

**ANNUAL  
FINANCIAL REPORT  
OF THE  
CITY OF WEBSTER CITY, IOWA  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

**CITY OF WEBSTER CITY, IOWA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023  
TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

	<b>Page</b>
 <b>FINANCIAL SECTION</b>	
Independent Auditors' Report .....	1 – 3
Management's Discussion and Analysis .....	4 – 13
<b>GOVERNMENT-WIDE FINANCIAL STATEMENTS</b>	
Statement of Net Position .....	14
Statement of Activities .....	15 – 16
<b>FUND FINANCIAL STATEMENTS</b>	
<b>Governmental Funds Financial Statements</b>	
Balance Sheet .....	17
Reconciliation of the Balance Sheet to the Statement of Net Position .....	18
Statement of Revenues, Expenditures and Changes in Fund Balances .....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities .....	20
<b>Proprietary Funds Financial Statements</b>	
Statement of Net Position .....	21
Statement of Revenues, Expenses and Changes in Net Position .....	22 – 23
Statement of Cash Flows .....	24 – 27
<b>Fiduciary Funds Financial Statements</b>	
Statement of Fiduciary Net Position .....	28
Statement of Changes in Fiduciary Net Position .....	29
Notes to Financial Statements .....	30 – 69
<b>Required Supplementary Information</b>	
Budgetary Comparison Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Governmental Funds and Proprietary Funds .....	70 – 71
Notes to Required Supplementary Information .....	72
Schedule of City's Proportionate Share of the Net Pension Liability (Asset) .....	73
Schedule of City Contributions .....	74
Notes to Required Supplementary Information – Pension Liability (Asset) .....	75
Schedule of City's Proportionate Share of Net Pension Liability – Municipal Fire and Police Retirement System of Iowa .....	76
Schedule of City's Contributions – Municipal Fire and Police Retirement of Iowa .....	77
Notes to Required Supplementary Information – Pension Liability Municipal Fire and Police Retirement System of Iowa .....	78
Schedule of Changes in the City's Total OPEB Liability, Related Ratios and Notes .....	79 - 80

**CITY OF WEBSTER CITY, IOWA  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2023  
TABLE OF CONTENTS**

***FINANCIAL SECTION – (CONTINUED)***

	<b>Page</b>
<hr/>	
<b>Supplementary Information</b>	
<b>Governmental Non-Major Funds Combining Financial Statements</b>	
Balance Sheet .....	81 - 90
Statement of Revenues, Expenditures and Changes in Fund Balances .....	91 - 100
<b>Custodial Funds Financial Statements</b>	
Statement of Net Position .....	101
Statement of Changes in Fiduciary Net Position .....	102
<b>Compliance Section</b>	
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> .....	103 – 104
Schedule of Audit Findings.....	105 - 107

\* \* \* \*



21 1<sup>st</sup> 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, 2023, 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, 2023, 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. 96, Subscription-Based Information Technology Arrangements. 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 13 and 70 through 80 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

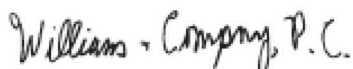
management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide 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 supplementary information included on pages 81 through 102 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, 2023 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, 2023

**CITY OF WEBSTER CITY**  
Management Discussion and Analysis  
For the year ending June 30, 2023

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, 2023. 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 \$8,900,000 in construction in progress on various projects.
- The City completed two large capital projects including the 1<sup>st</sup> Street Lighting Project, Mini Pitch Soccer Complex, and the 2021 HMA Project.
- The city issued a \$170,000 note payable related to police vehicles.

**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, debt service fund, annual street maintenance 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 (68%) 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	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
Current and Other Assets	\$ 19,253,421	\$ 17,229,316	\$ 23,250,203	\$ 22,076,891	\$ 42,503,624	\$ 39,306,207
Non-current assets	124,319	189,108	5,754,344	6,010,588	5,878,663	6,199,696
Capital assets, net of depreciation	46,502,709	45,766,371	36,678,172	35,852,259	\$ 83,180,881	\$ 81,618,630
Total assets	65,880,449	63,184,795	65,682,719	63,939,738	131,563,168	127,124,533
Deferred Outflows of Resources	752,458	778,726	1,193,058	1,247,901	1,945,516	2,026,627
Current and other liabilities	2,586,211	1,847,436	1,756,557	1,699,072	4,342,768	3,546,508
Non-current liabilities	16,300,088	15,338,932	18,552,091	18,533,742	34,852,179	33,872,674
Total liabilities	18,886,299	17,186,368	20,308,648	20,232,814	39,194,947	37,419,182
Deferred Inflows of Resources	5,506,997	6,991,850	270,701	1,364,750	5,777,698	8,356,600
Net Position:						
Net Investment in Capital Assets	32,856,701	32,581,146	27,264,305	25,578,165	60,121,006	58,159,311
Restricted	9,354,003	7,231,778	343,908	343,562	9,697,911	7,575,340
Unrestricted	28,907	(27,621)	18,688,215	17,668,348	18,717,122	17,640,727
Total Net Position	\$ 42,239,611	\$ 39,785,303	\$ 46,296,428	\$ 43,590,075	\$ 88,536,039	\$ 83,375,378

An additional portion of the City of Webster City's net position (11.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balances of unrestricted net position (\$18,717,122) 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	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
Revenues:						
Program Revenues:						
Charges for Services	\$ 916,130	\$ 962,059	\$ 16,892,091	\$ 16,194,687	\$ 17,808,221	\$ 17,156,746
Operating Grants & Contributions	1,134,164	1,106,053	30,237	8,139	1,164,401	1,114,192
Capital Grants & Contributions	335,625	241,949	-	-	335,625	241,949
General Revenues:						
Property Taxes	4,802,576	4,369,608	-	-	4,802,576	4,369,608
Other Taxes	1,264,744	1,069,561	-	-	1,264,744	1,069,561
Other	999,106	661,452	2,905,939	2,357,517	3,905,045	3,018,969
Total Revenues	9,452,345	8,410,682	19,828,267	18,560,343	29,280,612	26,971,025
Expenses:						
Public Safety	2,784,545	2,698,652	-	-	2,784,545	2,698,652
Public Works	2,327,017	2,212,775	-	-	2,327,017	2,212,775
Health & Social Services	13,899	16,778	-	-	13,899	16,778
Culture & Recreation	1,582,442	1,805,332	-	-	1,582,442	1,805,332
Community & Economic Development	620,709	776,288	-	-	620,709	776,288
General Government	228,211	316,717	-	-	228,211	316,717
Interest & Fiscal Charges	249,715	336,727	-	-	249,715	336,727
Water Utility	-	-	2,569,103	2,127,845	2,569,103	2,127,845
Sewer Utility	-	-	1,795,812	1,636,993	1,795,812	1,636,993
Electric Utility	-	-	11,948,498	11,939,149	11,948,498	11,939,149
Total Expenses	7,806,538	8,163,269	16,313,413	15,703,987	24,119,951	23,867,256
Increase (Decrease) in Position Before Transfers	1,645,807	247,413	3,514,854	2,856,356	5,160,661	3,103,769
Transfers	808,501	494,288	(808,501)	(494,288)	-	-
Increase (Decrease) in Net Position	2,454,308	741,701	2,706,353	2,362,068	5,160,661	3,103,769
Net Position - Beginning	39,785,303	39,043,602	43,590,075	41,228,007	83,375,378	80,271,609
Ending Net Position	\$42,239,611	\$39,785,303	\$46,296,428	\$43,590,075	\$88,536,039	\$83,375,378

*Statement of Activities.* The government's net position increased by \$5,160,661 during the fiscal year. Net position in the governmental activities increased by \$2,454,308. Net position in the business type activities increased by \$2,706,353.

**Governmental Activities.** Governmental activities increased the City of Webster City's net position by \$2,454,308. The increase was caused by an increase of property taxes of \$432,968, other taxes of \$195,183, and other revenues of \$337,654.

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 \$4,802,576 in property tax revenue, \$1,264,744 in other taxes, \$1,134,164 in operating grants and contributions, and \$335,625 in capital grants and contributions.

**Business-type Activities.** The net position of the business-type activities of the City of Webster City increased by \$2,706,353.

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, 2023 before other financing sources.

The electric utility is the main function of the City of Webster City Business-type Activities making up 72% 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 \$10,999,940; with the prior year being \$10,443,557, the increase for this year was \$556,383. Ending fund balance is classified as \$562,237 is non-spendable, \$7,961,771 is restricted, \$742,300 is committed, and \$1,733,632 is unassigned.

Revenues from the City's governmental funds totaled \$8,886,059 with taxes accounting for \$4,926,057 of that amount. Intergovernmental activities, including local option sales tax and road use tax, represented another \$2,514,132 of the total governmental revenues.

Total expenditures for the governmental funds were \$10,193,629. The six main activities that make up these expenditures are public works for \$1,792,892, public safety for \$2,898,190, debt service for \$1,248,833, health and social services for \$13,874, culture and recreation for \$1,632,455, community and economic development for \$547,978, and capital projects for \$1,742,430.

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 \$4,695,542. 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 \$7,566 during the current fiscal year, due primarily to an increase in culture and recreation expenditures of \$180,433.

The debt service fund balance decreased by \$63,013 due to continued debt payments and interest payments. The ending balance is shown as Restricted of \$190,066.

The annual street maintenance fund balance increased \$324,392 due to transfers in of \$1,624,146. The ending balance is shown as Restricted of \$658,180.

The Brewer Creek Estates fund balance increased \$111,335 due to proceeds related to the sale of capital assets of \$94,980. The ending balance is shown as unrestricted for (\$2,444,530).

*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 \$23,101,487, the water utility totaled \$11,122,625, and the sewer utility totaled \$12,072,316. The total change in net position for these three funds was \$1,572,124, \$53,654, and \$1,080,575, 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 two times during fiscal year 2023. Disbursements exceeded budgeted amounts in the culture and recreation and debt service functions.

### **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, 2023, amounts to \$83,180,881 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings, machinery and equipment, infrastructure, and IT subscriptions. See Note 7 for additional information.

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

- The completion of the 2021 HMA Project
- The construction of the Mini Pitch Soccer complex
- The purchase of a multiple police trucks

#### City of Webster City's Capital Assets (Net of Depreciation/Amortization)

	Governmental Activities		Business Type Activities		Total	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
Land	\$ 5,647,124	\$ 5,687,308	\$ 1,201,448	\$ 1,201,448	\$ 6,848,572	\$ 6,888,756
Structures & Equipment	36,483,055	36,543,221	30,881,081	31,952,828	67,364,136	68,496,049
Construction in Progress	4,372,530	3,535,842	4,595,643	2,697,983	8,968,173	6,233,825
Total	\$ 46,502,709	\$ 45,766,371	\$ 36,678,172	\$ 35,852,259	\$ 83,180,881	\$ 81,618,630

**Long-term debt.** At the end of the current fiscal year, the City of Webster City had total bonded debt outstanding of \$29,617,655. Of this amount, \$11,762,666 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 \$656,468 with \$345,445 being for governmental activities and \$311,023 being for business-type activities.

	General Obligation and Revenue Bonds					
	Governmental Activities		Business Type Activities		Total	
	6/30/2023	6/30/2022	6/30/2023	6/30/2022	6/30/2023	6/30/2022
General Obligation Bonds	\$ 11,445,000	\$ 12,310,000	\$ -	\$ -	\$ 11,445,000	\$ 12,310,000
Revenue Bonds	1,509,894	1,574,038	16,135,000	16,980,000	17,644,894	18,554,038
Notes Payable	125,068	-	836,474	949,583	961,542	949,583
IT Subscriptions	76,192	-	18,761		94,953	-
Total	\$ 13,156,154	\$ 13,884,038	\$ 16,990,235	\$ 17,929,583	\$ 30,146,389	\$ 31,813,621

The City of Webster City's total long-term liabilities decreased by \$1,667,232 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 \$21,891,739. With the General Obligation Debt being \$11,445,000 and the Tax Increment Debt being \$2,257,798, the City of Webster City is at 63% 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 2023, the City had over 74 regular employees, not including volunteer firefighters or seasonal staff. Of the 74 regular employees, approximately 18% are eligible for retirement over the next 8 years. This includes 6 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 in addition to other duties as assigned by the City Manager. The City hired a new Community Development Director in 2022, but did not hire a new Public Works Director this year. City leadership staff participated in a refresher training in efforts to develop leadership skills of existing Directors and Supervisors. This year, Supervisors for each Department selected individuals that may potentially become supervisors in the future to participate in a week-long leadership development training. The City will continue to make investments in staff development where possible.

New and more stringent requirements for positions that require specific certifications and licenses pose challenges to recruiting and retaining personnel. The City has limited financial resources that it must balance with expenses and investments necessary to operate efficiently and effectively. The City's enterprise/utility funds face significant pressure to keep up with increasing expenses.

City contribution rates for Municipal Police and Fire Retirement System of Iowa was 22.98 in FY24 and will be 22.66 in FY25. 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 projects constructed this past year including an addition and remodel at Peoples Credit Union, a new multi-office located at 601 Wilson Avenue and a new building that replaces a building in our downtown district. Anticipated in FY2024 a new Kwik Star development on the west side of town will be built.

The housing shortage is being addressed with the addition of five residential dwelling units being purchased at Brewer Creek Estates, four of the five are well underway. The City continues to address the nuisance and unsafe properties in the community. The City has taken possession of six additional abandoned and unsafe residential properties the past few years. The city has demolished five of the homes and plans to demolish the sixth with hopes that the empty lots will be sold for new construction. The City continues to research other avenues to also help address the housing shortage, including the Homes for Iowa program, options to bring a mass developer in and also is exploring accessory dwelling zoning opportunities.

The City continues to be 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 50% of the area median family income with priority on those that are at or below the 30% AMI. Since its creation in 2018, the City has had 20 projects completed totaling \$256,453.34. Several other residential properties were in progress or approved and awaiting bids.

The City Fleet Management Software has launched and is being utilized by staff. There have been delays with the integration of software for Code Enforcement and Permitting to assist with streamlining processes and improving customer services. It is anticipated to be in place by the end of 2023. In addition to this, the awarded a contract 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 design phase of the Wastewater Treatment Plant has been delayed. Local industries procured a graduate engineering student to perform an analysis of alternate technologies. In addition, the City procured Snyder & Associates to perform a technical review of potential to proceed with alternate technologies at the direction of the City Council. After reviewing both reports, the City Council decided to continue with the existing technology. The design phase is now anticipated to be completed by June of 2024. 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 November of 2026.

