 8,189	\$ -	\$ 15,156	\$ 7,952	\$ 89,427	
-	-	-	-	-	
-	-	-	-	-	
65,000	-	-	8,000	27,000	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
73,189	-	15,156	15,952	116,427	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
25,887	2,500	-	-	-	
-	-	-	-	-	
25,887	2,500	-	-	-	
65,000	-	-	8,000	27,000	
-	-	-	-	-	
65,000	-	-	8,000	27,000	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
(17,698)	(2,500)	-	-	-	
(17,698)	(2,500)	15,156	7,952	89,427	
\$ 73,189	\$ -	\$ 15,156	\$ 15,952	\$ 116,427	

CITY OF WEBSTER CITY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
June 30, 2022

	Special Revenue Funds			
	TIF 3DK	TIF Custom Meats	TIF Tasler's	TIF Ridge Development
Assets				
Cash and Pooled Investments	\$ 13,269	\$ -	\$ -	\$ 7,578
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	-	1,500	-
Taxes	-	-	-	-
Subsequent Year Taxes	12,000	-	-	43,109
Accrued Interest	-	-	-	-
Notes Receivable	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-
Inventories	-	-	-	-
Total Assets	25,269	-	1,500	50,687
Liabilities:				
Accounts Payable	-	-	-	-
Accrued Wages	-	-	-	-
Other Accrued Expenses	-	-	-	-
Due to Other Funds	-	897	1,500	-
Unearned Revenue	-	-	-	-
Total Liabilities	-	897	1,500	-
Deferred Inflows of Resources				
Unavailable Revenue - Subsequent Year Property Taxes	12,000	-	-	43,109
Unavailable Revenue - Other	-	-	-	-
Total Deferred Inflows of Resources	12,000	-	-	43,109
Fund Balances:				
Non-Spendable:				
Inventories	-	-	-	-
Permanent Fund	-	-	-	-
Restricted:				
Debt Service	-	-	-	-
Specific Tax Levy	13,269	-	-	7,578
Streets	-	-	-	-
Capital Projects	-	-	-	-
Economic Development Activities	-	-	-	-
Committed:				
Police Activities	-	-	-	-
Economic Development Activities	-	-	-	-
Community Development Activities	-	-	-	-
Unassigned	-	(897)	-	-
Total Fund Balances	13,269	(897)	-	7,578
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 25,269	\$ -	\$ 1,500	\$ 50,687

82

CITY OF WEBSTER CITY, IOWA
COMBINING BALANCE SHEET
Governmental Nonmajor Funds
June 30, 2022

	Capital Project Funds			
	American Rescue Plan	Capital Improvement Reserve	Wilson Brewer	Railroad Crossing Bicentennial
Assets				
Cash and Pooled Investments	\$ 573,495	\$ 2,850,320	\$ -	\$ 149
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	-	177,443	-
Taxes	-	-	-	-
Subsequent Year Taxes	-	-	-	-
Accrued Interest	-	-	-	-
Notes Receivable	-	-	-	-
Due from Other Governmental Agencies	-	80,917	-	-
Inventories	-	-	-	-
Total Assets	573,495	2,931,237	177,443	149
Liabilities:				
Accounts Payable	-	-	-	-
Accrued Wages	-	-	-	-
Other Accrued Expenses	-	-	-	-
Due to Other Funds	-	-	177,443	-
Unearned Revenue	573,495	-	-	-
Total Liabilities	573,495	-	177,443	-
Deferred Inflows of Resources				
Unavailable Revenue - Subsequent Year Property Taxes	-	-	-	-
Unavailable Revenue - Other	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balances:				
Non-Spendable:				
Inventories	-	-	-	-
Permanent Fund	-	-	-	-
Restricted:				
Debt Service	-	-	-	-
Specific Tax Levy	-	-	-	-
Streets	-	2,931,237	-	-
Capital Projects	-	-	-	149
Economic Development Activities	-	-	-	-
Committed:				
Police Activities	-	-	-	-
Economic Development Activities	-	-	-	-
Community Development Activities	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	-	2,931,237	-	149
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 573,495	\$ 2,931,237	\$ 177,443	\$ 149

