

CITY OF MASON CITY, IOWA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019

- Prepared By -

The Department of Finance
Kevin Jacobson, Director

**INTRODUCTORY
SECTION**

**CITY OF MASON CITY, IOWA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2019**

T A B L E O F C O N T E N T S

		<u>Page</u>
<u>INTRODUCTORY SECTION</u>		
Table of Contents		i-iii
City Officials		iv
Organizational Chart		v
Transmittal Letter		vi-xv
Certificate of Achievement		xvi
	<u>Exhibit</u>	
<u>FINANCIAL SECTION</u>		
Independent Auditor's Report		1-3
Management's Discussion and Analysis		4-13
Basic Financial Statements:		
Government-wide Financial Statements:		
Statement of Net Position	1	14-15
Statement of Activities	2	16-17
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	3	18-19
Reconciliation of Balance Sheet of Government Funds to the Statement of Net Position.	4	20
Statement of Revenues, Expenditures and Changes in Fund Balances	5	21-22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.	6	23
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual	7	24-25
Road Use Tax Fund - Statement of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual	8	26-27
Proprietary Funds:		
Statement of Net Position	9	28-31
Statement of Revenues, Expenses and Changes in Net Position	10	32-33
Statement of Cash Flows	11	34-37
Fiduciary Funds:		
Statement of Net Position	12	38
Statement of Changes in Fiduciary Net Position	13	39
Notes to Financial Statements		40-76
	<u>Schedule</u>	
Required Supplementary Information:		
Schedule of Changes in Total OPEB Liability	1	77
Schedule of the City's Proportionate Share of the Net Pension Liabilities - IPERS.	2	78-79
Schedule of City Contributions - IPERS.	3	80-81

**CITY OF MASON CITY, IOWA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2019**

T A B L E O F C O N T E N T S

Notes to Required Supplementary Information - Pension Liability - IPERS.	82-83
Schedule of the City's Proportionate Share of the Net Pension Liabilities - MFPRSI	4 84-85
Schedule of City Contributions - MFPRSI	5 86-87
Notes to Required Supplementary Information - Pension Liability - MFPRSI	88

Schedule

Supplementary Information:

Nonmajor Governmental Funds:

Combining Balance Sheet	1	89-92
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	2	93-96
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual:		
Special Revenue Funds:		
Unified TIF	3	97
Hotel/Motel Tax	4	98
Police Retirement	5	99
Fire Retirement	6	100
Employee Retirement	7	101
Library Trust	8	102
Medical Costs.	9	103
Softball Improvement Trust	10	104
Youth Softball Complex Trust	11	105
City Administered Grants.	12	106
Housing	13	107
Mason City Downtown	14	108
Debt Service Fund	15	109

Capital Projects Fund:

Local Option Capital Improvement	16	110
River City Renaissance Fund	17	111

Permanent Fund:

MacNider Museum Trust	18	112
---------------------------------	----	-----

Nonmajor Enterprise Funds:

Combining Statement of Net Position	19	113-116
Combining Statement of Revenues, Expenses and Changes in Net Position	20	117-118
Combining Statement of Cash Flows	21	119-122

Internal Service Funds:

Combining Statement of Net Position	22	123
---	----	-----

**CITY OF MASON CITY, IOWA
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 YEAR ENDED JUNE 30, 2019**

T A B L E O F C O N T E N T S

Combining Statement of Revenues, Expenses and Changes in Net Position	23	124
Combining Statement of Cash Flows	24	125-126
Capital Assets Used in the Operation of Governmental Funds:		
Schedule by Source	25	127
Schedule by Function and Activity	26	128-129
Schedule of Changes by Function and Activity	27	130-131

STATISTICAL SECTION

Statistical Section		132
Net Position by Component	1	133-134
Change in Net Position.	2	135-138
Fund Balances - Governmental Funds	3	139-140
Changes in Fund Balance - Governmental Funds	4	141-142
General Governmental Tax Revenues by Source	5	143
Assessed and Actual Value of Taxable Property	6	144-145
Property Tax Rates - Direct and Overlapping Governments	7	146-147
Principal Property Tax Payers	8	148-149
Property Tax Levies and Collections	9	150-151
Ratio of Outstanding Debt by Type	10	152-153
Ratio of Net General Obligation Bonded Debt to Assessed Value and Per Capita	11	154
Direct and Overlapping Governmental Activities Debt	12	155
Legal Debt Margin Information	13	156-157
Pledged Revenue Coverage - Sewer	14	158
Pledged Revenue Coverage - Water	15	159
Demographic Statistics	16	160
Principal Employers	17	161-162
Full-Time Equivalent City Employees by Function	18	163-164
Operating Indicators by Function/Program	19	165-166
Capital Asset Statistics by Function/Program	20	167-168