The City Council directed staff in 2022 to begin 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 City Council in the Spring of 2023 decided against purchasing a commercial piece of property that was 300 feet away from the existing water treatment plant, deferring the possibility of a new plant or upgrades to the existing plant to the future.

The City completed the rehabilitation of Lincoln Drive. This project also included new water main and restoration and sealing of some storm and sanitary structures within the project area. 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. It is scheduled to be completed by the end of 2023.

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 by the end of 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 continue to be impacted as chemical and material suppliers continue to notify the City of price increases in the 2024 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 2024/2025 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, 2023**

	Primary Government			Component Units	
	Governmental	Business-Type		Webster City	Fuller
	Activities	Activities	Total	Airport Commission	Trust
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 4,468,337	\$ 4,885,737	\$ 9,354,074	\$ 139,338	\$ 70,953
Investments	10,917,460	8,680,446	19,597,906	500,000	2,452,059
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	220,433	1,424,621	1,645,054	665	200
Taxes	50,070	-	50,070	755	-
Subsequent Year Taxes	5,284,217	-	5,284,217	68,010	-
Accrued Interest	224,101	128,044	352,145	11,788	-
Lease Receivable	14,821	29,076	43,897	28,232	-
Notes Receivable	36,000	210,301	246,301	-	-
Internal Balances	(2,443,437)	2,443,437	-	-	-
Due from Other Governmental Agencies	196,651	3,077	199,728	80,862	-
Inventories	88,223	991,587	1,079,810	-	-
Prepaid Assets	196,545	178,939	375,484	-	-
Land Held for Resale	-	2,311,479	2,311,479	-	-
Restricted Assets:					
Cash and Cash Equivalents	-	1,963,459	1,963,459	-	-
Noncurrent Assets:					
Lease Receivable	7,437	50,330	57,767	14,166	-
Notes Receivable	116,882	5,704,014	5,820,896	-	-
Land	5,647,124	1,201,448	6,848,572	-	-
Construction in Progress	4,372,530	4,595,643	8,968,173	-	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation/Amortization	36,483,055	30,881,081	67,364,136	-	-
<b>Total Assets</b>	<b>65,880,449</b>	<b>65,682,719</b>	<b>131,563,168</b>	<b>843,816</b>	<b>2,523,212</b>
<b>Deferred Outflows of Resources</b>					
Unamortized bond refunding related deferred outflows	-	869,156	869,156	-	-
Pension related deferred outflows	741,643	313,835	1,055,478	-	-
OPEB related deferred outflows	10,815	10,067	20,882	-	-
<b>Total Deferred Outflows of Resources</b>	<b>752,458</b>	<b>1,193,058</b>	<b>1,945,516</b>	<b>-</b>	<b>-</b>
<b>LIABILITIES</b>					
Accounts Payable	1,214,073	1,129,660	2,343,733	29,014	-
Accrued Wages	76,959	68,682	145,641	-	-
Other Accrued Expenses	70,860	45,142	116,002	-	-
Customer Deposits	-	429,121	429,121	-	-
Claims Incurred But Not Reported	29,000	-	29,000	-	-
Unearned Revenue	1,170,555	3,678	1,174,233	-	-
Accrued Interest Payable	24,764	-	24,764	-	-
Payables from Restricted Assets:					
Accrued Revenue Bond Interest	-	80,274	80,274	-	-
Noncurrent Liabilities:					
Due within one year:					
Revenue Bonds Payable	-	870,000	870,000	-	-
General Obligation Bonds	880,000	-	880,000	-	-
Notes Payable	61,497	201,681	263,178	-	-
IT Subscriptions	6,526	7,227	13,753	-	-
Compensated Absences and Benefits	191,126	168,584	359,710	-	-
Due in more than one year:					
Revenue Bonds Payable	1,509,894	15,475,095	16,984,989	-	-
General Obligation Bonds	10,882,666	-	10,882,666	-	-
Notes Payable	63,571	634,790	698,361	-	-
Other Post Employment Benefits	83,094	77,354	160,448	-	-
IT Subscriptions	69,666	11,534	81,200	-	-
Compensated Absences and Benefits	154,319	142,439	296,758	-	-
Net pension liability	2,397,729	963,387	3,361,116	-	-
<b>Total Liabilities</b>	<b>18,886,299</b>	<b>20,308,648</b>	<b>39,194,947</b>	<b>29,014</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>					
Lease Related Deferred Inflows	24,677	80,874	105,551	47,022	-
Unavailable Revenue - Subsequent Year Property Taxes	5,284,217	-	5,284,217	68,010	-
Unavailable Revenue	-	-	-	11,713	-
Pension related deferred inflows	149,842	144,900	294,742	-	-
OPEB related deferred inflows	48,261	44,927	93,188	-	-
<b>Total Deferred Inflows of Resources</b>	<b>5,506,997</b>	<b>270,701</b>	<b>5,777,698</b>	<b>126,745</b>	<b>-</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	32,856,701	27,264,305	60,121,006	-	-
Restricted for:					
Debt Service	165,302	343,908	509,210	-	-
Specific Tax Levies	758,643	-	758,643	-	-
Streets	5,970,917	-	5,970,917	-	-
Economic Development Activities	1,817	-	1,817	-	-
Capital Projects	1,992,725	-	1,992,725	-	-
Permanent Funds- nonexpendable	464,599	-	464,599	-	-
Unrestricted	28,907	18,688,215	18,717,122	688,057	2,523,212
<b>Total Net Position</b>	<b>\$ 42,239,611</b>	<b>\$ 46,296,428</b>	<b>\$ 88,536,039</b>	<b>\$ 688,057</b>	<b>\$ 2,523,212</b>

See Accompanying Notes to Financial Statements

**CITY OF WEBSTER CITY, IOWA**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
Public Safety	\$ 2,784,545	\$ 70,053	\$ 45,016	\$ 26,301
Public Works	2,327,017	274,036	1,085,916	60,341
Health and Social Services	13,899	-	-	-
Culture and Recreation	1,582,442	384,934	3,232	-
Community and Economic Development	620,709	132,957	-	248,983
General Government	228,211	54,150	-	-
Debt Service	249,715	-	-	-
Total governmental activities	<u>7,806,538</u>	<u>916,130</u>	<u>1,134,164</u>	<u>335,625</u>
<b>Business-Type Activities:</b>				
Water System	2,569,103	2,612,851	37	-
Sewer System	1,795,812	2,155,762	37	-
Electric System	11,948,498	12,123,478	30,163	-
Total Business-Type Activities:	<u>16,313,413</u>	<u>16,892,091</u>	<u>30,237</u>	<u>-</u>
Total Primary Government	<u>\$ 24,119,951</u>	<u>\$ 17,808,221</u>	<u>\$ 1,164,401</u>	<u>\$ 335,625</u>
<b>Component Unit:</b>				
Webster City Airport Commission	<u>\$ 404,597</u>	<u>\$ 51,538</u>	<u>\$ -</u>	<u>\$ 245,923</u>
Fuller Trust	<u>\$ 384,334</u>	<u>\$ 108,413</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues:				
Property Taxes				
Local Option Sales Tax				
Hotel/Motel Taxes				
Commerical/Industrial Tax Replacement				
Interest and Investment Gains and Losses				
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				

See Accompanying Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position				
Governmental Activities	Business-Type Activities	Total	Component Unit	
			Webster City Airport Commission	Fuller Trust
\$ (2,643,175)		\$ (2,643,175)		
(906,724)		(906,724)		
(13,899)		(13,899)		
(1,194,276)		(1,194,276)		
(238,769)		(238,769)		
(174,061)		(174,061)		
(249,715)		(249,715)		
<u>(5,420,619)</u>		<u>(5,420,619)</u>		
	\$ 43,785	43,785		
	359,987	359,987		
	<u>205,143</u>	<u>205,143</u>		
	<u>608,915</u>	<u>608,915</u>		
<u>(5,420,619)</u>	<u>608,915</u>	<u>(4,811,704)</u>		
			\$ (107,136)	\$ (275,921)
4,802,576	-	4,802,576	69,076	-
1,264,744	-	1,264,744	-	-
123,479	-	123,479	-	-
92,322	-	92,322	-	-
384,382	382,867	767,249	5,773	240,474
57,096	-	57,096	-	-
341,827	2,520,889	2,862,716	12,860	-
-	2,183	2,183	-	-
808,501	(808,501)	-	-	-
<u>7,874,927</u>	<u>2,097,438</u>	<u>9,972,365</u>	<u>87,709</u>	<u>240,474</u>
2,454,308	2,706,353	5,160,661	(19,427)	(35,447)
39,785,303	43,590,075	83,375,378	707,484	2,558,659
<u>\$ 42,239,611</u>	<u>\$ 46,296,428</u>	<u>\$ 88,536,039</u>	<u>\$ 688,057</u>	<u>\$ 2,523,212</u>

See Accompanying Notes to Financial Statements

**CITY OF WEBSTER CITY, IOWA**  
**BALANCE SHEET**  
**Governmental Funds**  
**June 30, 2023**

			Capital Projects		Other	Total
	General	Debt Service	Annual Street	Brewer Creek	Governmental	Governmental
		Fund	Maintenance	Estates	Funds	Funds
<b>Assets</b>						
Cash and Cash Equivalents	\$ 542,492	\$ 131,451	\$ 1,131,805	\$ -	\$ 2,659,546	\$ 4,465,294
Investments	3,750,000	50,000	-	-	7,117,460	10,917,460
Receivables (Net, where applicable, of allowance for uncollectibles)			-			
Accounts	122,359	-	-	94,981	3,093	220,433
Taxes	24,765	8,615	-	-	16,690	50,070
Subsequent Year Taxes	2,260,734	1,186,717	-	-	1,836,766	5,284,217
Accrued Interest	101,325	1,078	-	-	121,698	224,101
Lease Receivable	22,258	-	-	-	-	22,258
Notes Receivable	-	-	-	-	152,882	152,882
Due from Other Funds	641,463	-	-	-	-	641,463
Due from Other Governmental Agencies	25,473	-	-	-	171,178	196,651
Inventories	44,819	-	-	-	43,404	88,223
Prepaid Assets	9,415	-	-	-	1,569	10,984
Total Assets	7,545,103	1,377,861	1,131,805	94,981	12,124,286	22,274,036
<b>Liabilities</b>						
Accounts Payable	262,878	-	473,625	-	475,995	1,212,498
Accrued Wages	67,716	-	-	-	9,243	76,959
Other Accrued Expenses	70,265	-	-	-	595	70,860
Due to Other Funds	-	-	-	2,539,511	545,389	3,084,900
Unearned Revenue	-	-	-	-	1,170,555	1,170,555
Total Liabilities	400,859	-	473,625	2,539,511	2,201,777	5,615,772
<b>Deferred Inflows of Resources</b>						
Lease Related Deferred Inflows	24,677	-	-	-	-	24,677
Unavailable Revenue - Subsequent Year Property Taxes	2,260,734	1,186,717	-	-	1,836,766	5,284,217
Unavailable Revenue - Other	109,057	1,078	-	-	239,295	349,430
Total Deferred Inflows of Resources	2,394,468	1,187,795	-	-	2,076,061	5,658,324
<b>Fund Balances</b>						
Non-Spendable:						
Inventories	44,819	-	-	-	43,404	88,223
Prepaid Expenses	9,415	-	-	-	-	9,415
Permanent Fund	-	-	-	-	464,599	464,599
Restricted:						
Specific Tax Levy	-	190,066	-	-	758,643	948,709
Streets	-	-	-	-	5,927,513	5,927,513
Capital Projects	-	-	658,180	-	151,045	809,225
Economic Development Activities	-	-	-	-	276,324	276,324
Committed:						
Police Activities	-	-	-	-	3,611	3,611
Economic Development Activities	-	-	-	-	732,503	732,503
Community Development Activities	-	-	-	-	6,186	6,186
Unassigned	4,695,542	-	-	(2,444,530)	(517,380)	1,733,632
Total Fund Balances	4,749,776	190,066	658,180	(2,444,530)	7,846,448	10,999,940
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,545,103	\$ 1,377,861	\$ 1,131,805	\$ 94,981	\$ 12,124,286	\$ 22,274,036

**CITY OF WEBSTER CITY, IOWA**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2023**

---

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

Total Fund Balance - Governmental Funds (page 17)		\$ 10,999,940
Infrastructure, property, equipment and land held for resale used in governmental activities are not financial resources and, therefore, are not reported in the funds.		46,502,709
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.		(148,072)
Assets such as notes receivables and property taxes are not available to pay for current period expenditures and therefore are deferred in the funds.		349,430
Prepaid expenses are reported in the governmental activities but are not reported in the funds as they do not provide current economic resources.		185,561
Accrued interest expense from the balance sheet that require current financial resources from governmental activities.		(24,764)
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	\$ 741,643	
Deferred inflows of resources	<u>(149,842)</u>	591,801
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	\$ (11,762,666)	
Revenue Bonds	(1,509,894)	
Notes Payable	(125,068)	
IT Subscriptions	(76,192)	
Compensated Absences	(345,445)	
Net Pension Liabilities	<u>(2,397,729)</u>	(16,216,994)
Total Net Position - Governmental Activities (page 14)		<u><u>\$ 42,239,611</u></u>