Capital Project Funds		Permanent	Total
W Twin Park Shelter Project	E Twin Improvements	Perpetual Care Fund	Governmental Nonmajor Funds
\$ -	\$ -	\$ 455,859	\$ 7,678,700
-	-	-	187,423
-	-	-	55,200
-	-	-	2,509,522
-	-	-	5
-	-	-	197,456
-	-	-	164,021
-	-	-	45,703
-	-	455,859	10,838,030
-	37,062	-	324,944
-	-	-	6,980
-	-	-	338
-	-	-	753,926
-	-	-	573,495
-	37,062	-	1,659,683
-	-	-	2,509,522
-	-	-	188,158
-	-	-	2,697,680
-	-	-	45,703
-	-	455,859	455,859
-	-	-	253,079
-	-	-	610,669
-	-	-	4,334,919
-	-	-	423,151
-	-	-	224,105
-	-	-	3,677
-	-	-	727,221
-	-	-	6,116
-	(37,062)	-	(603,832)
-	(37,062)	455,859	6,480,667
\$ -	\$ -	\$ 455,859	\$ 10,838,030

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2022

		Special Revenue Funds			
	Debt Service Fund	FICA/ IPERS	Worker's Compensation	Medical/Flex Insurance	Unemployment Compensation
Revenue:					
Taxes	\$ 588,345	\$ 258,882	\$ 110,201	\$ 622,793	\$ 792
Intergovernmental Revenue	14,706	6,675	2,952	15,970	20
Charges for Services	-	-	-	-	-
Contributions	-	-	-	-	-
Refunds/Reimbursements	119,006	-	-	-	-
Interest	4,925	-	-	-	-
Miscellaneous	-	-	2	-	-
Total Revenue	726,982	265,557	113,155	638,763	812
Expenditures:					
Public Safety	-	71,346	90,078	422,779	13,287
Public Works	-	63,368	16,683	111,897	4,160
Culture and Recreation	-	81,699	16,121	100,740	5,854
Community and Economic Development	-	-	-	-	-
General Government	-	41,071	1,789	54,243	1,723
Capital Projects	-	-	-	-	-
Debt Service	1,245,125	-	-	-	-
Total Expenditures	1,245,125	257,484	124,671	689,659	25,024
Excess (deficiency) of revenues over expenditures	(518,143)	8,073	(11,516)	(50,896)	(24,212)
Other financing sources (uses):					
Transfers In	240,630	-	-	-	-
Transfers Out	-	-	-	-	-
Total other financing sources (uses)	240,630	-	-	-	-
Net Change in Fund Balance	(277,513)	8,073	(11,516)	(50,896)	(24,212)
Fund balances (deficits) -beginning of year	530,592	65,920	164,062	160,459	19,618
Fund balances (deficits) - end of year	\$ 253,079	\$ 73,993	\$ 152,546	\$ 109,563	\$ (4,594)

Special Revenue Funds					
Road Use Tax	Police/Fire Retirement	DARE	Police Reserve Fund	Economic Development Loan	WC Comm Rehabilitation Revolving Loan
\$ -	\$ 241,357	\$ -	\$ -	\$ -	\$ -
1,044,687	6,237	-	-	-	-
-	-	-	-	-	-
-	-	750	-	-	-
-	-	-	-	-	-
12,493	495	-	27	3,957	1,165
24,551	-	-	-	37,511	10,407
1,081,731	248,089	750	27	41,468	11,572
-	285,864	632	-	-	-
783,484	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	187,026	10,326
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
783,484	285,864	632	-	187,026	10,326
298,247	(37,775)	118	27	(145,558)	1,246
-	-	-	-	26,417	-
(528,355)	-	-	-	-	-
(528,355)	-	-	-	26,417	-
(230,108)	(37,775)	118	27	(119,141)	1,246
1,679,493	88,685	-	3,532	693,644	151,472
\$ 1,449,385	\$ 50,910	\$ 118	\$ 3,559	\$ 574,503	\$ 152,718