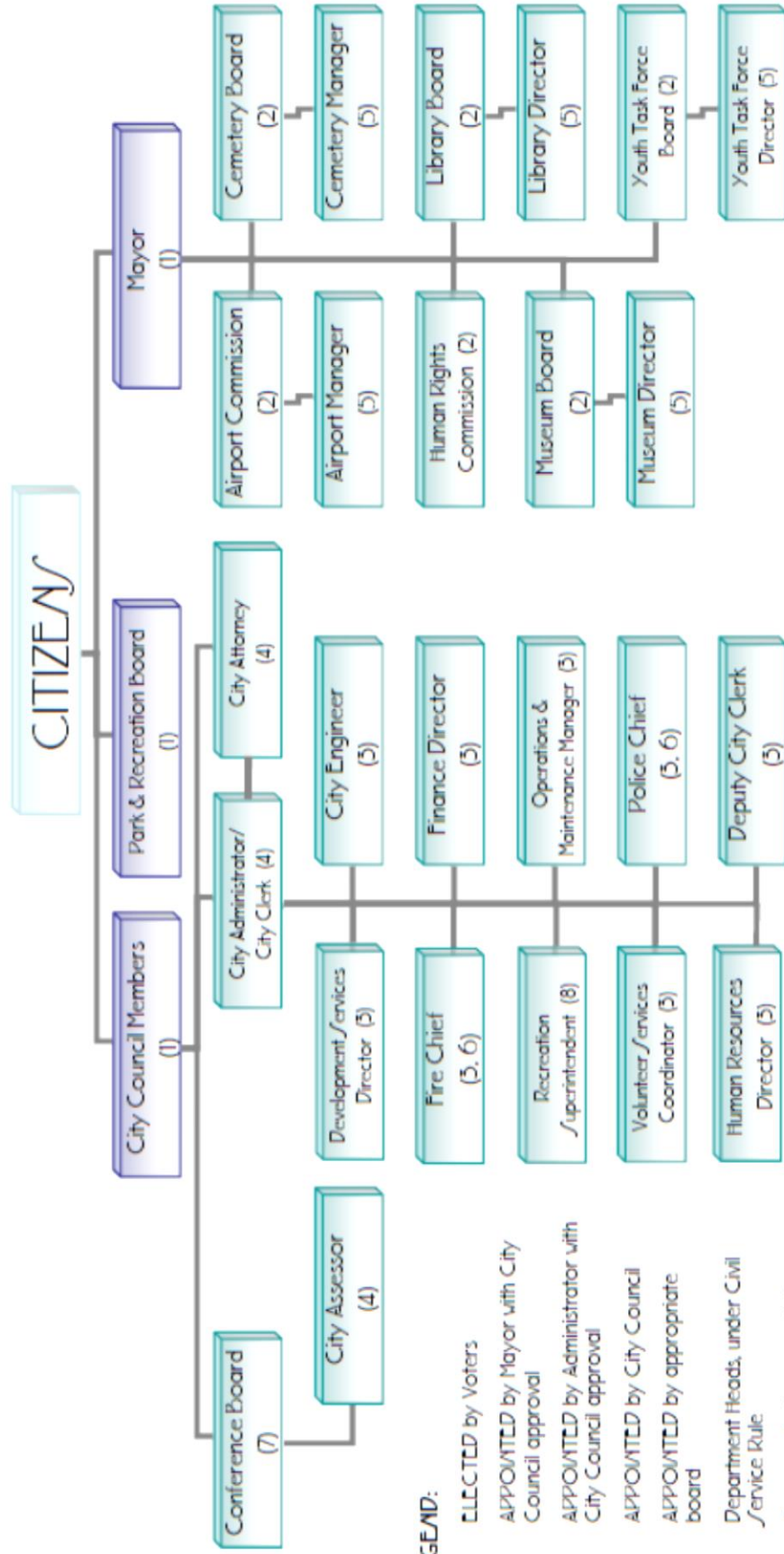
COMPLIANCE SECTION

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>		169-170
Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.		171-172
Schedule of Expenditures of Federal Awards		173-174
Notes to Schedule of Expenditures of Federal Awards		175
Schedule of Findings and Questioned Costs		176-180
Corrective Action Plan for Federal Audit Findings		181
Summary Schedule of Prior Audit Findings		182

**CITY OF MASON CITY, IOWA
CITY OFFICIALS
YEAR ENDED JUNE 30, 2019**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Bill Schickel	Mayor	2022
Paul Adams	Mayor Pro-Tem	2020
Tom Thoma	Council Member	2022
Will Symonds	Council Member	2022
Joshua Masson	Council Member	2020
John Lee	Council Member	2020
John Jaszewski	Council Member	2022
Aaron Burnett	City Administrator	2019
Diana Black	Deputy City Clerk	2019
Kevin Jacobson	Director of Finance/Treasurer	2019
Randy Nielsen	City Attorney, Civil Law	2019
Pam Osgood	Airport Manager	2019
Edith Blanchard	MacNider Museum Director	2019
Dana Shipley	City Assessor	2019
Russ Kramer	Band Director	2019
Randy Opheim	Elmwood Cemetery Manager	2019
Steven Van Steenhuyse	Development Services Director	2019
Erik Bullinger	Fire Chief	2019
Perry Buffington	Human Resources Manager	2019
Mary Markwalter	Library Director	2019
William Stangler	Operations and Maintenance Manager	2019
William Stangler	Parks Superintendent	2019
Jeffrey Brinkley	Police Chief	2019
Mark Rahm	City Engineer	2019
Brian Pauly	Superintendent of Recreation & Golf	2019

City of Mason City



LEGEND:

- (1) ELECTED by Voters
- (2) APPOINTED by Mayor with City Council approval
- (5) APPOINTED by Administrator with City Council approval
- (4) APPOINTED by City Council
- (5) APPOINTED by appropriate board
- (6) Department Heads, under Civil Service Rule.
- (7) Composed of representatives from City Council, County Board of Supervisors, and Mason City Board of Education
- (8) APPOINTED by Administrator with Park Board approval



10 First Street Northwest
Mason City, IA 50401-3224
(641) 421-3600
www.masoncity.net

December 20, 2019

The Honorable Mayor and
Members of the City Council
City of Mason City, Iowa

The Comprehensive Annual Financial Report of the City of Mason City, Iowa for the fiscal year ended June 30, 2019 (FY19) is submitted herewith in accordance with the provisions of Section 384.22 of the Code of Iowa, 1995, as amended, the recommendations of the Government Finance Officers Association and in conformity with accounting principles generally accepted in the United States of America.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and compliance. The introductory section includes a table of contents, a list of City Officials, the organizational chart, this transmittal letter, and a copy of the Certificate of Achievement for Excellence in Financial Reporting earned for the fiscal year ended June 30, 2018. The financial section includes management's discussion and analysis, the basic financial statements, and nonmajor funds and other schedules for the fiscal year ended June 30, 2019, as well as the independent auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The compliance section encompasses requirements related to the single audit, various federal and state grants, and statutory and regulatory compliance.

This report was prepared by the City's Department of Finance. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

GAAP require that management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Mason City's MD&A can be found immediately following the report of the independent auditors.

GOVERNMENTAL STRUCTURE

The City of Mason City operates under the Mayor/Council form of government with six City Council members, four of which are elected from wards and two elected at large. The Mayor is elected at large for a four-year term. The City Council is elected to four-year terms. Three Council seats are up for election every two years. The City Administrator reports to the City Council. Ten departments are under the direction of the City Administrator. The City Attorney is a contracted position under the direction of the City Administrator. Six departments are under the direction of a board or commission. The Mayor and Council appoint members of the Airport, Human Rights Commission, and Youth Task Force Commissions, Library, Cemetery, and Museum Boards. Departments include City Clerk, Development Services, Engineering, Finance, Fire, Human Resources, Operations and Maintenance, Parks, Recreation, Police and Volunteer Services.

The Neighborhood Services Division oversees Transit, Health, Inspections and Animal Control services. The City owns the Mason City Public Library, the Highland Park Golf Course and the Mason City Municipal Airport.

ECONOMIC CONDITION AND OUTLOOK

The City's Development Services Department continues its planning and economic development efforts to spur development and redevelopment in the community in accordance with the City's Comprehensive Plan and City Council goals. Development activities are focused on both downtown and the community's commercial areas and industrial parks. A major concentration of the department is on Downtown development, particularly the River City Renaissance Reinvestment District. This project, which will be partially financed with rebated state sales and hotel/motel taxes, as well as tax increment financing and private fundraising, includes a select-service hotel, conversion of the Music Man Square museum into a mid-sized conference and convention facility, an indoor-outdoor performing arts pavilion, and a 2,200-seat multi-use arena. These projects will increase the downtown tax base and retain/draw younger skilled workers and their families to Mason City. In addition, 131 new market-rate apartment units just south of Southbridge Mall will bring new residents and vitality to the city center.

The City continues to work with the North Iowa Corridor Economic Development Corporation (NICEDC), to promote and facilitate job creation and capital investment in the Mason City area. The NICEDC is a county-wide economic development corporation that has merged the assets and efforts of Mason City, Clear Lake and Cerro Gordo County to market the entire county, assist local industries and attract new capital investment and jobs.

NICEDC is partially funded by Mason City to serve as the City's economic development marketing and recruitment arm. They provide information and support to prospective employers, maintain a database of available buildings and sites within the region and partner with numerous local, regional, state and national organizations to market and recruit business to North Iowa. Key industries targeted by NICEDC are warehousing/distribution, value-added agriculture, food processing, and advanced manufacturing.

The population in the City of Mason City, IA was 27,093 per the U.S. Census population estimate on July 1, 2018. The region has a civilian labor force of 22,990 with a participation rate of 64.9%. Of individuals 25 to 64 in Cerro Gordo County, Iowa, 22.9% have a bachelor's degree or higher which compares with 32.3% in the nation. The median household income in Cerro Gordo County, Iowa is \$50,569 and the median house value is \$121,500.

The local economy continued to be very strong, with over \$300 million in project development for 2019. As of 2019Q2, total employment for the City of Mason City, IA was 19,290 (based on a four-quarter moving average). Over the year ending 2019Q2, employment declined 1.7% in the region. The seasonally adjusted unemployment rate for Cerro Gordo County, Iowa was 2.7% as of October 2019. The regional unemployment rate was lower than the national rate of 3.7%. One year earlier, in October 2018, the unemployment rate in Cerro Gordo County, Iowa was 2.6%. The average worker in the City of Mason City, IA earned annual wages of \$42,425 as of 2019Q2. Average annual wages per worker increased 3.2% in the region over the preceding four quarters. For comparison purposes, annual average wages were \$57,025 in the nation as of 2019Q2.