**CITY OF WEBSTER CITY, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	General	Debt Service Fund	Capital Projects		Other Governmental Funds	Total Governmental Funds
			Annual Street Maintenance	Brewer Creek Estates		
Revenue:						
Taxes	\$ 2,394,373	\$ 807,106	\$ -	\$ -	\$ 1,724,578	\$ 4,926,057
Licenses and Permits	149,091	-	-	-	-	149,091
Intergovernmental Revenue	121,549	16,409	-	-	2,376,174	2,514,132
Charges for Services	501,918	-	-	-	12,833	514,751
Fines and Forfeits	15,775	-	-	-	-	15,775
Contributions	15,869	-	-	-	60,361	76,230
Refunds/Reimbursements	-	109,852	-	-	36,000	145,852
Revenue from Use of Property	167,311	-	-	-	-	167,311
Interest on Investments	45,806	7,028	-	29	96,910	149,773
Miscellaneous	203,117	-	-	5,000	18,970	227,087
Total Revenue	3,614,809	940,395	-	5,029	4,325,826	8,886,059
Expenditures:						
Public Safety	2,086,558	-	-	-	811,632	2,898,190
Public Works	609,259	-	-	-	1,183,633	1,792,892
Health and Social Services	13,874	-	-	-	-	13,874
Culture and Recreation	1,442,931	-	-	-	189,524	1,632,455
Community and Economic Development	284,236	-	-	-	263,742	547,978
General Government	205,455	-	-	-	111,522	316,977
Capital Projects	-	-	1,283,685	-	458,745	1,742,430
Debt Service	5,425	1,243,408	-	-	-	1,248,833
Total Expenditures	4,647,738	1,243,408	1,283,685	-	3,018,798	10,193,629
Excess (deficiency) of revenues over expenditures	(1,032,929)	(303,013)	(1,283,685)	5,029	1,307,028	(1,307,570)
Other financing sources (uses):						
Issuance of Debt	253,808	-	-	-	13,180	266,988
Proceeds from Sale of Capital Equipment	2,300	-	-	94,980	-	97,280
Transfers In	936,705	240,000	1,624,146	11,326	661,310	3,473,487
Transfers Out	(167,450)	-	(16,069)	-	(1,790,283)	(1,973,802)
Total other financing sources (uses)	1,025,363	240,000	1,608,077	106,306	(1,115,793)	1,863,953
Net Change in Fund Balance	(7,566)	(63,013)	324,392	111,335	191,235	556,383
Fund balances - beginning of year	4,757,342	253,079	333,788	(2,555,865)	7,655,213	10,443,557
Fund balances - end of year	\$ 4,749,776	\$ 190,066	\$ 658,180	\$ (2,444,530)	\$ 7,846,448	\$ 10,999,940

See Accompanying Notes to Financial Statements

**CITY OF WEBSTER CITY, IOWA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2023**

---

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

Net change in fund balances - total governmental funds (page 19)	\$ 556,383
--	------------

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/amortization expense. Capital outlays exceeded depreciation/amortization expense in the current year as follows:

Expenditures for capital assets	\$ 1,954,077	
Depreciation/Amortization expense	<u>(1,439,643)</u>	514,434

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.	(53,381)
--	----------

Capital Contributions reported in the Statement of Activities that do not provide current financial resources and are not reported as revenues in the funds.	275,284
--	---------

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.	24,553
--	--------

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.	148,531
---	---------

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.	975
---	-----

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.	(12,510)
--	----------

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.	(1,376)
--	---------

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.	249,463
--	---------

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:	
Proceeds from debt issuance	(266,988)
Repayments of long-term debt	<u>994,873</u>
	727,885

Change in net position of governmental activities (page 16)	<u>\$ 2,454,308</u>
---	---------------------

**CITY OF WEBSTER CITY, IOWA**  
**STATEMENT OF NET POSITION**  
**Proprietary Funds**  
**June 30, 2023**

	Business Type Activities				Governmental Activities
	Water System	Sewer System	Electric System	Total	Internal Service
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	\$ 105,555	\$ 2,593,242	\$ 2,186,940	\$ 4,885,737	\$ 3,043
Investments	1,010,000	2,042,835	5,627,611	8,680,446	-
Receivables (Net, where applicable, of allowance for uncollectibles)					
Accounts	260,254	249,065	915,302	1,424,621	-
Accrued Interest	7,592	15,648	104,804	128,044	-
Lease Receivable	1,621	-	27,455	29,076	-
Notes Receivable	-	-	210,301	210,301	-
Due from Other Funds	-	16,503	3,955,626	3,972,129	-
Due from Other Governmental Agencies	190	2,022	865	3,077	-
Inventories	224,109	89,296	678,182	991,587	-
Prepaid Assets	52,606	31,707	94,626	178,939	-
Land Held for Resale	-	-	2,311,479	2,311,479	-
Restricted Assets:					
Cash and Cash Equivalents	352,601	-	1,610,858	1,963,459	-
Total Current Assets	2,014,528	5,040,318	17,724,049	24,778,895	3,043
<b>Noncurrent Assets</b>					
Lease Receivable	23,444	-	26,886	50,330	-
Notes Receivable	-	-	5,704,014	5,704,014	-
Land	237,885	741,628	221,935	1,201,448	-
Construction in Progress	2,550,284	1,456,111	589,248	4,595,643	-
Infrastructure, Property and Equipment, Net of Accumulated Depreciation/Amortization	12,041,608	6,463,443	12,376,030	30,881,081	-
Total Noncurrent Assets	14,853,221	8,661,182	18,918,113	42,432,516	-
<b>Total Assets</b>	<b>16,867,749</b>	<b>13,701,500</b>	<b>36,642,162</b>	<b>67,211,411</b>	<b>3,043</b>
<b>Deferred Outflows of Resources</b>					
Unamortized bond refunding related deferred outflows	-	-	869,156	869,156	-
Pension related deferred outflows	78,094	58,394	177,347	313,835	-
OPEB related deferred outflows	2,481	1,802	5,784	10,067	10,815
<b>Total Deferred Outflows of Resources</b>	<b>80,575</b>	<b>60,196</b>	<b>1,052,287</b>	<b>1,193,058</b>	<b>10,815</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts Payable	97,270	169,322	863,068	1,129,660	1,575
Accrued Wages	17,162	12,047	39,473	68,682	-
Other Accrued Expenses	11,694	2,393	31,055	45,142	-
Customer Deposits	-	-	429,121	429,121	-
Due to Other Funds	417,291	1,111,401	-	1,528,692	-
Unearned Revenue	-	-	3,678	3,678	-
Claims Incurred But Not Reported	-	-	-	-	29,000
Payables from Restricted Assets:					
Accrued Revenue Bond Interest	8,693	2	71,579	80,274	-
Total Current Liabilities	552,110	1,295,165	1,437,974	3,285,249	30,575
<b>Noncurrent Liabilities:</b>					
Due within one year:					
Revenue Bonds Payable	215,000	-	655,000	870,000	-
IT Subscriptions	1,588	477	5,162	7,227	-
Compensated Absences and Benefits	46,646	28,951	92,987	168,584	-
Notes Payable	-	-	201,681	201,681	-
Due in more than one year:					
Revenue Bonds Payable	4,650,095	-	10,825,000	15,475,095	-
Notes Payable	-	88,571	546,219	634,790	-
Total Other Post Employment Benefits	19,065	13,847	44,442	77,354	83,094
IT Subscriptions	4,911	559	6,064	11,534	-
Compensated Absences and Benefits	27,089	27,569	87,781	142,439	-
Net pension liability	239,033	196,625	527,729	963,387	-
Total Noncurrent Liabilities	5,203,427	356,599	12,992,065	18,552,091	83,094
<b>Total Liabilities</b>	<b>5,755,537</b>	<b>1,651,764</b>	<b>14,430,039</b>	<b>21,837,340</b>	<b>113,669</b>
<b>Deferred Inflows of Resources</b>					
Lease related deferred inflows	23,137	-	57,737	80,874	-
Pension related deferred inflows	35,952	29,574	79,374	144,900	-
OPEB related deferred inflows	11,073	8,042	25,812	44,927	48,261
<b>Total Deferred Inflows of Resources</b>	<b>70,162</b>	<b>37,616</b>	<b>162,923</b>	<b>270,701</b>	<b>48,261</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	10,285,052	8,661,182	8,318,071	27,264,305	-
Restricted for:					
Debt Service	343,908	-	-	343,908	-
Unrestricted	493,665	3,411,134	14,783,416	18,688,215	(148,072)
<b>Total Net Position</b>	<b>\$ 11,122,625</b>	<b>\$ 12,072,316</b>	<b>\$ 23,101,487</b>	<b>\$ 46,296,428</b>	<b>\$ (148,072)</b>

See Accompanying Notes to Financial Statements



**CITY OF WEBSTER CITY, IOWA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
<b>Operating Revenues:</b>		
Charges for Services	\$ 2,612,851	\$ 2,155,762
Miscellaneous	69,552	684,224
<b>Total Operating Revenue</b>	<b>2,682,403</b>	<b>2,839,986</b>
<b>Operating Expenses:</b>		
General Government		
Operating and Maintenance	1,943,648	1,483,468
Depreciation / Amortization	527,089	312,342
<b>Total Operating Expenses</b>	<b>2,470,737</b>	<b>1,795,810</b>
<b>Operating Income (Loss)</b>	<b>211,666</b>	<b>1,044,176</b>
<b>Non-Operating Income (Expense):</b>		
Interest Income	37,588	108,438
Grant Revenue	37	37
Revenue from Use of Property	2,183	-
Interest Expense	(95,476)	(2)
Bad Debt Expense	(2,890)	-
Corn Belt Reimbursements	-	-
<b>Total Non-Operating Income (Expenses)</b>	<b>(58,558)</b>	<b>108,473</b>
<b>Income (Loss) before Contributions and Transfers</b>	<b>153,108</b>	<b>1,152,649</b>
<b>Contributions and Transfers</b>		
Contributed Capital Revenue	346,685	286,922
Transfers In	-	1,750
Transfers (Out)	(446,139)	(360,746)
<b>Total Contributions and Transfers</b>	<b>(99,454)</b>	<b>(72,074)</b>
<b>Change in Net Position</b>	<b>53,654</b>	<b>1,080,575</b>
Net Position- Beginning	11,068,971	10,991,741
<b>Net Position - Ending</b>	<b>\$ 11,122,625</b>	<b>\$ 12,072,316</b>

Business Type Activities		Governmental Activities	
Electric System	Total	Internal Service	
\$ 12,123,478	\$ 16,892,091	\$ 1,551,860	
880,103	1,633,879	85	
13,003,581	18,525,970	1,551,945	
10,685,010	14,112,126	1,553,342	
749,935	1,589,366	-	
11,434,945	15,701,492	1,553,342	
1,568,636	2,824,478	(1,397)	
236,841	382,867	21	
30,163	30,237	-	
-	2,183	-	
(500,793)	(596,271)	-	
(12,760)	(15,650)	-	
887,010	887,010	-	
640,461	690,376	21	
2,209,097	3,514,854	(1,376)	
57,577	691,184	-	
-	1,750	-	
(694,550)	(1,501,435)	-	
(636,973)	(808,501)	-	
1,572,124	2,706,353	(1,376)	
21,529,363	43,590,075	(146,696)	
\$ 23,101,487	\$ 46,296,428	\$ (148,072)	

**CITY OF WEBSTER CITY, IOWA**  
**STATEMENT OF CASH FLOWS**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash Received from Customers	\$ 2,635,014	\$ 2,782,102
Cash Paid to Suppliers for Goods and Services	(1,335,677)	(1,027,321)
Cash Paid to Employees for Services	(583,529)	(449,036)
Other Non-Operating Income	2,220	37
Net Cash Provided by Operating Activities	<u>718,028</u>	<u>1,305,782</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and Construction of Capital Assets	(939,214)	(272,383)
Proceeds from Notes	-	270,327
Corn Belt Reimbursements	-	-
Principal Paid on Notes, Bonds, and Other Liabilities	(211,410)	(182,179)
Interest Paid on Notes, Bonds, and Other Liabilities	(107,591)	-
Net Cash (Used) for Capital and Related Financing Activities	<u>(1,258,215)</u>	<u>(184,235)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Transfers From (To) Other Funds	(446,139)	(358,996)
Due From (To) Other Funds	417,291	9,384
Net Cash (Used) for Non-Capital Financing Activities	<u>(28,848)</u>	<u>(349,612)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of Investments	(1,010,000)	(2,042,835)
Interest and Dividends on Investments	30,394	92,790
Net Cash Provided (Used) for Investing Activities	<u>(979,606)</u>	<u>(1,950,045)</u>
Net (Decrease) in Cash and Cash Equivalents	(1,548,641)	(1,178,110)
Cash and Cash Equivalents at Beginning of Year	<u>2,006,797</u>	<u>3,771,352</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 458,156</u></u>	<u><u>\$ 2,593,242</u></u>
Cash and Cash Equivalents:		
Unrestricted	\$ 105,555	\$ 2,593,242
Restricted	352,601	-
	<u><u>\$ 458,156</u></u>	<u><u>\$ 2,593,242</u></u>

See Accompanying Notes to Financial Statements

<b>Business Type Activities</b>		<b>Governmental Activities</b>
<b>Electric System</b>	<b>Total</b>	<b>Internal Service</b>
\$ 12,950,316	\$ 18,367,432	\$ 1,551,945
(9,504,451)	(11,867,449)	(1,550,276)
(1,489,533)	(2,522,098)	-
917,173	919,430	-
<u>2,873,505</u>	<u>4,897,315</u>	<u>1,669</u>
(365,596)	(1,577,193)	-
-	270,327	-
227,163	227,163	-
(841,263)	(1,234,852)	-
(438,708)	(546,299)	-
<u>(1,418,404)</u>	<u>(2,860,854)</u>	<u>-</u>
(694,550)	(1,499,685)	-
(292,829)	133,846	(49,782)
<u>(987,379)</u>	<u>(1,365,839)</u>	<u>(49,782)</u>
(5,627,611)	(8,680,446)	-
<u>132,298</u>	<u>255,482</u>	<u>21</u>
<u>(5,495,313)</u>	<u>(8,424,964)</u>	<u>21</u>
(5,027,591)	(7,754,342)	(48,092)
<u>8,825,389</u>	<u>14,603,538</u>	<u>51,135</u>
<u>\$ 3,797,798</u>	<u>\$ 6,849,196</u>	<u>\$ 3,043</u>
\$ 2,186,940	\$ 4,885,737	\$ 3,043
1,610,858	1,963,459	-
<u>\$ 3,797,798</u>	<u>\$ 6,849,196</u>	<u>\$ 3,043</u>

(Continued)

**CITY OF WEBSTER CITY, IOWA**  
**COMBINING STATEMENT OF CASH FLOWS (Continued)**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

	<b>Business Type Activities</b>	
	<b>Water System</b>	<b>Sewer System</b>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating Income (Loss)	<u>\$ 211,666</u>	<u>\$ 1,044,176</u>
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation/Amortization	527,089	312,342
Other Non-Operating Income	2,220	37
Bad Debt Expense	(2,890)	-
(Increase) Decrease in Assets and Deferred Outflows:		
Accounts Receivable	(44,325)	(57,884)
Lease Receivable	1,603	-
Prepaid Expenses	(9,946)	(7,423)
Inventories	(3,764)	(6,358)
Deferred outflows of resources	(5,963)	4,161
Increase (Decrease) in Liabilities and Deferred Inflows:		
Accounts Payable	16,283	34,078
Accrued Wages	17,697	15,708
Other Accruals	6,772	1,071
Net pension liability	231,950	189,918
Deferred inflows of resources	(230,960)	(222,787)
Customer Deposits	-	-
Other Post Employment Benefits	596	(1,257)
Total Adjustments	<u>506,362</u>	<u>261,606</u>
Net Cash Provided by Operating Activities	<u><u>\$ 718,028</u></u>	<u><u>\$ 1,305,782</u></u>
Supplemental Schedule of Noncash Capital and Related Financing Activities:		
Contributed Capital	<u>346,685</u>	<u>286,922</u>
	<u><u>\$ 346,685</u></u>	<u><u>\$ 286,922</u></u>