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2022

	Special Revenue Funds			
	Urban Renewal TIF Gourley	Urban Renewal TIF Riverview	Urban Renewal TIF Hy-Vee	Urban Renewal TIF Brewer Creek
Revenue:				
Taxes	\$ 25,446	\$ 32,815	\$ -	\$ 17,116
Intergovernmental Revenue	-	-	-	-
Charges for Services	-	-	-	-
Contributions	-	-	-	-
Refunds/Reimbursements	-	-	-	-
Interest	-	-	28	59
Miscellaneous	-	-	-	-
Total Revenue	25,446	32,815	28	17,175
Expenditures:				
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Community and Economic Development	16,713	-	-	-
General Government	-	-	-	-
Capital Projects	-	-	-	-
Debt Service	-	-	-	-
Total Expenditures	16,713	-	-	-
Excess (deficiency) of revenues over expenditures	8,733	32,815	28	17,175
Other financing sources (uses):				
Transfers In	-	-	-	-
Transfers Out	(8,733)	(32,537)	-	(17,175)
Total other financing sources (uses)	(8,733)	(32,537)	-	(17,175)
Net Change in Fund Balance	-	278	28	-
Fund balances (deficits) -beginning of year	-	3,137	3,729	734
Fund balances (deficits) - end of year	\$ -	\$ 3,415	\$ 3,757	\$ 734

Special Revenue Funds						
SSMID	Urban Renewal TIF Mitchell Machine	USDA Revolving Loan Fund	Urban Renewal TIF Southeast	Urban Renewal TIF SW Watermain	CDBG Housing Rehab	
\$ 11,232	\$ -	\$ -	\$ -	\$ -	\$ -	-
1,311	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	36,000	-	-	-	-
-	-	1,363	-	-	-	-
301	-	825	-	-	-	-
12,844	-	38,188	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
27,183	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
27,183	-	-	-	-	-	-
(14,339)	-	38,188	-	-	-	-
2,646	-	-	-	-	-	-
-	-	-	-	-	-	-
2,646	-	-	-	-	-	-
(11,693)	-	38,188	-	-	-	-
28,974	85	185,917	(20,998)	(4,559)		17
\$ 17,281	\$ 85	\$ 224,105	\$ (20,998)	\$ (4,559)	\$	17

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2022

	Special Revenue Funds			
	Wilson Brewer Park Depot	Webster City Pride	First State Bank TIF	Infinity TIF
Revenue:				
Taxes	\$ -	\$ -	\$ 43,000	\$ -
Intergovernmental Revenue	-	-	-	-
Charges for Services	-	-	-	-
Contributions	-	-	-	-
Refunds/Reimbursements	-	-	-	-
Interest	18	-	17	95
Miscellaneous	-	-	-	-
Total Revenue	18	-	43,017	95
Expenditures:				
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Community and Economic Development	-	-	41,520	-
General Government	4,960	-	-	-
Capital Projects	-	-	-	-
Debt Service	-	-	-	-
Total Expenditures	4,960	-	41,520	-
Excess (deficiency) of revenues over expenditures	(4,942)	-	1,497	95
Other financing sources (uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balance	(4,942)	-	1,497	95
Fund balances (deficits) -beginning of year	6,789	4,252	12,771	50,640
Fund balances (deficits) - end of year	\$ 1,847	\$ 4,252	\$ 14,268	\$ 50,735

Special Revenue Funds					
Webster City Federal TIF	Van Diest Medical Center TIF	TIF Town & Country	TIF Fareway	TIF Funds Funds	
\$ 65,000	\$ -	\$ 15,000	\$ 8,000	\$ 53,306	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
32	-	26	13	104	
-	-	-	-	-	
65,032	-	15,026	8,013	53,410	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
53,821	-	13,578	7,175	19,760	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
53,821	-	13,578	7,175	19,760	
11,211	-	1,448	838	33,650	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
11,211	-	1,448	838	33,650	
(28,909)	(2,500)	13,708	7,114	55,777	
\$ (17,698)	\$ (2,500)	\$ 15,156	\$ 7,952	\$ 89,427	

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2022

	Special Revenue Funds			
	TIF 3DK	TIF Custom Meats	TIF Tasler's	TIF Ridge Development
Revenue:				
Taxes	\$ 11,000	\$ -	\$ -	\$ 27,218
Intergovernmental Revenue	-	-	-	-
Charges for Services	-	-	-	-
Contributions	-	-	-	-
Refunds/Reimbursements	-	-	-	-
Interest	21	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	11,021	-	-	27,218
Expenditures:				
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Community and Economic Development	8,827	-	-	10,259
General Government	-	-	-	-
Capital Projects	-	-	-	-
Debt Service	-	-	-	-
Total Expenditures	8,827	-	-	10,259
Excess (deficiency) of revenues over expenditures	2,194	-	-	16,959
Other financing sources (uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	(10,714)
Total other financing sources (uses)	-	-	-	(10,714)
Net Change in Fund Balance	2,194	-	-	6,245
Fund balances (deficits) -beginning of year	11,075	(897)	-	1,333
Fund balances (deficits) - end of year	\$ 13,269	\$ (897)	\$ -	\$ 7,578