The Cost of Living Index estimates the relative price levels for consumer goods and services. When applied to wages and salaries, the result is a measure of relative purchasing power. The cost of living is 11.0% lower in City of Mason City, IA than the U.S. average.

Gross Domestic Product (GDP) is the total value of goods and services produced by a region. In 2018, nominal GDP in Cerro Gordo County, Iowa expanded 2.6%. This follows growth of 2.3% in 2017. As of 2018, total GDP in Cerro Gordo County, Iowa was \$2,458,693,000. Of the sectors in Cerro Gordo County, Iowa, Health Care and Social Assistance contributed the largest portion of GDP in 2018, \$406,047,000. The next-largest contributions came from Manufacturing (\$378,153,000); Finance and Insurance (\$213,538,000); and Retail Trade (\$185,058,000).

The largest sector in the City of Mason City, IA is Health Care and Social Assistance, employing 3,996 workers. The next-largest sectors in the region are Retail Trade (2,972 workers) and Manufacturing (2,439). High location quotients (LQs) indicate sectors in which a region has high concentrations of employment compared to the national average. The sectors with the largest LQs in the region are Manufacturing (LQ = 1.53), Retail Trade (1.48), and Health Care and Social Assistance (1.44).

Sectors in the City of Mason City, IA with the highest average wages per worker are Utilities (\$107,248), Finance and Insurance (\$63,344), and Information (\$59,751). Regional sectors with the best job growth (or most moderate job losses) over the last 5 years are Manufacturing (+284 jobs), Professional, Scientific, and Technical Services (+133), and Educational Services (+86).

A cluster is a geographic concentration of interrelated industries or occupations. The industry cluster in the City of Mason City, IA with the highest relative concentration is Food Mfg. with a location quotient of 3.55. This cluster employs 786 workers in the region with an average wage of \$56,670. Employment in the Food Mfg. cluster is projected to contract in the region about 1.1% per year over the next ten years.

The largest major occupation group in the City of Mason City, IA is Office and Administrative Support Occupations, employing 2,650 workers. The next-largest occupation groups in the region are Sales and Related Occupations (2,278 workers) and Production Occupations (1,683). High location quotients (LQs) indicate occupation groups in which a region has high concentrations of employment compared to the national average. The major groups with the largest LQs in the region are Healthcare Practitioners and Technical Occupations (LQ = 1.52), Production Occupations (1.45), and Healthcare Support Occupations (1.30).

Occupation groups in the City of Mason City, IA with the highest average wages per worker are Management Occupations (\$89,200), Legal Occupations (\$82,100), and Healthcare Practitioners and Technical Occupations (\$77,500). The unemployment rate in the region varied among the major groups from 1.0% among Healthcare Practitioners and Technical Occupations to 6.1% among Farming, Fishing, and Forestry Occupations.

Accomplishments for the past fiscal year include:

- NICEDC worked with Kraft-Heinz and their consultants to attract a \$63 million expansion project to their MC plant, creating 40+ new jobs. The project began in the summer and is expected to be operational by summer 2020. NICEDC secured a state High Quality Jobs incentive for the project and worked with the City on property tax rebates.
- NICEDC secured a \$555,078 RISE grant for Mason City from the Iowa DOT for the construction of a new road to serve the \$40+ million expansion project with 40 new jobs for Bushel Boy Farms. The project broke ground in August and intends to begin operations in summer 2020. The facility will encompass a 16.5-acre greenhouse for hydroponic tomatoes, with a 2nd and 3rd phase planned that would each add another 16.5-acre greenhouse and 30+ jobs. The new road also opens over 60 acres to the east up for future development.
- NICEDC worked with Golden Grain Energy ethanol plant to secure a \$25 million expansion project that has added 5 new jobs. The project adds new facilities and equipment to improve and expand production. The project is largely complete at the end of the year. NICEDC is initial discussions with the company for another large expansion that may begin in 2020.

- NICEDC recruited Talon Development to Mason City to construct a \$16 million, 133-unit apartment and townhome complex in downtown MC. The project broke ground in July and is on schedule to open in summer of 2020. It is one of the first projects in Iowa to utilize the new Opportunity Zone incentive and is being widely publicized as a best practice example.
- MercyOne North Iowa completed their \$11 million Behavioral Health Center addition and held the ribbon cutting in the summer. The new facility brings a vital new treatment option to the region. MercyOne is also continuing several multi-million-dollar expansion and upgrade projects at their facility.
- Workforce initiatives: The NICEDC worked in collaboration with local schools and North Iowa Area Community College (NIACC) to further post-high school degree attainment, engage our youth in the local business culture to encourage staying in the area post high school, and grow our curriculum to meet current and future workforce needs. NICEDC hosted or participated in a number of school/business connection events reaching approximately 1,500 students (over 1,000 from Mason City), 50 educators (30 from Mason City) and 85 businesses (40 from Mason City).
- Business Retention and Expansion (BRE): The NICEDC staff makes weekly contact with businesses and each year conduct on-site in-depth interviews with local leaders of nearly 15 program-targeted companies to gather comprehensive data and intelligence on business challenges and opportunities with each company. This information is used to identify common areas of concern, which are presented to the governing bodies and used to make adjustments to find solutions to issues. In addition to company interviews, the NICEDC has more than 300 company touches with discussions involving workforce, VNI, downtown projects, school/business connections, future planning, buildings and sites, operations, utilities, etc.
- The NICEDC assists with promotion of industrial park sites along the Avenue of the Saints, I-35, and other areas within the city. Also, promotion and marketing of the industrial sites in Mason City's South Industrial Park and other areas of the city, as well as a number of industrial and commercial buildings.
- The NICEDC hosted visits from the Iowa Economic Development Authority and commercial real estate-generated prospect visits to buildings and sites in the community, with the City offering public financial incentive packages in some instances.
- The NICEDC continued to be the lead organization of the seven-county North Central Iowa Alliance regional marketing group, which markets the entire North Central Iowa region as a location to create jobs and wealth. This included increased efforts to grow and retain the region's workforce with refreshed marketing materials and a website.
- The City and the NICEDC continued their partnerships with small business development organizations, including the John Pappajohn Entrepreneurial Center and the Small Business Development Center, to ensure better information sharing and flow. In the past year, the NICEDC began a job-share with JPEC for a Marketing and Communications specialist, who is working to run each organization's efforts. That is leading to a new workforce attraction website and marketing co-op opportunity with IEDA that will kick off in 2020 at www.thisisnorthiowa.com.
- The NICEDC developed 20 potential business leads, with total capital investment potential over \$150 million and potential for 155 new jobs.

Mason City, with its transportation network of interstate highways, four-lane highways, airport, rail service, regional workforce, low property tax rates, excellent education system and community college, top notch hospital and health care, regional retail center, regional cultural and recreational amenities, and the willingness to use public financial incentives to assist quality job retention and creation, remains a competitive force for economic development in North Central Iowa.

EXPANDED AND NEW INDUSTRIES 7/1/18 - 6/30/19

The valuation of expanded industrial development totaled approximately \$1,561,000 while new or expanded commercial and industrial development together totaled \$9,938,028 (these figures are based on construction value used to calculate permit fees).