<b>Business Type Activities</b>		<b>Governmental Activities</b>
<b>Electric Utility</b>	<b>Total</b>	<b>Internal Service</b>
<u>\$ 1,568,636</u>	<u>\$ 2,824,478</u>	<u>\$ (1,397)</u>
749,935	1,589,366	-
917,173	919,430	-
(12,760)	(15,650)	-
(53,623)	(155,832)	-
27,240	28,843	-
(18,501)	(35,870)	-
(51,607)	(61,729)	-
(8,541)	(10,343)	1,053
(161,211)	(110,850)	84
15,673	49,078	(7,260)
16,455	24,298	4,000
509,251	931,119	-
(640,302)	(1,094,049)	5,189
13,562	13,562	-
2,125	1,464	-
<u>1,304,869</u>	<u>2,072,837</u>	<u>3,066</u>
<u>\$ 2,873,505</u>	<u>\$ 4,897,315</u>	<u>\$ 1,669</u>
57,577	691,184	-
<u>\$ 57,577</u>	<u>\$ 691,184</u>	<u>\$ -</u>

**CITY OF WEBSTER CITY, IOWA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2023**

	<b>Private Purpose Trust Fund</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$ 22,636</u>
Investments	
Receivables:	
Accounts Receivable	164
<b>Total Assets</b>	<u>22,800</u>
<b>NET POSITION</b>	
Restricted for individuals, organizations, and other governments	<u>22,800</u>
Total Net Position	<u><u>\$ 22,800</u></u>

**CITY OF WEBSTER CITY, IOWA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2023**

	<b>Private Purpose Trust Fund</b>
<b>Additions</b>	
Interest Income	\$ 265
Miscellaneous	11,039
<b>Total Additions</b>	<u>11,304</u>
<b>Deductions</b>	
Culture and Recreation	<u>16,032</u>
<b>Total Deductions</b>	<u>16,032</u>
Changes in Net Position	(4,728)
Net Position Beginning of Year	<u>27,528</u>
Net Position End of Year	<u><u>\$ 22,800</u></u>

See Accompanying Notes to Financial Statements



**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

---

**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, 2023. 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, 2023**

---

**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, 2023. 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, 2023**

---

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

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

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

---

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

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.

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

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

---

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

to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of 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
Iowa Public Agency Investment Trust	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

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

---

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

the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2021 assessed property valuations; is for the tax accrual period July 1, 2022 through June 30, 2023 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in March 2022. Any county collections on the 2022-2023 tax levy remitted to the City within 60 days subsequent to June 30, 2023, are recorded as property tax revenue.

Customer Accounts and Unbilled Usage – Accounts receivable in the Enterprise Funds includes services billed prior to June 30, 2023 and an estimate of services provided through June 30, 2023 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, 2023, 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, 2023 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

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

---

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

are defined by the City as assets with initial, individual costs in excess of \$5,000 for general capital assets and \$25,000 for infrastructure assets and estimated useful lives in excess of one year.

Depreciation expense is calculated using the straight-line method over the following useful lives:

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

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.

Subscription-Based Information Technology Arrangements (SBITAs) - The City uses information technology (IT) software and has a contract that meets the definition of a subscription-based information technology arrangement (SBITA) for this software. A SBITA is a contract that conveys control to the right to use another party's IT software alone, or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

At the commencement of a SBITA, The City initially measures the subscription liability at the present value of payments expected to be made during the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

---

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

for subscription payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the useful life of IT asset or the term of the SBITA.

Key estimates and judgments related to SBITAs include how the City determines the discount rate it uses to discount the expected subscription payments to present value, subscription term and subscription payments.

The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the vendor is not provided, The City generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.

The subscription term includes the noncancellable period of the subscription and optional renewal periods if the City is reasonably certain to exercise those options. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and certain variable payments. Variable payments based on future performance of the government, usage of the underlying IT assets, or number of users seats are expensed as incurred, and not included in the measurement of the subscription liability.

The City monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

On the statement of net position, subscription assets and are reported with other capital assets and subscription liabilities are reported as separate line items for the current and long-term portion of the subscription contracts.

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, 2023. 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, 2023**

---

**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 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, 2023**

---

**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, 2023, disbursements exceeded budgeted expenditures in the culture and recreation and debt service functions.

**Note 2 - CASH AND CASH EQUIVALENTS AND INVESTMENTS**

The City's deposits at June 30, 2023, 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, 2023**

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

At June 30, 2023 the City had the following investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

<b>City Investments</b>	<b>Credit Risk</b>	<b>Fair Value</b>	<b>Maturity</b>	<b>Fair Value Hierarchy</b>
IPAIT Investments	Not Rated	\$ 10,097,756	1 year	N/A

The City had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$10,097,756. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in IPAIT is unrated. Investment policies are followed to maintain a constant net position value of \$1.00 per unit for the portfolio. The City held \$9,500,150 in nonnegotiable certificates of deposit at various banks at year end.

**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.

**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:

<b>Type of Investment</b>	<b>Credit Risk</b>	<b>Fair Value</b>	<b>Less Than 1 Year</b>
Fixed Income	Not Rated	\$ 517,785	\$ 517,785
Fixed Income Bonds	AAA	37,778	37,778
Fixed Income Bonds	AA	103,556	103,556
Fixed Income Bonds	A	67,223	67,223
Fixed Income Bonds	BBB	37,898	37,898
Mutual Funds	-	1,687,819	1,687,819
		<u>\$ 2,452,059</u>	<u>\$ 2,452,059</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

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

---

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

observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurement for the Fixed Income Bonds of \$764,240 and the Mutual Funds of \$1,687,819 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.

**Airport Commission – Discretely Presented Component Unit**

The Airport Commission held nonnegotiable certificate of deposits in the amount of \$500,000 as of June 30, 2023. The Airport Commission had no other investments meeting the disclosure requirements of Governmental Accounting Standards Boards Statement No. 72.

**Note 3 - RECEIVABLES**

Receivables at June 30, 2023 are net of allowance for uncollectibles. The allowance for uncollectibles of the enterprise funds of the primary government was \$4,283 at June 30, 2023.

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, 2023, amounts due from other governments were as follows:

Due from the Iowa Department of Revenue for Road Use Tax allocation	\$ 87,940
Due from the Federal Emergency Management Agency for COVID Relief Funds	1,334
Due from the Iowa Department of Natural Resources for Forestry Funds	4,235
Due from the Iowa Department of Revenue for Local Option Sales taxes	83,202
Due from the Iowa Department of Revenue for Local Transient Guest taxes	19,940
Total Governmental Funds	<u>\$ 196,651</u>
Due from Federal Emergency Management Agency for COVID Relief Funds	3,077
Total Proprietary Funds	<u>\$ 3,077</u>
Due from the Federal Aviation Administration for Airport Grant funding	80,862
Total Component Unit – Airport Commission	<u>\$ 80,862</u>

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 5 - LEASE RECEIVABLES**

The City has entered into lease agreements as the Lessor for multiple types of leases. Balances as of June 30, 2023 for the lease receivables are as follows:

	Governmental Activities	Business-Type Activities	Component Units	Total
Collins Street Land Lease	\$ -	\$ 25,065	\$ -	\$ 25,065
WCCS Dark Fibers Lease	-	4,937	-	4,937
Airport Farm Lease	-	-	42,398	42,398
ICN Pole Lease	-	1,919	-	1,919
Township 88 Land Lease	22,258	35,034	-	57,292
2019 Woolstock Mutual Pole Lease	-	5,779	-	5,779
2020 Woolstock Mutual Pole Lease	-	6,672	-	6,672
Total	\$ 22,258	\$ 79,406	\$ 42,398	\$ 144,062

On July 6, 2021, the City of Webster City entered into a 180 month lease as Lessor for the use of 1317 Collins Street. The lease receivable is recorded in the amount of \$25,065 as of June 30, 2023. 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, 2023 was \$23,137, 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
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	1,721	279	2,000
2029-2033	9,005	995	10,000
2034-2037	7,706	294	8,000
Total	\$ 25,065	\$ 2,935	\$ 28,000

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, 2023, the value of the lease receivable recorded is \$4,937. 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, 2023 was \$4,356, 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:

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 5 - LEASE RECEIVABLES (Continued)**

Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,637	\$ 27	\$ 1,664
2025	1,646	18	1,664
2026	1,654	10	1,664
Total	<u>\$ 4,937</u>	<u>\$ 55</u>	<u>\$ 4,992</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, 2023, the value of the lease receivable is \$42,398. 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, 2023 was \$47,022, and the City of Webster City recognized lease revenue of \$28,213 and interest of \$358 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
2024	\$ 28,232	\$ 168	\$ 28,400
2025	14,166	34	14,200
Total	<u>\$ 42,398</u>	<u>\$ 202</u>	<u>\$ 42,600</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, 2023, the value of the lease receivable is \$1,919. 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, 2023 was \$2,031, and the City of Webster City recognized lease revenue of \$577 and lease interest of \$21 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
2024	\$ 634	\$ 16	\$ 650
2025	640	10	650
2026	645	5	650
Total	<u>\$ 1,919</u>	<u>\$ 31</u>	<u>\$ 1,950</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, 2023, the value of the lease receivable recorded in the Electric fund is \$5,779. 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, 2023 was \$5,804, and the City of Webster City recognized lease revenue of \$941 and lease interest of \$73 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, 2023**

**Note 5 - LEASE RECEIVABLES (Continued)**

Year Ending June 30,	Principal	Interest	Total
2024	\$ 937	\$ 63	\$ 1,000
2025	948	52	1,000
2026	958	42	1,000
2027	968	32	1,000
2028	979	21	1,000
2029	989	11	1,000
Total	<u>\$ 5,779</u>	<u>\$ 221</u>	<u>\$ 6,000</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, 2023, the value of the lease receivable recorded in the Electric fund is \$6,672. 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, 2023 was \$6,705, and The City of Webster City recognized lease revenue of \$925 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
2024	\$ 919	\$ 81	\$ 1,000
2025	930	70	1,000
2026	942	58	1,000
2027	953	47	1,000
2028	964	36	1,000
2029-2030	1,964	36	2,000
Total	<u>\$ 6,672</u>	<u>\$ 328</u>	<u>\$ 7,000</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, 2023, the value of the lease receivable recorded 61.15% in the Electric fund and 38.85% in the General fund is \$57,292. 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, 2023 was \$63,519, and The City of Webster City recognized lease revenue of \$38,111 and lease interest of \$521 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, 2023**

---

**Note 5 - LEASE RECEIVABLES (Continued)**

Year Ending June 30,	Principal	Interest	Total
2024	\$ 38,149	\$ 227	\$ 38,376
2025	19,143	45	19,188
Total	<u>\$ 57,292</u>	<u>\$ 272</u>	<u>\$ 57,564</u>

**Note 6 - INTERFUND RECEIVABLES AND PAYABLES**

As of June 30, 2023, 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	41,463
Electric	Sewer	511,401
Electric	Brewer Creek Estates	2,539,511
Electric	Water	417,291
Electric	Non-Major Governmental	487,423
Sewer	Non-Major Governmental	16,503
		<u>\$ 4,613,592</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, 2023**

**Note 7 - CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023 was as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
Capital assets not being depreciated/amortized:				
Land	\$ 4,900,509	\$ -	\$ 40,184	\$ 4,860,325
Right of way	786,799	-	-	786,799
Construction in progress	3,535,842	1,632,783	796,095	4,372,530
Total capital assets not being depreciated/amortized	9,223,150	1,632,783	836,279	10,019,654
Capital assets being depreciated/amortized:				
Land improvements	2,503,172	-	-	2,503,172
Structures and improvements	10,885,989	276,190	300	11,161,879
Machinery and equipment	6,214,239	387,352	87,564	6,514,027
Streets	33,322,964	551,329	-	33,874,293
Trails and paths	2,070,885	-	-	2,070,885
Sidewalks	1,988,915	-	-	1,988,915
Storm sewers	3,299,059	53,594	-	3,352,653
Bridges	3,324,561	-	-	3,324,561
Dam	200,000	-	-	200,000
Traffic signals	183,657	-	-	183,657
IT Subscriptions	-	124,209	-	124,209
Total capital assets being depreciated/amortized	63,993,441	1,392,674	87,864	65,298,251
Less: Accumulated depreciation/Amortization for				
Land improvements	784,751	51,820	-	836,571
Structures and improvements	4,973,777	266,858	23	5,240,612
Machinery and equipment	3,106,006	288,769	74,644	3,320,131
Streets	15,193,630	638,435	-	15,832,065
Trails and paths	566,532	41,418	-	607,950
Sidewalks	347,444	32,320	-	379,764
Storm sewers	704,753	39,651	-	744,404
Bridges	1,436,337	52,415	-	1,488,752
Dam	153,335	6,667	-	160,002
Traffic signals	183,655	-	-	183,655
IT Subscriptions	-	21,290	-	21,290
Total Accumulated Depreciation/Amortization	27,450,220	1,439,643	74,667	28,815,196
Capital Assets, Net of Depreciation/Amortization	36,543,221	(46,969)	13,197	36,483,055
Governmental activities capital assets, net	\$45,766,371	\$ 1,585,814	\$ 849,476	\$46,502,709

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 7 - CAPITAL ASSETS - (Continued)**

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

Depreciation/Amortization expense was charged to functions as follows:

Governmental Activities:

General Government	\$ 52,668
Public Safety	141,518
Public Works, which includes the depreciation of infrastructure	1,006,727
Culture and Recreation	238,730
	<u>238,730</u>

Total governmental activities - depreciation/amortization expense	<u>\$ 1,439,643</u>
---	---------------------

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities:</b>				
Capital assets not being depreciated/amortized:				
Land	\$ 1,201,448	\$ -	\$ -	\$ 1,201,448
Construction in Progress	2,697,983	2,224,950	327,290	4,595,643
Total capital assets not being depreciated/amortized	<u>3,899,431</u>	<u>2,224,950</u>	<u>327,290</u>	<u>5,797,091</u>
Capital assets being depreciated/amortized:				
Buildings and improvements	3,518,764	-	-	3,518,764
Machinery and equipment	4,855,263	185,560	23,717	5,017,106
Utility Plant	75,479,495	312,277	-	75,791,772
IT Subscriptions	-	25,177	-	25,177
Total capital assets being depreciated/amortized	<u>83,853,522</u>	<u>523,014</u>	<u>23,717</u>	<u>84,352,819</u>
Less: Accumulated Depreciation/Amortization	<u>51,900,694</u>	<u>1,589,366</u>	<u>18,322</u>	<u>53,471,738</u>
Total capital assets being depreciated/amortized, net	<u>31,952,828</u>	<u>(1,066,352)</u>	<u>5,395</u>	<u>30,881,081</u>
Business-type activities capital assets, net	<u>\$ 35,852,259</u>	<u>\$ 1,158,598</u>	<u>\$ 332,685</u>	<u>\$ 36,678,172</u>

Construction in progress at June 30, 2023 consisted of costs associated with the water, wastewater and electric system improvements.