Capital Project Funds				
Boone River Trail	Second Street Reconstruction	1999 Sidewalk Improvements	Annual Street Maintenance	Bridge Project
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	323	-	-
-	-	-	-	-
-	-	323	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	609,042	146,975
-	-	-	-	-
-	-	-	609,042	146,975
-	-	323	(609,042)	(146,975)
2,165	29,891	-	1,043,407	162,725
-	-	-	-	-
2,165	29,891	-	1,043,407	162,725
2,165	29,891	323	434,365	15,750
(2,165)	(545,415)	46,157	(100,577)	26,984
\$ -	\$ (515,524)	\$ 46,480	\$ 333,788	\$ 42,734

CITY OF WEBSTER CITY, IOWA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Governmental Nonmajor Funds
For the Year Ended June 30, 2022

	Capital Project Funds			
	American Rescue Plan	Capital Improvement Reserve	Wilson Brewer	Railroad Crossing Bicentennial
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	-	1,069,561	-	-
Charges for Services	-	-	-	-
Contributions	-	-	178,544	-
Refunds/Reimbursements	-	-	-	-
Interest	-	22,942	-	-
Miscellaneous	-	-	2,500	-
Total Revenue	-	1,092,503	181,044	-
Expenditures:				
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Community and Economic Development	-	-	-	-
General Government	-	-	-	-
Capital Projects	-	-	142,291	-
Debt Service	-	-	-	-
Total Expenditures	-	-	142,291	-
Excess (deficiency) of revenues over expenditures	-	1,092,503	38,753	-
Other financing sources (uses):				
Transfers In	-	-	-	-
Transfers Out	-	(580,708)	-	-
Total other financing sources (uses)	-	(580,708)	-	-
Net Change in Fund Balance	-	511,795	38,753	-
Fund balances (deficits) -beginning of year	-	2,419,442	(38,753)	149
Fund balances (deficits) - end of year	\$ -	\$ 2,931,237	\$ -	\$ 149

Capital Project Funds		Permanent	Total
W Twin	E Twin	Perpetual	Governmental
Park Shelter	Improvements	Care	Nonmajor
Project		Fund	Funds
\$	\$	\$	\$
-	-	-	2,131,503
-	-	-	2,162,119
-	-	7,022	7,022
-	63,405	-	242,699
-	-	-	155,006
-	-	-	48,103
-	-	-	76,097
-	63,405	7,022	4,822,549
-	-	-	883,986
-	-	-	979,592
-	-	-	204,414
-	-	-	396,188
-	-	-	103,786
-	45,313	-	943,621
-	-	-	1,245,125
-	45,313	-	4,756,712
-	18,092	7,022	65,837
1,340	90,147	-	1,599,368
-	-	-	(1,178,222)
1,340	90,147	-	421,146
1,340	108,239	7,022	486,983
(1,340)	(145,301)	448,837	5,993,684
\$	\$	\$	\$
-	(37,062)	455,859	6,480,667

CITY OF WEBSTER CITY, IOWA
COMBINING SCHEDULE OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2022

	Trust Funds					
	Joe E. Barr Trust	Edgar Foster Trust	Calvary Cemetery Trust	Zella Silvers Trust	Mulberry Church Trust	Totals
ASSETS						
Cash and Cash Equivalents	\$ 1,599	\$ 1,885	\$ 5,112	\$ 2,906	\$ 22,069	\$ 33,571
Total Assets	1,599	1,885	5,112	2,906	22,069	33,571
LIABILITIES						
Accounts Payable	-	-	-	-	6,043	6,043
Total Liabilities	-	-	-	-	6,043	6,043
NET POSITION						
Restricted for individuals, organizations, and other governments	1,599	1,885	5,112	2,906	16,026	27,528
Total Liabilities and Net Position	\$ 1,599	\$ 1,885	\$ 5,112	\$ 2,906	\$ 22,069	33,571

CITY OF WEBSTER CITY, IOWA
COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended June 30, 2022

	Trust Funds					
	Joe E. Barr Trust	Edgar Foster Trust	Calvary Cemetery Trust	Zella Silvers Trust	Mulberry Church Trust	Totals
Additions						
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ 150	\$ 150
Miscellaneous	-	-	-	-	10,566	10,566
Total Additions	-	-	-	-	10,716	10,716
Deductions						
Culture and Recreation	31	31	-	31	9,826.00	9,919
Changes in Net Position	(31)	(31)	-	(31)	890	797
Net Position Beginning of Year	1,630	1,916	5,112	2,937	15,136	26,731
Net Position End of Year	<u>\$ 1,599</u>	<u>\$ 1,885</u>	<u>\$ 5,112</u>	<u>\$ 2,906</u>	<u>\$ 16,026</u>	<u>\$ 27,528</u>



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 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, 2022, 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 22, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of 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 2022-001 in the accompanying schedule of findings that we consider to be a material weakness.