FY19 saw several major commercial developments, redevelopments and additions. Major projects included relocating a ski, cycle and exercise equipment store from the commercial fringe to an expanded building near Downtown (valued at \$400,000). Ground was broken for a new tire store (\$850,000) and new automated car wash (\$2,800,000), with both opening in Spring 2020.

Major developments in the institutional sector begun or completed during FY19 include a new Behavioral Health wing at Mercy - North Iowa Medical Center (valued at \$7,600,000) and a Science, Technology, Engineering and Mathematics Center at North Iowa Area Community College (valued at \$9.4 million). The new Community Health Clinic opened downtown, bringing physical, behavioral and dental health services to underserved residents.

Other commercial and industrial ventures commenced or were completed in FY19, including a major expansion to Golden Grain Energy, with a new fermenter, storage building, and administration center, valued at \$2,145,000. Bushel Boy Farms began construction of a 330,000 tomato production greenhouse, valued at \$450,000, with an attached packaging facility. This represents only the first phase, with the building tripling in size when the final phase is completed.

DOWNTOWN

In 2018, the City initiated the Downtown Revitalization Loan (DoRL) Program, which provides a matching loan of up to \$30,000, forgivable after seven years. Since inception, the City has approved \$290,980 in loan funds, which have leveraged over \$1.26 million dollars in private investment.

The City has continued to work with Main Street Mason City (MSMC) to stabilize and enhance the downtown area. The Federal Avenue Streetscape project, completed in 2012, continues to serve as a catalyst for downtown redevelopment, as does the 2011 restoration of Frank Lloyd Wright's only surviving hotel, the Historic Park Inn. In 2014, the Downtown Façade Rehabilitation Program was completed, funded with a \$500,000 CDBG grant. These funds were used to rehabilitate 11 historic facades in the downtown area and leveraged an additional \$5,000,000 in private funding from local banks for downtown development. As a part of the CDBG grant, MSMC also assists the City in management of a \$150,000 low interest revolving loan fund for building improvements in the downtown TIF district.

The MSMC organization and its many volunteers provide a program that includes economic development, organizational development, promotions/events/marketing and design (appearance) improvements in the downtown. The organization continued to provide several successful events, such as three Friday Night Live summer concerts, a tour of historic buildings in October, Home for the Holidays, and a St. Patrick's Day Bar Hop, as well as co-sponsoring several others. The organization maintains its recognition as a National Main Street Community and is working with Main Street Iowa to promote Downtown Mason City as a premier place to do business and be entertained.

The most visible new development in Downtown Mason City is the Multi-Purpose Arena, within the Southbridge Mall. Valued at \$14,500,000, this 2,400-seat arena (which can accommodate more than 3,000 for concerts) is being constructed within the walls of the former J. C. Penney department store. The Arena will open in late 2019 for hockey and other ice sports, with concerts and other events held during the summer. The Arena is part of the "River City Renaissance" program, which anticipates construction of a new select-service hotel, a new Performing Arts Pavilion at the north entrance of Southbridge Mall, and conversion of The Music Man Square to a conference center (while maintaining the Meredith Willson Music Man museum and exhibits).

HOUSING

A market-rate townhome development, valued at \$3.2 million, was completed in 2019. In addition, a 131-unit market rate apartment complex broke ground on land just south of Downtown. This project, valued at \$16,000,000, will be completed in late 2020.

New housing construction in FY19 included 10 new single-family dwellings (which includes three duplex/twin-home units). The number of single-family dwelling units built is about the same as previous years. Five (5) single-family dwellings were demolished. After comparing the number of housing units built by the number demolished, the net housing loss in FY19 totals 5 dwelling units.

TRAFFIC

In 2019, the Mason City Engineering Department completed the inspection and accepted the following transportation improvement projects within the City of Mason City. The purpose of these projects is to expand the existing network to accommodate the increase in vehicular and pedestrian traffic.

The South Kentucky Avenue Pavement Widening Improvements project included street widening between 19th Street SE and 15th Street SE. The previous unimproved pavement was a 24' wide rural section with rock shoulders. This widening and addition of a curb and gutter section resulted in a 41' wide street. The total length of the street widening and improvements included 775' on the west side and 350' on the east side. Also completed were storm sewer improvements and the extension of a pedestrian sidewalk from Marble Court to 19th Street SE, approximately 430'.

The 2018 Alley Paving Project included the paving of a 12' wide Portland Cement Concrete (PCC) alley between 26th Street SW and 27th Street SW, from South Adams Avenue to South Jefferson Avenue. This paving replaced the previous gravel alley; the total length of the alley is 480'.

The 2018 Street Rehabilitation Program included utility improvements, pavement patching, curb and gutter replacement, and a Hot Mix Asphalt (HMA) overlay. The total length of streets overlaid was 6,825 feet and was performed on designated streets at various locations within the City. Also completed was the upgrade of 28 pedestrian sidewalk ramps to meet ADA compliance.

The Pedestrian Trail Improvements Project Phase 2 included Hot Mix Asphalt (HMA) pedestrian trail extensions. The locations of trail extensions were on the north side of 4th Street SE (Highway 122) from South Illinois Avenue to Birch Drive, South Taft Avenue from 19th Street SW to 4th Street SW (Highway 122), 9th Street SW from Village Green Drive to South Taft Avenue and on Illinois Avenue from 4th Street SE (Highway 122) to Birch Drive. Altogether, a total of 13,150' of new 10' wide HMA trail was placed.

FINANCIAL INFORMATION

For financial reporting purposes, in conformance with Governmental Accounting Standards Board (GASB) Statement No. 14 The Financial Reporting Entity, the City includes all funds, organizations, agencies, boards, commissions, and authorities that are financially accountable to the City.

Single Audit: As a recipient of federal, state and county financial assistance, the City also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation by management and the internal audit staff of the City.

As a part of the City's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2019 provided one instance of material weakness in the internal control structure.

Internal Controls: To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficiently reliable information for the preparation of the City's financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement.

Budgetary Controls: In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City's governing body. Activities of all funds are included in the annual appropriated budget. The legal level of control for budgetary purposes for all funds as set by Iowa law is at the program level.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management. As with the financial section, all amounts presented in the remainder of this letter are expressed in whole dollars.

General Governmental Functions: The following schedule presents a summary of general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2019.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>
Taxes	\$20,851,377	69.15%
Licenses and Permits	617,470	2.05
Intergovernmental	5,848,277	19.40
Service Revenues	800,931	2.66
Fines and Forfeitures	47,708	0.16
Use of Monies and Properties	1,308,613	4.34
Special Assessments	15,996	0.05
Miscellaneous	657,345	2.18
Refunds	4,295	0.01
Total	<u>\$30,152,012</u>	<u>100.00%</u>

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2019.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>
Public Safety	\$10,607,328	24.02%
Public Works	4,281,467	9.69
Health and Social Services	379,095	0.86
Culture and Recreation	3,351,409	7.59
Community & Economic Development	2,055,858	4.65
General Government	2,737,217	6.20
Capital Projects	11,867,507	26.87
Debt Service	8,887,408	20.12
Total	<u>\$44,167,289</u>	<u>100.00%</u>

GENERAL FUND BALANCE

The General Fund closed the FY19 with a fund balance of \$6,354,194 compared to \$5,733,072 on June 30, 2018. This was due to a \$621,122 increase of revenues over expenditures for FY19.