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 7 - CAPITAL ASSETS - (Continued)**

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

Business-Type Activities:	
Water	\$ 527,089
Sewer	312,342
Electric	749,935
	<hr/>
Total depreciation/amortization expense – business-type activities	<u>\$ 1,589,366</u>

**Reconciliation of Net Investment in Capital Assets:**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Land	\$ 5,647,124	\$ 1,201,448
Construction in Progress	4,372,530	4,595,643
Capital Assets (net of accumulated depreciation)	36,483,055	30,881,081
Less: General Obligation Bonds Payable	(11,762,666)	-
Notes Payable	(125,068)	-
Revenue Bonds	(1,509,894)	(9,381,636)
IT Subscriptions	(76,192)	-
Retainage Payable	(172,188)	(32,231)
	<hr/>	<hr/>
Net Investment in Capital Assets	<u>\$ 32,856,701</u>	<u>\$ 27,264,305</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, 2023 are as follows:

	<b>Date of Issue</b>	<b>Final Maturity</b>	<b>Interest Rates</b>	<b>Original Indebtedness</b>	<b>Balance 6/30/23</b>	<b>Due Within One Year</b>
Governmental Activities						
General Obligation Debt						
Corporate purpose bonds	06/29/16	06/01/29	2.00 – 2.50%	\$ 4,590,000	\$ 2,585,000	\$ 440,000
Corporate purpose bonds	03/31/21	06/01/40	2.00 – 2.20%	\$ 9,690,000	\$ 8,860,000	\$ 440,000
					<hr/>	<hr/>
Total Governmental Activities – General Obligation Debt					<u>\$11,445,000</u>	<u>\$ 880,000</u>

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 8 - LONG-TERM DEBT - (Continued)**

The balances shown on the Statement of Net Position is net of unamortized bond premiums of \$317,666.

Debt service requirements to maturity are as follows:

Years	Governmental Activities		
	Principal	Interest	Total
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	950,000	171,570	1,121,570
2029-2033	3,075,000	513,180	3,588,180
2034-2038	2,640,000	298,800	2,938,800
2039-2040	1,160,000	51,370	1,211,370
Total	<u>\$ 11,445,000</u>	<u>\$ 1,908,552</u>	<u>\$ 13,353,552</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.

Revenue bonds outstanding at June 30, 2023 are as follows:

	Date of Issue	Final Maturity	Interest Rates	Original Indebtedness	Balance 6/30/23	Due Within One Year
Governmental Activities Revenue Debt:						
Community Center Revenue Note – Direct Borrowing	07/01/02	07/01/42	Variable	\$ 2,600,000	\$ 1,509,894	\$ -
Total Governmental Activities					<u>\$ 1,509,894</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	\$ 4,655,000	\$ 215,000
<u>Electric Utility</u> Revenue Bonds	04/17/19	11/01/36	2.75 – 4.20%	13,900,000	11,480,000	655,000
Total Business Type Activities					<u>\$16,135,000</u>	<u>\$ 870,000</u>

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 8 - LONG-TERM DEBT - (Continued)**

The balances shown on the Statement of Net Position for Business – Type Activities is net of unamortized bond premiums of \$210,095.

Debt service requirements to maturity are as follows:

<b>Years</b>	<b>Business-Type Activities</b>		
	<b>Revenue Debt</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	
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	975,000	413,978	1,388,978
2029-2033	4,215,000	1,326,242	5,541,242
2034-2038	6,110,000	760,671	6,870,671
2039-2042	1,185,000	85,825	1,270,825
Total	\$ 16,135,000	\$ 4,523,784	\$ 20,658,784

A repayment schedule has not been established for the community center revenue note as of June 30, 2023.

**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 2023 financial statements. The 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, 2023, 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, 2023 was \$11,480,000.

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.

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 8 - LONG-TERM DEBT - (Continued)**

**Notes Payable – Direct Borrowing**

	<b>Date of Issue</b>	<b>Final Maturity</b>	<b>Interest Rates</b>	<b>Original Indebtedness</b>	<b>Balance 6/30/23</b>	<b>Due Within One Year</b>
<b><u>Governmental Activities</u></b>						
Police Vehicle Acquisition Note	09/22/22	06/01/25	2.99%	\$ 170,000	\$ 125,068	\$ 61,497
Total Governmental Activities					<u>125,068</u>	<u>61,497</u>
<b><u>Business – Type Activities</u></b>						
Electric Utility:						
USDA Note	08/15/16	06/15/26	0.00%	1,000,000	302,520	100,840
USDA Note	12/05/17	11/15/27	0.00%	1,000,000	<u>445,380</u>	<u>100,841</u>
Sewer Utility:						
SRF Revenue Loan	12/17/21	-	0.00%	\$ 88,571	<u>88,571</u>	<u>-</u>
Total Business – Type Activities					<u>\$ 836,471</u>	<u>\$ 201,681</u>

The City received \$170,000 of Acquisition note proceeds on September 22, 2022 to finance the purchase of multiple police vehicles. The loan has a 2.99 percent interest and will mature on June 1, 2025 with monthly payments of \$5,366.49. As of June 30, 2023, the balance of the Acquisition Note was \$125,068.

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.

The City received \$88,571 of Iowa Finance Authority SRF sewer revenue loan proceeds on February 17, 2023. The city council approved sewer revenue loans not to exceed \$2,000,000 on November 1, 2021 for the planning, designing, and constructing improvements and extensions to the sewer utility. The loan has a zero percent interest and will mature once the loan is drawn down in full when all projects costs are submitted to the Iowa Finance Authority.

Debt service requirements to maturity are as follows:

<b>Years</b>	<b>Governmental Activities - Notes Payable</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 61,497	\$ 2,901	\$ 64,398
2025	63,571	1,037	64,608
Total	<u>\$ 125,068</u>	<u>\$ 3,938</u>	<u>\$ 129,006</u>

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 8 - LONG-TERM DEBT - (Continued)**

Years	Business-Type Activities			
	Electric Utility - Notes Payable		Sewer Utility - Notes Payable	
	Principal	Total	Principal	Total
2024	\$ 201,681	\$ 201,681	\$ -	\$ -
2025	201,681	201,681	-	-
2026	201,681	201,681	-	-
2027	100,840	100,840	-	-
2028	42,017	42,017	88,571	88,571
Total	\$ 747,900	\$ 747,900	\$ 88,571	\$ 88,571

**Subscription-Based Information Technology Arrangements**

*Debt Book Lease* - On June 1, 2023, the City entered into a 31 month subscription for the use of Debt Book. An initial subscription liability was recorded in the amount of \$24,321. As of June 30, 2023, the value of the subscription liability is \$17,271. The City is required to make annual fixed payments of \$7,050. The subscription has an interest rate of 2.36%. The value of the right to use asset as of June 30, 2023 of \$24,321 with accumulated amortization of \$785.

*Microsoft Azure Lease* - On November 7, 2022, the City entered into a 36 month subscription for the use of Microsoft Azure ASP.Net. An initial subscription liability was recorded in the amount of \$3,044. As of June 30, 2023, the value of the subscription liability is \$3,044. The City is required to make monthly fixed payments of \$300. The subscription has an interest rate of 3.23%. The value of the right to use asset as of June 30, 2023 of \$3,044 with accumulated amortization of \$660. The City has 1 extension option(s), each for 12 months.

*Brightly Inspection Lease* - On July 1, 2022, the City entered into a 72 month subscription for the use of Brightly Inspection. An initial subscription liability was recorded in the amount of \$81,619. As of June 30, 2023, the value of the subscription liability is \$68,827. The City is required to make annual fixed payments of \$14,457. The subscription has an interest rate of 3.33%. The value of the right to use asset as of June 30, 2023 of \$103,109 with accumulated amortization of \$16,949.

*Brightly Fleet Management Lease* - On December 1, 2022, the City entered into a 31 month subscription for the use of Brightly Fleet Management. An initial subscription liability was recorded in the amount of \$13,180. As of June 30, 2023, the value of the subscription liability is \$5,811. The City is required to make annual fixed payments of \$6,000. The subscription has an interest rate of 3.24%. The value of the right to use asset as of June 30, 2023 of \$18,911 with accumulated amortization of \$4,270.

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 8 - LONG-TERM DEBT - (Continued)**

Fiscal Year	Business-Type Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 7,227	\$ 371	\$ 7,598
2025	10,046	444	10,490
2026	1,488	12	1,500
	<u>\$ 18,761</u>	<u>\$ 827</u>	<u>\$ 19,588</u>

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	\$ 6,526	\$ 225	\$ 6,751
2025	12,717	2,599	15,316
2026	12,993	1,897	14,890
2027	13,873	1,464	15,337
2028	14,795	1,002	15,797
2029	15,288	509	15,797
	<u>\$ 76,192</u>	<u>\$ 7,696</u>	<u>\$ 83,888</u>

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
Bonds Payable:					
General Obligation	\$ 12,310,000	\$ -	\$ 865,000	\$ 11,445,000	\$ 880,000
Revenue Bonds	1,574,038	-	64,144	1,509,894	-
Notes Payable - Direct Borrowing	-	170,000	44,932	125,068	61,497
IT Subscriptions	-	96,988	20,796	76,192	6,526
Compensated Absences	332,935	345,445	332,935	345,445	191,126
Governmental Activity					
Long-Term Liabilities:	<u>14,216,973</u>	<u>612,433</u>	<u>1,327,807</u>	<u>13,501,599</u>	<u>1,139,149</u>
<b>Business-Type Activities:</b>					
Bonds Payable:					
Revenue Bonds	16,980,000	-	845,000	16,135,000	870,000
Notes Payable - Direct Borrowing	949,580	88,571	201,680	836,471	201,681
IT Subscriptions	-	25,177	6,416	18,761	7,227
Compensated Absences	274,072	311,023	274,072	311,023	168,584
Business-Type Activity					
Long-Term Liabilities:	<u>\$ 18,203,652</u>	<u>\$ 424,771</u>	<u>\$ 1,327,168</u>	<u>\$ 17,301,255</u>	<u>\$1,247,492</u>



**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 9 - TRANSFERS**

The following is a summary of transfers between funds:

	General	Debt Service	Annual Street Maintenance	Brewer Creek Estates	Sewer	Non-Major	Total Transfer Out
General	\$ -	\$ -	\$ 135,928	\$ -	\$ -	\$ 31,522	\$ 167,450
Annual Street Maintenance	14,319	-	-	-	1,750	-	16,069
Electric	693,411	-	-	-	-	1,139	694,550
Sewer	114,721	-	235,957	-	-	10,068	360,746
Water	114,254	-	327,959	-	-	3,926	446,139
Non-Major	-	240,000	924,302	11,326	-	614,655	1,790,283
<b>Total Transfer In</b>	<b>\$ 936,705</b>	<b>\$ 240,000</b>	<b>\$ 1,624,146</b>	<b>\$ 11,326</b>	<b>\$ 1,750</b>	<b>\$ 661,310</b>	<b>\$ 3,475,237</b>

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

**Note 10- PENSION PLAN**

**Pension Plans**

	IPERS	MFPRSI	Total
Pension liability	\$ 1,539,606	\$ 1,821,510	\$ 3,361,116
Deferred Outflows of Resources Related to Pensions	487,877	567,601	1,055,478
Deferred Inflows of Resources Related to Pensions	239,655	55,087	294,742
Pension Expense	\$ 9,469	\$ 172,207	\$ 181,676

**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](http://www.ipers.org).

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

**Pension Benefits**

A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

---

**Note 10- PENSION PLAN - (Continued)**

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.

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

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 10- PENSION PLAN - (Continued)**

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 2023, 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, 2023 were \$350,189.

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

At June 30, 2023, the City reported a liability of \$1,539,606 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, 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 based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2022, the City's collective proportion was .041 percent, which was an increase of .033845 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City recognized pension expense of \$9,469. At June 30, 2023 the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 73,012	\$ 21,281
Changes of assumptions	1,318	2,643
Net difference between projected and actual earnings on pension plan investments	-	168,904
Changes in proportion and differences between City contributions and proportionate share of contributions	63,358	46,827
City contributions subsequent to the measurement date	350,189	-
Total	<u>\$ 487,877</u>	<u>\$ 239,655</u>

\$350,189 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, 2024. Other 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, 2023**

**Note 10- PENSION PLAN - (Continued)**

<b>Year Ending June 30,</b>	
2024	\$ (124,512)
2025	(105,130)
2026	(212,898)
2027	338,594
2028	1,979
	<u>\$ (101,967)</u>

There were no non-employer contributing entities to IPERS.

*Actuarial assumptions* – The total pension liability (asset) in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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:

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 10- PENSION PLAN - (Continued)**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Domestic equity	22.0%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
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 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.

	<b>1% Decrease 6.0%</b>	<b>Discount Rate 7.0%</b>	<b>1% Increase 8.0%</b>
City's proportionate share of the net Pension liability (asset)	\$ 2,897,589	\$ 1,539,606	\$ 342,937

*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](http://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, 2023.

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

---

**Note 10-      PENSION PLAN - (Continued)**

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

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

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

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66 percent of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation for each additional year of service, up to a maximum of 8 years. Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50 percent surviving spouse benefit.

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

Disability and Death Benefits - Disability benefits may be either accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60 percent of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50 percent of the member's average final compensation, for those with 5 or more years of service, or the member's service retirement benefit calculation

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

---

**Note 10-      PENSION PLAN - (Continued)**

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, 2023.

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 contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 23.90% for the year ended June 30, 2023.

The City's contributions to MFPRSI for the year ended June 30, 2023 was \$257,755.

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, 2023.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the City reported a liability of \$1,821,510 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the City's proportion was .324% which was an increase of .013% from its proportions measured as of June 30, 2021.