Report on 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 financial statements. 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.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2022 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.

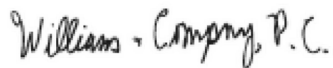
City of Webster City, Iowa's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on The City of Webster City, Iowa's response to the findings identified in our audit is described in the accompanying schedule of findings. 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 the response.

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.



Certified Public Accountants

Le Mars, Iowa
December 22, 2022

CITY OF WEBSTER CITY, IOWA
Schedule of Findings
For the Year Ended June 30, 2022

1. Part I: Summary of the Independent Auditors' Results

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- (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.

Part II: Findings Related to the Financial Statements:

Instances of Non-Compliance:

No matters were noted.

Material Weakness:

2022-001 Financial Reporting

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).

Condition – 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.

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

Recommendation – The City should review the financial statements and train the appropriate employees to guarantee the correct information is being recorded.

Response – 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
For the Year Ended June 30, 2022

Part IV: Other Findings Related to Statutory Reporting:

- III-A-22 - Certified Budget – Disbursements during the year ended June 30, 2022 did not exceed the amount budgeted in any function.
- III-B-22 - Questionable Expenditures - We noted no questionable expenditures during our audit.
- III-C-22 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- III-D-22 - 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	\$ 6,541
Zehner Safety – Don Zehner, Fireman	Supplies	788
Estlund Heating & AC – Jeremy Estlund, Fireman	Repair	182
TMI – Brandon Hayes, Fireman	Contractor	5,777
AW.some Mowing—Logan Welch, Councilman	Maintenance	\$14,010

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with Zehner Safety, Estlund Heating & AC, and TMI do not appear to represent conflicts of interest since total transactions with each individual were less than \$6,000 during the fiscal year. The transactions with Tile Pros, Inc and AW.some Mowing may represent a conflict of interest and the City should contact legal counsel for determination.

- III-E-22 - Restricted Donor Activity – No transactions were noted between the city, city officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- III-F-22 - 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-G-22 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.
- III-H-22 - Revenue Bonds - No violations of revenue bond resolutions were noted.

CITY OF WEBSTER CITY, IOWA
Schedule of Findings
For the Year Ended June 30, 2022

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

- III-I-22 - Deposits 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-J-22 - Urban Renewal Annual Report – The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1.
- III-K-22 - Donations – During the year ended June 30, 2022, the City donated \$2,280 to various institutions noted below:

Name of Organization	Amount
Domestic/Sexual Assault	2,280

The Constitution of the State of Iowa prohibits governmental bodies from making a gift to a private non-profit corporation. Article III, Section 31 of the Constitution of the State of Iowa states, "...no public money or property shall be appropriated for local or private purposes, unless such appropriation, compensation, or claim, be allowed by two thirds of the members elected to each branch of the General Assembly."

At least six official Iowa Attorney General Opinions since 1972 have consistently concluded that "a governmental body may not donate public funds to a private entity, even if the entity is established for charitable educational purposes and performs work which the government count perform directly. The Opinions further state, "Even if the function of a private non-profit corporation fits within the scope of activities generally recognized as serving a public purpose, a critical question exists regarding whether funds or property transferred to a private entity will indeed be used for those public purposes."

Political subdivisions and municipalities, including cities, counties, schools and townships are municipal – governmental – entities. As governmental entities they are governed by elected bodies, are directly responsible to the public as a whole, and are subject to the limitations imposed on them by the state. Although a private organization may be formed to provide and support 'public' services which are the same or similar to the services provided by government, the private organizations are not subjected to the same degree of public accountability and oversight as governmental entities."

Recommendation – We are not aware of any statutory authority for the City to donate public funds to private non-profit organizations. The City should immediately cease making future such donations.

Response – We will consult legal counsel, and this will be complied with in the future.