ENTERPRISE FUNDS

The Enterprise Funds of the City include the following:

1. Cemetery Fund - Operating revenues were \$97,714 in FY19, a decrease of 22.2% from FY18. Operating expenses were \$371,404 in FY19, a decrease of 5.4% from FY18. Net income was \$28,498 in FY19, a 122.7% increase from FY18.
2. Waterworks Fund - Operating revenues were \$5,864,705 in FY19, a decrease of 5.0% from FY18. Operating expenses were \$5,379,829 in FY19, an increase of 12.1% from FY18. Net income was \$74,315 in FY19, a 94.9% decrease from FY18.
3. Sewer Rental Fund - Operating revenues were \$4,404,911 in FY19, a decrease of 5.8% from FY18. Operating expenses were \$3,774,012 in FY19, an increase of 4.1% from FY18. Net income was \$548,872 in FY19, a 38.0% decrease from FY18.
4. Parking Lots Fund - Operating revenues were \$37,427 in FY19, an increase of 840.8% from FY18. Operating expenses were \$127,081 in FY19, a decrease of 1.2% from FY18. Net income was \$20,578 in FY19, a 156.7% increase from FY18.
5. Storm Sewer Fund - Operating revenues were \$291,153 in FY19, a decrease of 1.0% from FY18. Operating expenses were \$218,128 in FY19, an increase of 6.2% from FY18. Net income was \$31,201 in FY19, a 72.1% decrease from FY18.
6. Solid Waste Fund - Operating revenues were \$1,515,426 in FY19, an increase of 2.5% from FY18. Operating expenses were \$1,485,231 in FY19, an increase of 5.1% from FY18. Net income was \$7,056 in FY19, an 88.5% decrease from FY18.
7. Golf Course Fund - Operating revenues were \$352,346 in FY19, a decrease of 1.8% from FY18. Operating expenses were \$470,301 in FY19, an increase of 6.9% from FY18. Net income was \$(58,506) in FY19, a 95.7% decrease from FY18.
8. Ambulance Fund - Operating revenues were \$1,767,341 in FY19, an increase of 6.5% from FY18. Operating expenses were \$2,111,746 in FY19, an increase of 4.9% from FY18. Net income was \$(281,469) in FY19, a 20.9% increase from FY18.

INTERNAL SERVICE FUNDS

The Central Services Internal Service Fund is used to account for the costs of the centralized service operations, and the Employee Health Care Fund is used to account for the payment of health insurance costs and the reimbursement of employee's portion of costs.

FIDUCIARY FUNDS

Fiduciary Funds are established to account for assets held by the governmental units in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds.

DEBT ADMINISTRATION

The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the City's debt position to management, citizens, and investors. The following shows this information as of June 30, 2019:

	<u>Amount</u>	<u>RATIOS</u>	
		<u>Debt to Assessed Value</u>	<u>Debt per Capita</u>
Net Bonded Debt	\$37,347,525	2.27%	\$1,378

The City issued \$26,365,000 of General Obligation bonds during the year to fund various public works, parks, utility-related projects, and the River City Renaissance economic development project.

FINANCIAL POLICIES AND LONG-TERM FINANCIAL PLANNING

The City Council has adopted budget and fiscal policies. For the City's General Fund, the fund balance policy strives to maintain an unassigned general fund balance no less than \$4,900,000. These funds are necessary to meet cash flow needs during the initial months of the new fiscal year as property tax revenue, the primary source of funding for general operations, is collected semi-annually with the vast majority of those taxes remitted to the City in the months of October and April. Fund balance policies are also set for Road Use Tax, Local Option Sales & Service Tax (LOST), Water, Sewer and Sanitation. During FY 2019, the City met all fund balance policies.

As a guideline for the budget process the City uses the established financial and budget policies which are reviewed and adopted annually by the City Council in connection with the budget process. Some of the goals of the financial policies include preserving capital through prudent budgeting and financial management, achieving a stable balance between the City's ongoing financial commitments and the continuing revenues available to the City, and to leverage local dollars with Federal and State funding grants. These financial policies ensure the City has appropriately recorded and accounted for transactions in our financial statements.

The City's adopted financial and budget policies generally provide for the City to use unrestricted cash reserves, not to exceed 5% of the projected year-end level, to keep the tax levy rate from increasing in the next fiscal year. Reserve use greater than 5% will need City Council approval. For fiscal year 2019, the City is planning on a \$150,000 surplus due to budgeting for only 2/3 of the commercial rollback from the State of Iowa. The City will continue to reduce the commercial rollback included in the upcoming budget down to 1/3 of the money to be collected. This will help increase the fund balance policy back up to \$5,000,000.

The City Council annually adopts a five-year Capital Improvement Plan. The plan identifies capital projects associated with the various departments throughout the City. It also shows the funding source for each of the projects. Major funding sources for capital projects include new debt, LOST, Road Use Tax and proprietary revenues.

The City Council approves the Debt Service policy during the budget process. The policy establishes the following measures in regard to the issuance of debt. First, the City prefers to limit the amount of general obligation debt payment to 25% of the total general operating budget.

Second, debt maturities shall be for the shortest time possible under the circumstances, and in no situation will debt maturities exceed the useful life of the asset being acquired or constructed. Third, the debt service property tax rate will be maintained between \$2.00 to \$3.00 per \$1,000 of valuation. Voter approved debt is removed from this calculation. Finally, the City's debt shall be rated by Moody's Investor Services and the City shall maintain its current "Aa3" rating.

The City Council also adopted Debt Service, Investment and Fund Transfer policies.

OTHER INFORMATION

Independent Audit: The Code of Iowa requires an annual audit be made of the financial condition and transactions of all administrative departments of the City by the State Auditor or by a Certified Public Accountant selected by the City Council. The audit for FY19 was made by Kronlage & Olson, P.C., Certified Public Accountants. Their opinion has been included in this report.

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mason City, Iowa, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the thirty-third consecutive year that the government has achieved this prestigious award. The City of Mason City was one of only approximately 20 Iowa cities to receive the award for this fiscal year.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments: Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the entire staff of the Department of Finance and the various department heads and employees who assisted and contributed to its preparation. We wish to thank each one of you for your interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Kevin E. Jacobson
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Mason City
Iowa**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

**FINANCIAL
SECTION**



Kronlage & Olson, P.C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Mason City, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mason City, Iowa, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Mason City, Iowa's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mason City Housing Authority, which represents the entire assets, net position, and revenues of the discretely presented component unit. Those financial statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the Mason City Housing Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mason City, Iowa, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and Road Use Tax Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 4 through 13 and pages 77 through 88 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mason City, Iowa's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, capital asset schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and is also not a required part of the basic financial statements.

The budgetary comparison statements, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, the budgetary comparison statements, combining and individual nonmajor fund financial statements, capital asset schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of the City of Mason City, Iowa'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 Mason City, Iowa's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Mason City, Iowa's internal control over financial reporting and compliance.

Kronlage & Olson, P.C.

Charles City, Iowa

December 20, 2019

City of Mason City, Iowa Management's Discussion and Analysis

As management of the City of Mason City, we offer the readers of the City of Mason City's financial statements this narrative overview and analysis of the financial activities of the City of Mason City for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages vi-xv of this report. Professional standards require the inclusion of certain comparative information in the Management's Discussion and Analysis (MD&A).