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 10- PENSION PLAN - (Continued)**

For the year ended June 30, 2023, the City recognized pension expense of \$172,207. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 113,112	\$ 2,342
Changes of assumptions	5,110	-
Net difference between projected and actual earnings on pension plan investments	-	21,582
Changes in proportion and differences between City contributions and proportionate share of contributions	191,624	31,163
City contributions subsequent to the measurement date	257,755	-
Total	<u>\$ 567,601</u>	<u>\$ 55,087</u>

\$257,755 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, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending June 30,</b>	
2024	\$ 41,556
2025	8,430
2026	(77,604)
2027	274,112
2028	8,265
	<u>\$ 254,759</u>

Actuarial Assumptions The total pension liability in the June 30, 2022, 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, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2010 to June 30, 2020.



**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

---

**Note 10-      PENSION PLAN - (Continued)**

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:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>
Broad Fixed Income	3.5%
Broad U.S. Equity	6.7
Global Equity	6.8
Broad Non-US Equity	7.0
Managed Futures	5.1
Emerging Market	7.2
Real Estate - Core	6.4
Opportunistic Real Estate	11.0
Global Infrastructure	6.8
Private Credit	8.6
Private Equity	12.0

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed 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.

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

**Note 10- PENSION PLAN - (Continued)**

	<b>1% Decrease 6.5%</b>	<b>Discount Rate 7.5%</b>	<b>1% Increase 8.5%</b>
City's proportionate share of the net Pension liability	\$3,296,594	\$1,821,510	\$599,383

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](http://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, 2023.

**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.

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***

	<b>Current Year</b>
Unpaid claims, beginning of fiscal year	\$ 25,000
Current year claims and changes in estimates	241,207
Claim payments	(237,207)
Unpaid claims, end of fiscal year	<u>\$ 29,000</u>

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

---

**Note 12 - DEFICIT FUND EQUITY**

The City has seven funds with deficit equity balances at June 30, 2023. 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 .....	\$2,444,530
Nonmajor – Urban Renewal Southeast TIF .....	20,998
Nonmajor – Urban Renewal SW Watermain .....	4,559
Nonmajor – Webster City Federal TIF .....	6,461
Nonmajor – Van Diest TIF .....	2,500
Nonmajor – Second Street Reconstruction.....	482,862
Internal Service.....	\$ 148,072

**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, 2023, the City had entered into several construction contracts totaling approximately \$7,803,240 of which approximately \$6,676,242 has been expended to date. The remaining \$1,126,998 will be paid as work progresses.

**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

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

---

**Note 15 - CONTINGENCY (Continued)**

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.

Retired participants must be age 55 or older at retirement. At June 30, 2023, 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 \$160,448 was measured as of July 1, 2022 and was determined by an actuarial valuation date of July 1, 2022.

Actuarial Assumptions – The total OPEB liability in the June 30, 2023 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.

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

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

Rate of inflation (effective July 1, 2022)	2.60% per annum
Rates of salary increase (effective July 1, 2022)	3.25% per year, annum, including inflation
Discount rate (effective July 1, 2022)	4.09% compounded annually, including inflation
Healthcare cost trend rate (effective July 1, 2022)	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 4.09% 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	\$ 166,244
Changes for the year:	
Service cost	18,182
Interest	4,038
Differences between expected and actual experiences	(6,172)
Changes in assumptions	(21,844)
Benefit payments	-
Net changes	<u>(5,796)</u>
Total OPEB liability end of year	<u>\$ 160,448</u>

Changes of assumptions reflect a change in the discount rate from 2.19% in fiscal year 2022 to 4.09% in fiscal year 2023.

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 (3.09%) or 1% higher (5.09%) than the current discount rate.

	1% Decrease (3.09%)	Discount Rate (4.09%)	1% Increase (5.09%)
Total OPEB Liability	\$ 171,867	\$ 160,448	\$ 149,355

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

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

Sensitivity of the City's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower (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	\$ 139,325	\$ 160,448	\$ 185,703

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB – For the year ended June 30, 2023, the City recognized OPEB expense of \$11,091. At June 30, 2023, 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	\$ 4,773	\$ (66,796)
Changes of assumptions	13,230	(26,392)
Contributions subsequent to measurement date	2,879	-
Total	\$ 20,882	\$ (93,188)

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

Year ending June 30,	Amount
2024	\$ (11,130)
2025	(11,130)
2026	(11,130)
2027	(11,130)
2028	(12,030)
Thereafter	(18,635)
Total	\$ (75,185)

**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.

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

---

**Note 17 - NOTES RECEIVABLE (Continued)**

The Electric fund has multiple loans to various entities for economic development. The related note receivable balance as of June 30, 2023 was \$914,315.

The governmental activities has multiple loans to various entities for community betterment and economic development. The related note receivable balance as of June 30, 2023 was \$152,882.

**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, 2023, the City abated \$179,075 of property tax under the urban renewal and economic development projects.

**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, 2023, the City rebated \$178,456 of incremental property tax to the developers. At June 30, 2023, the remaining balance to be paid on the agreements was \$1,246,194.

**Note 20 - ACCOUNTING CHANGE**

Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs), was implemented during fiscal year 2023. The new requirements require the reporting of certain right-to-use subscription-based IT arrangements and liabilities which were previously not reported. The result of these changes had no effect on the beginning net position.

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Financial Statements**  
**June 30, 2023**

---

**Note 21 -     SUBSEQUENT EVENTS**

On August 18, 2023, the city received proceeds of \$181,756 of SRF Revenue loan funds for planning and design for the Wastewater Treatment Plant Facility.



**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, 2023**

	<b>Governmental Funds Actual</b>	<b>Proprietary Funds Actual</b>
Receipts:		
Taxes	\$ 4,926,057	\$ -
Licenses and Permits	149,091	-
Intergovernmental Revenue	2,514,132	-
Charges for Services	514,751	16,892,091
Revenue from Use of Property	317,084	-
Miscellaneous	464,944	2,936,176
Total receipts	<u>8,886,059</u>	<u>19,828,267</u>
Disbursements:		
Public Safety	2,898,190	-
Public Works	1,792,892	-
Health and Social Services	13,874	-
Culture and Recreation	1,632,455	-
Community and Economic Development	547,978	-
General Government	316,977	-
Capital Projects	1,742,430	-
Debt Service	1,248,833	-
Business-Type Activities	-	16,313,413
Total disbursements	<u>10,193,629</u>	<u>16,313,413</u>
Excess (deficiency) of receipts over disbursements	<u>(1,307,570)</u>	<u>3,514,854</u>
Other financing sources (uses):		
Proceeds from Debt Issuance	266,988	-
Proceeds from Sale of Asset	97,280	-
Contributed Capital Revenue	-	691,184
Transfers In	3,473,487	1,750
Transfers Out	<u>(1,973,802)</u>	<u>(1,501,435)</u>
Total other financing sources (uses)	<u>1,863,953</u>	<u>(808,501)</u>
Net Change in Balances	556,383	2,706,353
Balances - beginning of year	10,443,557	43,590,075
Balances - end of year	<u>\$ 10,999,940</u>	<u>\$ 46,296,428</u>

Total Actual	Budgeted Amounts		Final to Actual Variance
	Original	Final	
\$ 4,926,057	\$ 5,859,358	\$ 5,528,547	\$ (602,490)
149,091	123,830	123,830	25,261
2,514,132	1,276,768	1,276,768	1,237,364
17,406,842	18,364,782	18,018,420	(611,578)
317,084	920,131	920,131	(603,047)
3,401,120	1,702,160	1,446,480	1,954,640
<u>28,714,326</u>	<u>28,247,029</u>	<u>27,314,176</u>	<u>1,400,150</u>
2,898,190	2,988,186	2,997,057	98,867
1,792,892	1,809,531	2,090,765	297,873
13,874	48,274	48,274	34,400
1,632,455	1,285,924	1,436,883	(195,572)
547,978	666,348	666,348	118,370
316,977	428,990	469,407	152,430
1,742,430	2,148,721	2,612,306	869,876
1,248,833	1,238,285	1,238,285	(10,548)
16,313,413	47,344,062	48,580,726	32,267,313
<u>26,507,042</u>	<u>57,958,321</u>	<u>60,140,051</u>	<u>33,633,009</u>
<u>2,207,284</u>	<u>(29,711,292)</u>	<u>(32,825,875)</u>	<u>35,033,159</u>
266,988	25,030,000	-	266,988
97,280	-	-	97,280
691,184	-	-	691,184
3,475,237	10,244,018	10,244,018	(6,768,781)
<u>(3,475,237)</u>	<u>(10,244,018)</u>	<u>(10,244,018)</u>	<u>6,768,781</u>
<u>1,055,452</u>	<u>25,030,000</u>	<u>-</u>	<u>1,055,452</u>
3,262,736	(4,681,292)	(32,825,875)	36,088,611
54,033,632	-	-	-
<u>\$ 57,296,368</u>	<u>\$ (4,681,292)</u>	<u>\$ (32,825,875)</u>	<u>\$ -</u>

**CITY OF WEBSTER CITY, IOWA**  
**Notes to Required Supplementary Information – Budgetary Reporting**  
**June 30, 2023**

---

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 year, two budget amendments increased budgeted disbursements by \$2,181,730 and decreased budgeted revenues by \$25,962,853. The budget amendment is reflected in the final budgeted amounts

During the fiscal year ended June 30, 2023, disbursements exceeded the amount budgeted in the culture and recreation and debt service functions.

**CITY OF WEBSTER CITY, IOWA**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF**  
**THE NET PENSION LIABILITY(ASSET)**  
**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM LAST NINE YEARS\***  
**(IN THOUSANDS)**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022	2021	2020	2019
City's proportion of the net pension liability (asset)	.04075%	.006905%	.039985%	.039774%	.036903%
City's proportionate share of the net pension liability (asset)	\$ 1,540	\$ 24	\$ 2,809	\$ 2,303	\$ 2,335
City's covered payroll	\$ 3,392	\$ 3,243	\$ 3,198	\$ 3,049	\$ 2,790
City's proportionate share of the net pension liability as a percentage of its covered payroll	45.40%	0.74%	87.84%	75.53%	83.69%
Plan fiduciary net position as a percentage of the total pension liability (asset)	91.40%	100.81%	82.90%	85.45%	83.62%
	2018	2017	2016	2015	
City's proportion of the net pension liability (asset)	.035507%	.035876%	.036600%	.038060%	
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.

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, 2023**

	2023	2022	2021	2020	2019
Statutorily required contribution	\$ 350	\$ 316	\$ 305	\$ 302	\$ 288
Contributions in relation to the statutorily required contribution	(350)	(316)	(305)	(302)	(288)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 3,717	\$ 3,392	\$ 3,243	\$ 3,198	\$ 3,049
Contributions as a percentage of covered payroll	9.42%	9.32%	9.40%	9.44%	9.44%

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

See accompanying independent auditors' report

**CITY OF WEBSTER CITY, IOWA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2023**

---

**Changes of Benefit Terms:**

There are no significant changes in benefit terms.

**Changes of Assumptions:**

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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 NINE YEARS\* (IN THOUSANDS)**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	2023	2022	2021	2020	2019
City's proportion of the net pension liability	.32436%	.31095%	.27856%	.28529%	.29300%
City's proportionate share of the net pension liability	\$ 1,822	\$ 698	\$ 2,222	\$ 1,871	\$ 1,742
City's covered payroll	\$ 1,096	\$ 1,010	\$ 885	\$ 864	\$ 850
City's proportionate share of the net pension liability as a percentage of its covered payroll	66%	69%	251%	217%	205%
Plan fiduciary net position as a percentage of the total pension liability	85%	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, 2023**

---

	2023	2022	2021	2020	2019
Statutorily required contribution	\$ 258	\$ 287	\$ 351	\$ 216	\$ 225
Contributions in relation to the statutorily required contribution	(258)	(287)	(351)	(216)	(225)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,078	\$ 1,096	\$ 1,010	\$ 885	\$ 864
Contributions as a percentage of covered payroll	23.93%	26.19%	34.75%	24.41%	26.04%

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

See accompanying independent auditors' report



**CITY OF WEBSTER CITY  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY  
YEAR ENDED JUNE 30, 2023**

---

**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, 2023**

	2023	2022	2021	2020	2019
Service Cost	\$ 18,182	\$ 14,629	\$ 13,424	\$ 14,687	\$ 16,729
Interest Cost	4,039	4,403	5,228	7,211	6,909
Difference between expected and actual experiences	(6,172)	(13,224)	(10,777)	(51,199)	(24,799)
Changes in assumptions	(21,845)	9,534	8,003	(6,394)	(3,458)
Benefit payments	-	-	(923)	-	-
Net change in total OPEB liability	(5,796)	15,342	14,954	(35,695)	(4,619)
Total OPEB liability beginning of year	166,244	150,902	135,947	171,642	176,261
Total OPEB liability end of year	<u>\$ 160,448</u>	<u>\$ 166,244</u>	<u>\$ 150,902</u>	<u>\$ 135,947</u>	<u>\$ 171,642</u>
Covered-employee payroll	\$ 4,834,630	\$ 4,033,956	\$ 4,505,464	\$ 3,631,342	\$ 3,995,583
Total OPEB liability as a percentage of covered-employee payroll	3.3%	4.1%	3.3%	3.7%	4.3%
	<hr/>				
	2018				
Service Cost	\$ 13,109				
Interest Cost	4,776				
Difference between expected and actual experiences	11,937				
Changes in assumptions	(2,912)				
Benefit payments	<u>(2,245)</u>				
Net change in total OPEB liability	<u>24,665</u>				
Total OPEB liability beginning of year	<u>151,596</u>				
Total OPEB liability end of year	<u>\$ 176,261</u>				
Covered-employee payroll	\$ 3,696,412				
Total OPEB liability as a percentage of covered-employee payroll	4.8%				

See accompanying independent auditor's report

**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, 2023**

---

**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, 2023	4.09%
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.