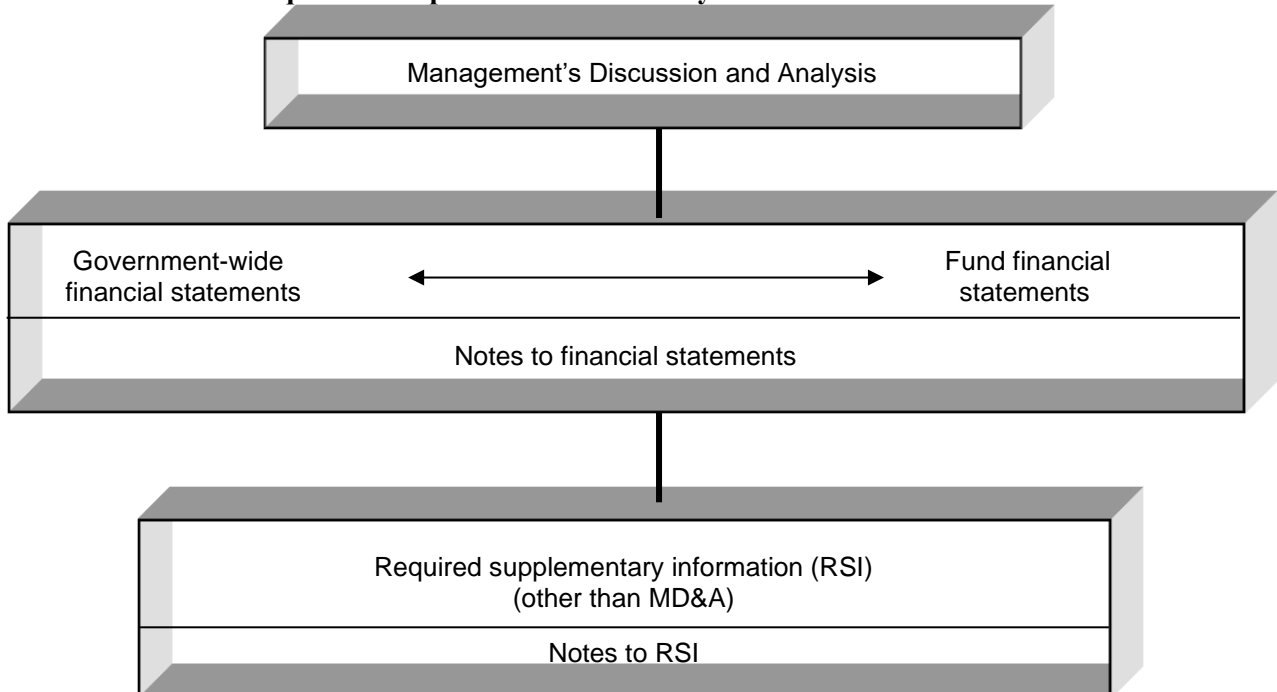
FINANCIAL HIGHLIGHTS

- The assets of the City of Mason City exceeded its liabilities at the close of June 30, 2019 by \$154.90 million (net position). Of this amount, \$35,050 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$2,630,817.
- At the close of the current fiscal year, the City of Mason City's governmental funds reported combined ending fund balances of \$29.66 million, an increase of \$13.07 million as compared to the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4.76 million, or 26.50% of the total general fund expenditures.
- Total debt increased by approximately \$15,687,000 (46.5%) during the current fiscal year. The City issued approximately \$26,365,000 million of new bonds and retired approximately \$10,678,000 million of existing bonds.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Mason City's basic financial statements. The City of Mason 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 other supplementary information in addition to the basic financial statements themselves.

Required Components of Mason City's Financial Statements



Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Mason 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 Mason City's assets, deferred out flows of resources, liabilities, and deferred inflows of resources with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Mason 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 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 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 Mason 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 Mason City include general government, police and fire protection, parks and recreation-oriented activities, library services, museum services, airport, cemetery services, and street operations and maintenance. The business-type activities of the City include the water and wastewater treatment facilities, storm sewer system, solid waste collection, ambulance service, parking lots and the golf course. The City's two component units, the Museum Foundation and the Mason City Housing Authority are included. Financial information for the foundation is included with governmental special revenue funds, while the housing authority is shown separately as a component unit.

The government-wide financial statements can be found on pages 14-17 of this report.

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 Mason City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Mason 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 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 governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for 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 Mason City maintains 25 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, Road Use Tax Fund, Debt Service Fund and River City Renaissance Fund, which are considered as 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 Mason City adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for all of these funds to demonstrate compliance with the approved budget.

The basic governmental fund financial statements can be found on pages 18-27 of this report.

Proprietary Funds

The City of Mason City maintains two 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 uses enterprise funds to account for its Water, Sanitary Sewer and Ambulance funds. All other business type funds are combined into one non-major business type fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Mason City uses internal service funds to account for its maintenance functions and employee health care trust. Because these services predominately benefit governmental rather than business type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Treatment, Sanitary Sewer, and Ambulance as these are considered major funds of the City. Data from the other six enterprise funds are combined into a single aggregate presentation. Individual fund data for each of the non-major enterprise funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary financial statements can be found on pages 28-37 of this report.

Fiduciary Funds

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

The basic fiduciary funds financial statements can be found on pages 38-39 of this report.

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. The notes to the financial statements can be found on pages 40-76 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Mason City, assets exceeded liabilities by \$154,904,568 at the close of the most recent fiscal year.

By far the largest portion of the City of Mason City's net position (84.81%) reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery, and equipment); less any related outstanding debt used to acquire those assets. The City of Mason City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City of Mason City's investment 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.

The following two tables present condensed financial information on the City's Net Position and Changes in Net Position for the fiscal years ending June 30, 2019 and June 30, 2018.

City of Mason City's Net Position						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Current & other assets	\$ 56,447,217	\$ 39,781,737	\$ 7,658,965	\$ 7,677,330	\$ 64,106,182	\$ 47,459,067
Capital assets	108,578,701	106,276,381	72,763,856	74,003,186	181,342,557	180,279,567
Total assets	165,025,918	146,058,118	80,422,821	81,680,516	245,448,739	227,738,634
Deferred Outflows	4,158,083	4,217,441	1,385,394	1,396,580	5,543,477	5,614,021
Total assets and deferred outflows of resources	169,184,001	150,275,559	81,808,215	83,077,096	250,992,216	233,352,655
Long-term liabilities outstanding	47,414,295	29,244,138	17,644,587	19,748,356	65,058,882	48,992,494
Other liabilities	9,640,099	6,856,104	4,161,617	3,698,093	13,801,716	10,554,197
Total liabilities	57,054,394	36,100,242	21,806,204	23,446,449	78,860,598	59,546,691
Deferred Inflows	16,994,597	15,982,242	232,453	288,337	17,227,050	16,270,579
Total liabilities and deferred inflows of resources	74,048,991	52,082,484	22,038,657	23,734,786	96,087,648	75,817,270
Net Position:						
Net investment in capital assets	73,970,246	89,707,598	57,410,331	56,757,952	131,380,577	146,465,550
Restricted	23,488,941	1,562,349	-	2,749,609	23,488,941	4,311,958
Unrestricted	(2,324,177)	6,923,128	2,359,227	(165,251)	35,050	6,757,877
Total	95,135,010	98,193,075	59,769,558	59,342,310	154,904,568	157,535,385

A portion of the City of Mason City's net position (15.2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$35,050) may be used to meet the government's ongoing obligation to citizens and creditors.

At the end of the current fiscal year, the City of Mason City is able to report positive balances in two of the three categories of net position for governmental as a whole. The governmental activities has a negative net position due to the issuance of bonds for the River City Renaissance Project. The bonds are used to help construct an arena/convention area in the privately owned Southbridge Mall. The business-type activities have a positive unrestricted net position. As projects are finalized and closed, the majority are financed through the issuance of bonds, which are then repaid through the debt service levy, tax-increment financing or increased enterprise rates.

The government's overall net position decreased by \$2,630,817 during the current fiscal year. Most of the decrease was due to the issuance of bonds for an economic development project. The River City Renaissance Project is a public-private partnership to build an ice arena, convention area and offices for the City's Recreation Department in the privately owned Southbridge Mall in downtown Mason City. The project included \$16,150,000 of bonds issued to cover the costs of the economic development renovations to bring business back to the downtown core. The bonds will be paid for using Local Option Sales Tax revenues, Tax Increment Financing revenues, State sales and hotel/motel tax credits and the debt service levy. The City signed a 20-year lease with the Southbridge Mall to use the renovated space.

City of Mason City Change in Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Revenues:						
Charges for services	\$ 1,490,603	\$ 1,389,069	\$ 14,705,633	\$ 14,821,567	\$ 16,196,236	\$ 16,210,636
Operating grants & contributions	5,392,457	5,230,279	170,878	-	5,563,335	5,230,279
Capital grants & contributions	1,005,405	1,359,323	133,960	310,461	1,139,365	1,669,784
General Revenues:						
Taxes	23,659,184	22,408,031	164,279	156,448	23,823,463	22,564,479
Investment earnings	1,427,195	467,468	269,283	157,165	1,696,478	624,633
Miscellaneous	98,195	15,463	208,508	44,603	306,703	60,066
Total revenues	33,073,039	30,869,633	15,652,541	15,490,244	48,725,580	46,359,877
Expenses:						
Public safety	11,127,573	11,480,697	-	-	11,127,573	11,480,697
Public works	9,574,719	9,106,466	-	-	9,574,719	9,106,466
Health & social services	401,381	391,249	-	-	401,381	391,249
Culture & recreation	4,522,392	4,416,702	-	-	4,522,392	4,416,702
Community & econ development	7,670,240	2,326,652	-	-	7,670,240	2,326,652
General government	2,884,048	2,691,821	-	-	2,884,048	2,691,821
Interest on debt	809,206	600,722	-	-	809,206	600,722
Water	-	-	5,513,438	4,953,457	5,513,438	4,953,457
Sewer	-	-	4,047,256	3,914,179	4,047,256	3,914,179
Other	-	-	4,806,144	4,588,753	4,806,144	4,588,753
Total expenses	36,989,559	31,014,309	14,366,838	13,456,389	51,356,397	44,470,698
Inc in net position before transfers	(3,916,520)	(144,676)	1,285,703	2,033,855	(2,630,817)	1,889,179
Transfers	858,455	(75,385)	(858,455)	75,385	-	-
Increase in net position	(3,058,065)	(220,061)	427,248	2,109,240	(2,630,817)	1,889,179
Net position 7-1-2018	98,193,075	98,413,136	59,342,310	57,233,070	157,535,385	155,646,206
Net position 6-30-2019	\$ 95,135,010	\$ 98,193,075	\$ 59,769,558	\$ 59,342,310	\$ 154,904,568	\$ 157,535,385

Governmental Activities

The governmental activities' net position for the City of Mason City decreased by \$3,058,065 during the current fiscal year. The decrease in governmental activities unrestricted net position is due mainly to the River City Renaissance economic development project renovation of the Southbridge Mall. This project involves a public-private partnership to renovate one mall building in downtown Mason City and create activity to make the mall viable.

Business-type Activities

Total net position increased by \$427,248 for fiscal year 2019. This increase helped reduced the overall reduction in the City of Mason City's net position from Governmental activities. The Business-type increase is due to the increase in investment earnings and increased capital grants.

Charges for services for business-type activities decreased slightly from the prior year due to a reduction in residential consumption. Water, Sewer and Sanitation revenues were down from the prior year resulting in the decrease. Ambulance calls were relatively stable all resulting in revenues being slightly less than the prior year. All business-type fund rates remained the same as the prior year except for Sanitation which increased 7.21%.

Operating expenses for business type activities increased by 6.7%. Expenses in the Water Fund increased by 11.3%. The increase is due mainly to stockpiling residential meters for the city-wide meter replacement project. The Sewer expenses increased by 3.3% while other business type expenses increased by 4.7%.

Financial Analysis of the Government's Funds

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

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 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. In particular, unreserved fund balance serves as a useful measure of a government's net resources available for spending during the fiscal year.

In fiscal year 2011, the City adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The initial distinction that is made in reporting fund balance information is identifying amounts that are considered nonspendable, such as fund balance associated with inventories and prepaid expenses. The Statement also provides for additional classification as restricted, committed, assigned, and unassigned based on the relative strength of the constraints that control how specific amounts can be spent.

As of the end of the current fiscal year, the City of Mason City's governmental funds reported combined ending fund balances of \$29,661,315, an increase of \$13,068,963 in comparison with the prior year. The increase is due to issuance of the \$16,150,000 in bonds for the River City Renaissance Project. The fund balance has been reserved to indicate the amount not available for new spending because it has already been committed for; 1) nonspendable for endowment principal and prepaid expenses (\$804,479); 2) restricted purposes such as streets, employee benefits, parks, museum, cemetery, tort liability and the river City Renaissance project (\$22,102,578); and 3) assigned purposes such as Airport, Museum, Library and Recreation (\$2,294,686).

The General Fund is the chief operating fund of the City of Mason City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,746,555 while total fund balance reached \$6,354,194. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 26.5% of total General Fund expenditures, while total fund balance represents 35.47% of that same amount.

The General Fund balance increased by \$621,122. The major factors in this increase are as follows:

- Local Option Sales Tax collections were greater than anticipated for the fiscal year.
- Investment income was greater than anticipated due to higher rate of interest earned.

The Road Use Tax Fund has a total fund balance of \$1,376,772. The net decrease of \$88,739 is due to following:

- Employee benefit costs were increase over the prior fiscal year's amount.

The Debt Service Fund has a total fund balance of \$702,475. The net increase of \$271,292 in fund balance during the current year in the debt service fund is due to the premium on the sale of bonds and investment earnings on reserves. The premium included in fund balance will be used in future years to offset some of the Debt Service tax levy for bonds.

The River City Renaissance Fund has a total fund balance of \$11,601,104. This is a new fund of the City for FY 2019 and covers the cost of the RCR public-private partnership in the renovation of Southbridge Mall. The renovation is expected to be completed on the mall late December 2019. The second phase of the project involves a public-private partnership to build a hotel close to this project. Anticipated start date of this project is late in 2020.

During the fiscal year, the City of Mason City issued bonds for the following projects:

- \$5,550,000 General Obligation Bonds for Police and Fire equipment, various Street projects including a rehabilitation project, traffic signals, vehicle replacement and railroad crossing improvements, transit buses, park trails, Museum and Cemetery equipment and Airport projects.
- \$4,665,000 General Obligation Bonds to refund outstanding debt for the Library Renovation Project. The refunding bonds should save approximately \$300,000 on interest costs.
- \$16,150,000 General Obligation Bonds for the River City Renaissance project consisting of the new ice arena, pavilion and hotel.

The basic governmental fund financial statements can be found on pages 18-27.

Proprietary Funds

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

Unrestricted net position of the proprietary funds at the end of the year amounted to \$5,412,756. Water reported an increase in net position of \$74,315 and Sewer reported an increase of \$548,872. Sanitation rates were increase by 7.21%. There were no other rate increases for all other business-type funds. Budgeted capital projects funded with Water revenues were not completed in the fiscal year but will be completed in the next fiscal year. These dollars are held in Water until the project is completed. The increase in Sewer fund balance is due to the additional federal grants received for plant renovations. Also, Sewer budgeted capital projects were not completed in the fiscal year increasing cash, but the projects will continue in the next fiscal year.

The Capital Improvements Plan identifies and quantifies capital needs for the next several years. Rates in Water, Sewer, Storm Sewer and Sanitation proprietary funds are anticipated to rise as capital projects are scheduled to begin construction in the next few years. The Sewer rate is anticipated to increase as well due to a nutrient reduction project mandated by the Federal government. Those projects will be included as part of the 5-year capital plan.