**CITY OF WEBSTER CITY, IOWA**  
**COMBINING BALANCE SHEET**  
**Governmental Nonmajor Funds**  
**June 30, 2023**

	<b>Special Revenue Funds</b>			
	<b>FICA/ IPERS</b>	<b>Worker's Compensation</b>	<b>Medical/Flex Insurance</b>	<b>Unemployment Compensation</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ 25,425	\$ 61
Investments	100,000	140,000	200,000	-
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	-	-	-
Taxes	2,861	1,334	8,394	95
Subsequent Year Taxes	282,120	153,141	786,669	18,042
Accrued Interest	719	1,007	1,512	-
Notes Receivable	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-
Inventories	-	-	-	-
Prepaid Assets	-	-	-	-
<b>Total Assets</b>	<b>385,700</b>	<b>295,482</b>	<b>1,022,000</b>	<b>18,198</b>
<b>Liabilities</b>				
Accounts Payable	-	-	-	-
Accrued Wages	-	-	-	-
Other Accrued Expenses	-	-	-	-
Due to Other Funds	16,217	248	-	-
Unearned Revenue	-	-	-	-
<b>Total Liabilities</b>	<b>16,217</b>	<b>248</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue - Subsequent Year Property Taxes	282,120	153,141	786,669	18,042
Unavailable Revenue - Other	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>282,120</b>	<b>153,141</b>	<b>786,669</b>	<b>18,042</b>
<b>Fund Balances</b>				
Non-Spendable:				
Inventories	-	-	-	-
Permanent Fund	-	-	-	-
Restricted:				
Specific Tax Levy	87,363	142,093	235,331	156
Streets	-	-	-	-
Capital Projects	-	-	-	-
Economic Development Activities	-	-	-	-
Committed:				
Police Activities	-	-	-	-
Economic Development Activities	-	-	-	-
Community Development Activities	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>87,363</b>	<b>142,093</b>	<b>235,331</b>	<b>156</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 385,700</b>	<b>\$ 295,482</b>	<b>\$ 1,022,000</b>	<b>\$ 18,198</b>

Special Revenue Funds						
Road Use Tax	Police/Fire Retirement	DARE	Police Reserve Fund	Economic Development Loan	WC Comm Rehabilitation Revolving Loan	
\$ 467,332	\$ 43,491	\$ -	\$ 3,611	\$ 65,879	\$ 45,790	
1,563,730	-	-	-	513,730	100,000	
817	-	-	-	16	-	
-	2,690	-	-	-	-	
-	267,582	-	-	-	-	
25,015	-	-	-	597	1,817	
-	-	-	-	33,233	8,649	
87,976	-	-	-	-	-	
43,404	-	-	-	-	-	
1,569	-	-	-	-	-	
2,189,843	313,763	-	3,611	613,455	156,256	
270,130	-	-	-	1,846	-	
9,243	-	-	-	-	-	
595	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
279,968	-	-	-	1,846	-	
-	267,582	-	-	-	-	
25,015	323	-	-	33,545	1,817	
25,015	267,905	-	-	33,545	1,817	
43,404	-	-	-	-	-	
-	-	-	-	-	-	
-	45,858	-	-	-	-	
1,841,456	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	3,611	-	-	
-	-	-	-	578,064	154,439	
-	-	-	-	-	-	
-	-	-	-	-	-	
1,884,860	45,858	-	3,611	578,064	154,439	
\$ 2,189,843	\$ 313,763	\$ -	\$ 3,611	\$ 613,455	\$ 156,256	

**CITY OF WEBSTER CITY, IOWA**  
**COMBINING BALANCE SHEET**  
**Governmental Nonmajor Funds**  
**June 30, 2023**

	Special Revenue Funds			
	Urban Renewal TIF Gourley	Urban Renewal TIF Riverview	Urban Renewal TIF Hy-Vee	Urban Renewal TIF Brewer Creek
<b>Assets</b>				
Cash and Cash Equivalents	\$ -	\$ -	\$ 3,766	\$ -
Investments	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	-	-	-
Taxes	-	741	-	-
Subsequent Year Taxes	33,206	12,827	-	18,449
Accrued Interest	-	-	-	-
Notes Receivable	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-
Inventories	-	-	-	-
Prepaid Assets	-	-	-	-
<b>Total Assets</b>	<b>33,206</b>	<b>13,568</b>	<b>3,766</b>	<b>18,449</b>
<b>Liabilities:</b>				
Accounts Payable	-	-	-	-
Accrued Wages	-	-	-	-
Other Accrued Expenses	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue - Subsequent Year Property Taxes	33,206	12,827	-	18,449
Unavailable Revenue - Other	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>33,206</b>	<b>12,827</b>	<b>-</b>	<b>18,449</b>
<b>Fund Balances:</b>				
Non-Spendable:				
Inventories	-	-	-	-
Permanent Fund	-	-	-	-
Restricted:				
Specific Tax Levy	-	741	3,766	-
Streets	-	-	-	-
Capital Projects	-	-	-	-
Economic Development Activities	-	-	-	-
Committed:				
Police Activities	-	-	-	-
Economic Development Activities	-	-	-	-
Community Development Activities	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>741</b>	<b>3,766</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 33,206</b>	<b>\$ 13,568</b>	<b>\$ 3,766</b>	<b>\$ 18,449</b>

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	
\$ 42,429	\$ 85	\$ 261,947	\$ -	\$ 2	\$ 17	
-	-	-	-	-	-	-
-	-	-	-	-	-	-
575	-	-	-	-	-	-
28,390	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	111,000	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
71,394	85	372,947	-	2	17	
20,598	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	20,998	4,561	-	-
-	-	-	-	-	-	-
20,598	-	-	20,998	4,561	-	-
28,390	-	-	-	-	-	-
-	-	111,000	-	-	-	-
28,390	-	111,000	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
22,406	85	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	261,947	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	17
-	-	-	(20,998)	(4,559)	-	-
22,406	85	261,947	(20,998)	(4,559)	17	
\$ 71,394	\$ 85	\$ 372,947	\$ -	\$ 2	\$ 17	

**CITY OF WEBSTER CITY, IOWA**  
**COMBINING BALANCE SHEET**  
**Governmental Nonmajor Funds**  
**June 30, 2023**

	Special Revenue Funds			
	Wilson Brewer Park Depot	Webster City Pride	First State Bank TIF	Infinity TIF
<b>Assets</b>				
Cash and Cash Equivalents	\$ 1,917	\$ 4,252	\$ 16,116	\$ 50,735
Investments	-	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	-	-	-
Taxes	-	-	-	-
Subsequent Year Taxes	-	-	35,000	-
Accrued Interest	-	-	-	-
Notes Receivable	-	-	-	-
Due from Other Governmental Agencies	-	-	-	-
Inventories	-	-	-	-
Prepaid Assets	-	-	-	-
<b>Total Assets</b>	<u>1,917</u>	<u>4,252</u>	<u>51,116</u>	<u>50,735</u>
<b>Liabilities:</b>				
Accounts Payable	-	-	-	-
Accrued Wages	-	-	-	-
Other Accrued Expenses	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue - Subsequent Year Property Taxes	-	-	35,000	-
Unavailable Revenue - Other	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>35,000</u>	<u>-</u>
<b>Fund Balances:</b>				
Non-Spendable:				
Inventories	-	-	-	-
Permanent Fund	-	-	-	-
Restricted:				
Specific Tax Levy	-	-	16,116	50,735
Streets	-	-	-	-
Capital Projects	-	-	-	-
Economic Development Activities	-	-	-	-
Committed:				
Police Activities	-	-	-	-
Economic Development Activities	-	-	-	-
Community Development Activities	1,917	4,252	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<u>1,917</u>	<u>4,252</u>	<u>16,116</u>	<u>50,735</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 1,917</u>	<u>\$ 4,252</u>	<u>\$ 51,116</u>	<u>\$ 50,735</u>



Special Revenue Funds					
Webster City Federal TIF	Van Diest Medical Center TIF	TIF Town & Country	TIF Fareway	TIF Funds Funds	
\$ 10,042	\$ -	\$ 15,156	\$ 8,677	\$ 91,676	
-	-	-	-	-	
-	-	-	-	-	
65,000	-	-	8,000	74,229	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
75,042	-	15,156	16,677	165,905	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
16,503	2,500	-	-	-	
-	-	-	-	-	
16,503	2,500	-	-	-	
65,000	-	-	8,000	74,229	
-	-	-	-	-	
65,000	-	-	8,000	74,229	
-	-	-	-	-	
-	-	-	-	-	
-	-	15,156	8,677	91,676	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
(6,461)	(2,500)	-	-	-	
(6,461)	(2,500)	15,156	8,677	91,676	
\$ 75,042	\$ -	\$ 15,156	\$ 16,677	\$ 165,905	

**CITY OF WEBSTER CITY, IOWA**  
**COMBINING BALANCE SHEET**  
**Governmental Nonmajor Funds**  
**June 30, 2023**

	<b>Special Revenue Funds</b>		
	<b>TIF 3DK</b>	<b>TIF Custom Meats</b>	<b>TIF Tasler's</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 15,520	\$ -	\$ -
Investments	-	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)			
Accounts	-	-	1,500
Taxes	-	-	-
Subsequent Year Taxes	12,110	-	-
Accrued Interest	-	-	-
Notes Receivable	-	-	-
Due from Other Governmental Agencies	-	-	-
Inventories	-	-	-
Prepaid Assets			
<b>Total Assets</b>	<b>27,630</b>	<b>-</b>	<b>1,500</b>
<b>Liabilities:</b>			
Accounts Payable	-	-	-
Accrued Wages	-	-	-
Other Accrued Expenses	-	-	-
Due to Other Funds	-	-	1,500
Unearned Revenue	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>1,500</b>
<b>Deferred Inflows of Resources</b>			
Unavailable Revenue - Subsequent Year Property Taxes	12,110	-	-
Unavailable Revenue - Other	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>12,110</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>			
Non-Spendable:			
Inventories	-	-	-
Permanent Fund	-	-	-
Restricted:			
Specific Tax Levy	15,520	-	-
Streets	-	-	-
Capital Projects	-	-	-
Economic Development Activities	-	-	-
Committed:			
Police Activities	-	-	-
Economic Development Activities	-	-	-
Community Development Activities	-	-	-
Unassigned	-	-	-
<b>Total Fund Balances</b>	<b>15,520</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 27,630</b>	<b>\$ -</b>	<b>\$ 1,500</b>

Capital Project Funds				
TIF Ridge Development	Second Street Reconstruction	1999 Sidewalk Improvements	Bridge Project	
\$ 22,964	\$ -	\$ 47,161	\$ 42,734	
-	-	-	-	
-	-	-	-	
42,001	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	-	-	
64,965	-	47,161	42,734	
-	-	-	6,264	
-	-	-	-	
-	482,862	-	-	
-	-	-	-	
-	482,862	-	6,264	
42,001	-	-	-	
-	-	-	-	
42,001	-	-	-	
-	-	-	-	
-	-	-	-	
22,964	-	-	-	
-	-	-	-	
-	-	47,161	36,470	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	(482,862)	-	-	
22,964	(482,862)	47,161	36,470	
\$ 64,965	\$ -	\$ 47,161	\$ 42,734	

**CITY OF WEBSTER CITY, IOWA**  
**COMBINING BALANCE SHEET**  
**Governmental Nonmajor Funds**  
**June 30, 2023**

	<b>Capital Project Funds</b>			
	<b>American Rescue Plan</b>	<b>Capital Improvement Reserve</b>	<b>Wilson Brewer</b>	<b>Railroad Crossing Bicentennial</b>
<b>Assets</b>				
Cash and Cash Equivalents	\$ 153,934	\$ 502,855	\$ 5,067	\$ 149
Investments	1,000,000	3,500,000	-	-
Receivables (Net, where applicable, of allowance for uncollectibles)				
Accounts	-	-	-	-
Taxes	-	-	-	-
Subsequent Year Taxes	-	-	-	-
Accrued Interest	23,436	67,595	-	-
Notes Receivable	-	-	-	-
Due from Other Governmental Agencies	-	83,202	-	-
Inventories	-	-	-	-
Prepaid Assets	-	-	-	-
<b>Total Assets</b>	<b>1,177,370</b>	<b>4,153,652</b>	<b>5,067</b>	<b>149</b>
<b>Liabilities:</b>				
Accounts Payable	-	-	3,250	-
Accrued Wages	-	-	-	-
Other Accrued Expenses	-	-	-	-
Due to Other Funds	-	-	-	-
Unearned Revenue	1,170,555	-	-	-
<b>Total Liabilities</b>	<b>1,170,555</b>	<b>-</b>	<b>3,250</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenue - Subsequent Year Property Taxes	-	-	-	-
Unavailable Revenue - Other	-	67,595	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>67,595</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Non-Spendable:				
Inventories	-	-	-	-
Permanent Fund	-	-	-	-
Restricted:				
Specific Tax Levy	-	-	-	-
Streets	-	4,086,057	-	-
Capital Projects	6,815	-	-	149
Economic Development Activities	-	-	1,817	-
Committed:				
Police Activities	-	-	-	-
Economic Development Activities	-	-	-	-
Community Development Activities	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>6,815</b>	<b>4,086,057</b>	<b>1,817</b>	<b>149</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 1,177,370</b>	<b>\$ 4,153,652</b>	<b>\$ 5,067</b>	<b>\$ 149</b>

Capital Project Funds		Permanent		Total
2020		Perpetual		Governmental
2nd St	E Twin	Care		Nonmajor
Reconstruction	Improvements	Fund		Funds
\$ 234,357	\$ 12,560	\$ 463,839	\$ 2,659,546	
-	-	-	7,117,460	
-	-	760	3,093	
-	-	-	16,690	
-	-	-	1,836,766	
-	-	-	121,698	
-	-	-	152,882	
-	-	-	171,178	
-	-	-	43,404	
-	-	-	1,569	
234,357	12,560	464,599	12,124,286	
173,907	-	-	475,995	
-	-	-	9,243	
-	-	-	595	
-	-	-	545,389	
-	-	-	1,170,555	
173,907	-	-	2,201,777	
-	-	-	1,836,766	
-	-	-	239,295	
-	-	-	2,076,061	
-	-	-	43,404	
-	-	464,599	464,599	
-	-	-	758,643	
-	-	-	5,927,513	
60,450	-	-	151,045	
-	12,560	-	276,324	
-	-	-	3,611	
-	-	-	732,503	
-	-	-	6,186	
-	-	-	(517,380)	
60,450	12,560	464,599	7,846,448	
\$ 234,357	\$ 12,560	\$ 464,599	\$ 12,124,286	

**CITY OF WEBSTER CITY, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2023**

	<b>Special Revenue Funds</b>			
	<b>FICA/ IPERS</b>	<b>Worker's Compensation</b>	<b>Medical/Flex Insurance</b>	<b>Unemployment Compensation</b>
Revenue:				
Taxes	\$ 261,077	\$ 122,215	\$ 768,368	\$ 8,703
Intergovernmental Revenue	5,295	1,576	16,645	69
Charges for Services	-	-	-	-
Contributions	-	-	-	-
Refunds/Reimbursements	-	-	-	-
Interest	-	-	-	-
Miscellaneous	-	2,529	-	-
Total Revenue	266,372	126,320	785,013	8,772
Expenditures:				
Public Safety	69,509	92,641	385,228	6,615
Public Works	62,845	15,632	117,483	2,043
Culture and Recreation	77,260	18,826	90,539	2,899
Community and Economic Development	-	-	-	-
General Government	43,388	1,074	65,995	1,065
Capital Projects	-	-	-	-
Total Expenditures	253,002	128,173	659,245	12,622
Excess (deficiency) of revenues over expenditures	13,370	(1,853)	125,768	(3,850)
Other financing sources (uses):				
Issuance of Debt	-	-	-	-
Transfers In	-	-	-	8,600
Transfers Out	-	(8,600)	-	-
Total other financing sources (uses)	-	(8,600)	-	8,600
Net Change in Fund Balance	13,370	(10,453)	125,768	4,750
Fund balances (deficits) -beginning of year	73,993	152,546	109,563	(4,594)
Fund balances (deficits) - end of year	\$ 87,363	\$ 142,093	\$ 235,331	\$ 156

Special Revenue Funds					
Road Use Tax	Police/Fire Retirement	DARE	Police Reserve Fund	Economic Development Loan	WC Comm Rehabilitation Revolving Loan
\$ -	\$ 246,483	\$ -	\$ -	\$ -	\$ -
1,081,682	5,016	-	-	-	-
4,093	-	-	-	-	-
-	-	20	-	-	-
-	-	-	-	-	-
23,848	648	-	52	15,117	1,553
162	-	9	-	8,854	168
1,109,785	252,147	29	52	23,971	1,721
-	257,199	440	-	-	-
985,630	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	56,599	-
-	-	-	-	-	-
-	-	-	-	-	-
985,630	257,199	440	-	56,599	-
124,155	(5,052)	(411)	52	(32,628)	1,721
13,180	-	-	-	-	-
538,140	-	293	-	36,189	-
(240,000)	-	-	-	-	-
311,320	-	293	-	36,189	-
435,475	(5,052)	(118)	52	3,561	1,721
1,449,385	50,910	118	3,559	574,503	152,718
\$ 1,884,860	\$ 45,858	\$ -	\$ 3,611	\$ 578,064	\$ 154,439

**CITY OF WEBSTER CITY, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2023**

	Special Revenue Funds			
	Urban Renewal TIF Gourley	Urban Renewal TIF Riverview	Urban Renewal TIF Hy-Vee	Urban Renewal TIF Brewer Creek
Revenue:				
Taxes	\$ 26,037	\$ 31,849	\$ -	\$ 18,171
Intergovernmental Revenue	-	-	-	-
Charges for Services	-	-	-	-
Contributions	-	-	-	-
Refunds/Reimbursements	-	-	-	-
Interest	-	284	9	156
Miscellaneous	-	-	-	-
Total Revenue	26,037	32,133	9	18,327
Expenditures:				
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Community and Economic Development	17,101	-	-	-
General Government	-	-	-	-
Capital Projects	-	-	-	-
Total Expenditures	17,101	-	-	-
Excess (deficiency) of revenues over expenditures	8,936	32,133	9	18,327
Other financing sources (uses):				
Issuance of Debt	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	(8,936)	(34,807)	-	(19,061)
Total other financing sources (uses)	(8,936)	(34,807)	-	(19,061)
Net Change in Fund Balance	-	(2,674)	9	(734)
Fund balances (deficits) -beginning of year	-	3,415	3,757	734
Fund balances (deficits) - end of year	\$ -	\$ 741	\$ 3,766	\$ -



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	
\$ 29,569	\$ -	\$ -	\$ -	\$ -	\$ -	-
1,147	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	36,000	-	-	-	-
-	-	1,197	-	-	-	-
331	-	645	-	-	-	-
31,047	-	37,842	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
28,068	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
28,068	-	-	-	-	-	-
2,979	-	37,842	-	-	-	-
-	-	-	-	-	-	-
2,146	-	-	-	-	-	-
-	-	-	-	-	-	-
2,146	-	-	-	-	-	-
5,125	-	37,842	-	-	-	-
17,281	85	224,105	(20,998)	(4,559)		17
\$ 22,406	\$ 85	\$ 261,947	\$ (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, 2023**

	<b>Special Revenue Funds</b>			
	<b>Wilson Brewer Park Depot</b>	<b>Webster City Pride</b>	<b>First State Bank TIF</b>	<b>Infinity TIF</b>
Revenue:				
Taxes	\$ -	\$ -	\$ 58,402	\$ -
Intergovernmental Revenue	-	-	-	-
Charges for Services	-	-	-	-
Contributions	-	-	-	-
Refunds/Reimbursements	-	-	-	-
Interest	70	-	-	-
Miscellaneous	-	-	-	-
Total Revenue	70	-	58,402	-
Expenditures:				
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Community and Economic Development	-	-	56,554	-
General Government	-	-	-	-
Capital Projects	-	-	-	-
Total Expenditures	-	-	56,554	-
Excess (deficiency) of revenues over expenditures	70	-	1,848	-
Other financing sources (uses):				
Issuance of Debt	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net Change in Fund Balance	70	-	1,848	-
Fund balances (deficits) -beginning of year	1,847	4,252	14,268	50,735
Fund balances (deficits) - end of year	\$ 1,917	\$ 4,252	\$ 16,116	\$ 50,735

Special Revenue Funds					
Webster City Federal TIF	Van Diest Medical Center TIF	TIF Town & Country	TIF Fareway	TIF Funds Funds	
\$ 64,412	\$ -	\$ -	\$ 7,927	\$ 26,755	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	1	-	
64,412	-	-	7,928	26,755	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
53,175	-	-	7,203	24,506	
-	-	-	-	-	
-	-	-	-	-	
53,175	-	-	7,203	24,506	
11,237	-	-	725	2,249	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
11,237	-	-	725	2,249	
(17,698)	(2,500)	15,156	7,952	89,427	
\$ (6,461)	\$ (2,500)	\$ 15,156	\$ 8,677	\$ 91,676	

**CITY OF WEBSTER CITY, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2023**

	<b>Special Revenue Funds</b>		
	<b>TIF 3DK</b>	<b>TIF Custom Meats</b>	<b>TIF Tasler's</b>
Revenue:			
Taxes	\$ 11,892	\$ -	\$ -
Intergovernmental Revenue	-	-	-
Charges for Services	-	-	-
Contributions	-	-	-
Refunds/Reimbursements	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total Revenue	<u>11,892</u>	<u>-</u>	<u>-</u>
Expenditures:			
Public Safety	-	-	-
Public Works	-	-	-
Culture and Recreation	-	-	-
Community and Economic Development	9,641	-	-
General Government	-	-	-
Capital Projects	-	-	-
Total Expenditures	<u>9,641</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>2,251</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):			
Issuance of Debt	-	-	-
Transfers In	-	897	-
Transfers Out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>897</u>	<u>-</u>
Net Change in Fund Balance	2,251	897	-
Fund balances (deficits) -beginning of year	<u>13,269</u>	<u>(897)</u>	<u>-</u>
Fund balances (deficits) - end of year	<u>\$ 15,520</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Project Funds				
TIF Ridge Development	Second Street Reconstruction	1999 Sidewalk Improvements	Bridge Project	
\$ 42,718	\$ -	\$ -	\$ -	
-	-	-	-	
-	-	-	-	
-	-	-	-	
-	-	681	-	
-	1	-	-	
42,718	1	681	-	
-	-	-	-	
-	-	-	-	
10,895	-	-	-	
-	-	-	-	
-	-	-	6,264	
10,895	-	-	6,264	
31,823	1	681	(6,264)	
-	-	-	-	
-	32,661	-	-	
(16,437)	-	-	-	
(16,437)	32,661	-	-	
15,386	32,662	681	(6,264)	
7,578	(515,524)	46,480	42,734	
\$ 22,964	\$ (482,862)	\$ 47,161	\$ 36,470	

**CITY OF WEBSTER CITY, IOWA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**Governmental Nonmajor Funds**  
**For the Year Ended June 30, 2023**

	Capital Project Funds			
	American Rescue Plan	Capital Improvement Reserve	Wilson Brewer	Railroad Crossing Bicentennial
Revenue:				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenue	-	1,264,744	-	-
Charges for Services	-	-	-	-
Contributions	-	-	28,332	-
Refunds/Reimbursements	-	-	-	-
Interest	6,815	46,480	-	-
Miscellaneous	-	6,270	-	-
Total Revenue	6,815	1,317,494	28,332	-
Expenditures:				
Public Safety	-	-	-	-
Public Works	-	-	-	-
Culture and Recreation	-	-	-	-
Community and Economic Development	-	-	-	-
General Government	-	-	-	-
Capital Projects	-	-	26,515	-
Total Expenditures	-	-	26,515	-
Excess (deficiency) of revenues over expenditures	6,815	1,317,494	1,817	-
Other financing sources (uses):				
Proceeds from Debt Financing	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	(162,674)	-	-
Total other financing sources (uses)	-	(162,674)	-	-
Net Change in Fund Balance	6,815	1,154,820	1,817	-
Fund balances (deficits) -beginning of year	-	2,931,237	-	149
Fund balances (deficits) - end of year	\$ 6,815	\$ 4,086,057	\$ 1,817	\$ 149

Capital Project Funds		Permanent	Total
2020		Perpetual	Governmental
2nd St	E Twin	Care	Nonmajor
Reconstruction	Improvements	Fund	Funds
\$ -	\$ -	\$ -	\$ 1,724,578
-	-	-	2,376,174
-	-	8,740	12,833
-	32,009	-	60,361
-	-	-	36,000
-	-	-	96,910
-	-	-	18,970
-	32,009	8,740	4,325,826
-	-	-	811,632
-	-	-	1,183,633
-	-	-	189,524
-	-	-	263,742
-	-	-	111,522
416,328	9,638	-	458,745
416,328	9,638	-	3,018,798
(416,328)	22,371	8,740	1,307,028
-	-	-	13,180
15,133	27,251	-	661,310
(1,299,768)	-	-	(1,790,283)
(1,284,635)	27,251	-	(1,115,793)
(1,700,963)	49,622	8,740	191,235
1,761,413	(37,062)	455,859	7,655,213
\$ 60,450	\$ 12,560	\$ 464,599	\$ 7,846,448

**CITY OF WEBSTER CITY, IOWA**  
**COMBINING SCHEDULE OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2023**

	<b>Trust Funds</b>					
	<b>Joe E. Barr Trust</b>	<b>Edgar Foster Trust</b>	<b>Calvary Cemetery Trust</b>	<b>Zella Silvers Trust</b>	<b>Mulberry Church Trust</b>	<b>Totals</b>
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ 1,568	\$ 1,854	\$ 5,112	\$ 2,875	\$ 11,227	\$ 22,636
Receivables:						
Accounts Receivable	-	-	-	-	164	164
<b>Total Assets</b>	<b>1,568</b>	<b>1,854</b>	<b>5,112</b>	<b>2,875</b>	<b>11,391</b>	<b>22,800</b>
<b>NET POSITION</b>						
Restricted for individuals, organizations, and other governments	1,568	1,854	5,112	2,875	11,391	22,800
Total Liabilities and Net Position	<u>\$ 1,568</u>	<u>\$ 1,854</u>	<u>\$ 5,112</u>	<u>\$ 2,875</u>	<u>\$ 11,391</u>	<u>22,800</u>



**CITY OF WEBSTER CITY, IOWA**  
**COMBINING SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2023**

	Trust Funds					
	Joe E. Barr Trust	Edgar Foster Trust	Calvary Cemetery Trust	Zella Sillers Trust	Mulberry Church Trust	Totals
<b>Additions</b>						
Interest Income	\$ -	\$ -	\$ -	\$ -	\$ 265	\$ 265
Miscellaneous	-	-	-	-	11,039	11,039
<b>Total Additions</b>	-	-	-	-	11,304	11,304
<b>Deductions</b>						
Culture and Recreation	31	31	-	31	15,939	16,032
Changes in Net Position	(31)	(31)	-	(31)	(4,635)	(4,728)
Net Position Beginning of Year	1,599	1,885	5,112	2,906	16,026	27,528
Net Position End of Year	<u>\$ 1,568</u>	<u>\$ 1,854</u>	<u>\$ 5,112</u>	<u>\$ 2,875</u>	<u>\$ 11,391</u>	<u>\$ 22,800</u>



21 1<sup>st</sup> 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, 2023, 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, 2023.

**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 identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 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*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2023 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.

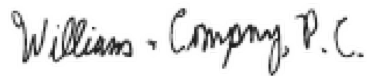
### **City of Webster City, Iowa's Response to Findings**

*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, 2023

**CITY OF WEBSTER CITY, IOWA**  
**Schedule of Findings**  
**For the Year Ended June 30, 2023**

---

**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:**

2023-001 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, 2023**

---

**Part III: Other Findings Related to Statutory Reporting:**

III-A-23 - Certified Budget – Disbursements during the year ended June 30, 2023 exceeded the amount budgeted in culture and recreation and debt service functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

Response – The budget will be amended in the future, if applicable.

III-B-23 - Questionable Expenditures - We noted no questionable expenditures during our audit.

III-C-23 - Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

III-D-23 - Business Transactions – Business transactions between the City and City officials are detailed as follows:

<b>Name, Title and Business Connection</b>	<b>Transaction/Description</b>	<b>Amount</b>
Tile Pros, Inc. – Brandon Hayes, Fireman	Contractor	\$ 1,851
Zehner Safety – Don Zehner, Fireman	Supplies	1,084
Estlund Heating & AC – Jeremy Estlund, Fireman	Repair	108
TMI – Brandon Hayes, Fireman	Contractor	2,919
AW.some Mowing—Logan Welch, Councilman	Maintenance	\$ 9,339

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with Zehner Safety, Estlund Heating & AC, Tile Pros, Inc., 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 AW.some Mowing may represent a conflict of interest and the City should contact legal counsel for determination.

III-E-23 - 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-23 - 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-23 - Council Minutes - We noted no transactions requiring approval which had not been approved by the Council.

III-H-23 - Revenue Bonds - No violations of revenue bond resolutions were noted.

**CITY OF WEBSTER CITY, IOWA**  
**Schedule of Findings**  
**For the Year Ended June 30, 2023**

---

**Part III: Other Findings Related to Statutory Reporting (Continued):**

- III-I-23 - 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-23 - 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.