General Fund Budgetary Highlights

Differences between original and final amended budget revenues amounted to \$5,867,654 and the significant items are summarized as follows:

- Refunded \$5,000,000 of existing debt for the Library renovation resulting in approximately \$300,000 in interest savings.
- Insurance claims were received for storm damaged items.
- New debt issued included the capitalized interest amount that would be due in FY 2019.

The variance between the amended revenue budget and actual revenues was due mainly to the delay in receiving additional operating grants for the City.

Differences between original and final amended budget expenses amounted to \$7,439,172 and the significant items are summarized as follows:

- Refunded \$5,000,000 of existing debt for the Library renovation resulting in approximately \$300,000 in interest savings.
- Library encountered an emergency roof repair costing \$125,000.
- Two street projects budget in FY 18 were completed in FY 19 and costs of \$653,000 were incurred and paid in FY 19.
- The City's 411 medical fund had a \$725,000 unanticipated bill in FY 18.
- The Water department purchased a vehicle for \$49,000 budgeted in the prior fiscal year.
- Sewer lines collapsed and were replaced at a cost of \$209,000.
- Debt issued included new interest cost of \$334,000.

The variance between the amended expenditure budget and actual expenses was due mainly to large capital projects not being completed during fiscal year 2019.

Capital Asset and Debt Administration

Capital Assets

The City of Mason City's investment in capital assets for its governmental and business type activities as of June 30, 2019 amounts to \$181,342,557 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements, machinery and equipment, and infrastructure.

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

- Replaced various pieces of equipment at the Police Department.
- Replaced radios at the Fire Department.
- Replaced an ambulance.
- The Airport rehabbed the taxi lanes and replaced the boiler.
- Several street projects including street rehabilitation, curb and sidewalk replacement and pavement markings for trails were completed.
- Several parks enhancements including road rehab, park playground equipment, vehicles and equipment, pool improvements, trail maintenance and Aquatic Center equipment.
- Finalized work on the new construction of the south water tower.
- Cemetery replaced an outdated tractor with new equipment.
- Water utility truck and water building restoration projects were completed.
- The Inflow and Infiltration Project continues to update the sewer infrastructure.

**City of Mason City's Capital Assets
(Net of depreciation)**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Land	\$ 20,975,492	\$ 20,975,492	\$ 4,823,362	\$ 4,823,362	\$ 25,798,854	\$ 25,798,854
Buildings & Structures	13,862,550	13,828,599	10,513,463	10,908,141	24,376,013	24,736,740
Other Improvements	17,527,259	18,266,370	298,043	293,152	17,825,302	18,559,522
Machinery & Equip	1,686,342	1,432,437	1,298,968	1,171,925	2,985,310	2,604,362
Vehicles	3,029,075	3,112,671	1,249,525	1,363,764	4,278,600	4,476,435
Infrastructure	43,423,294	45,892,310	51,083,920	52,954,987	94,507,214	98,847,297
Construction in Progress	8,074,689	2,768,502	3,496,575	2,487,855	11,571,264	5,256,357
Total	\$ 108,578,701	\$ 106,276,381	\$ 72,763,856	\$ 74,003,186	\$ 181,342,557	\$ 180,279,567

Additional information on the City of Mason City's capital assets can be found in note 6 on pages 55-56 of this report.

Long-Term Debt

The amount of debt outstanding at fiscal year-end was \$49.43 million as compared to \$33.74 million last fiscal year. The largest part of the increase is a result of issuing new debt for the River City Renaissance Project consisting of the new arena and pavilion in the Southbridge Mall and funds for the Hotel Project. Additional new debt was issued for Police and Fire equipment, street projects, transit buses, park trails, Museum and Cemetery equipment as well as a refunding bond for prior debt issued for the Library renovation. Of the total General Obligation Debt outstanding, \$33.98 million is backed by the full faith and credit of the City. The remainder is either General Obligation Debt abated by enterprise revenues or revenue bonds secured solely by specified revenue sources, namely tax increment revenues, water, sewer or ambulance revenues.

City of Mason City's Outstanding Debt

	Governmental		Business-Type		Total	
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
General obligation	\$ 33,977,000	\$ 16,386,000	\$ 7,073,000	\$ 4,454,000	\$ 41,050,000	\$ 20,840,000
Revenue bonds	-	-	8,381,000	12,904,000	8,381,000	12,904,000
Total	\$ 33,977,000	\$ 16,386,000	\$ 15,454,000	\$ 17,358,000	\$ 49,431,000	\$ 33,744,000

Moody's Investor Services downgraded the rate of the City's General Obligation Bonds from Aa2 to Aa3.

For more detailed information on the City's debt and amortization terms, please refer to Notes to the Financial Statements on pages 67-69.

State statutes limit the amount of General Obligation Debt a governmental entity may issue to 5% of its total assessed valuation. The current debt limitation for the City of Mason City is \$117,362,685 and the City of Mason City is currently at \$38,050,000 or 32.42% of its outstanding General Obligation Debt. As a comparison, the legal debt limit was \$86,081,326 and Mason City had issued \$20,840,000 or 24.21% of its legal debt capacity for the previous fiscal year.

Additional information on the City of Mason City's long-term debt can be found in Note 9 on pages 67-69 of this report.

Economic Factors and Next Year's Budget and Rates

- The national average unemployment for June 2019 is 3.70%. The unemployment level for June 2018 was 4.0%. Cerro Gordo County's rate for June 2019 is 2.7%, and the state's rate is 2.4%.
- The hourly wage rate in Cerro Gordo County averaged \$19.95 for 2018 and \$19.60 for 1st quarter 2019.
- Retail sales in Cerro Gordo County were \$699.1 million for fiscal year ending 2019, down from \$710.5 million in fiscal year 2018 and \$730.2 million in fiscal year 2017.
- The total value of building permits for fiscal year 2019 was approximately \$30.42 million. This compares with an amount of \$36.78 million for fiscal year 2018.

Next Year's Budget and Rates

For FY 2020, department managers were instructed to minimize any changes in budget in anticipation of stagnant revenues. However, certain costs such as payroll, insurance and utilities are anticipated to increase. Approximately 75% of our operating costs in the General Fund are for personal services, including wages and benefits. Changes in personal services can be due to changes in the pay rates, changes in benefits, changes in the number of employees, or any combination of these.

The City is planning to continue with a similar amount of spending on improvements for water and sewer infrastructure as well as to increase spending on street improvements. There are anticipated increases in fees for water being projected for FY 20 due to the meter water replacements, a new vehicle, water valves and a filtering project at the Water plant. The proposed \$25.4 million River City Renaissance Project including a hotel, convention area, skywalk, multi-purpose arena and band pavilion will continue with construction in FY 2020. The project will be funded with State of Iowa tax credits, incremental revenues from new valuation, local option sales tax, hotel taxes and the city's debt service levy. The capital projects will be funded with General Obligation or Revenue Bonds, existing fund balances or new revenues from sales tax, road use tax, and water charges for FY 2020. With the projected increases, the combined water, sewer, storm sewer and sanitation rates will again be around the 75th percentile of surveyed cities in Iowa that provide similar services.

Effect of New Governmental Accounting Standards

Beginning in fiscal year 2015, Statement No. 68 of the Governmental Accounting Standards Board requires changes to the City's pension accounting and reporting. The net pension liability (NPL) defined by the pronouncement, similar to the unfunded actuarial accrued liability disclosed in Note 7 in the financial statements, will be reported as a liability on the government-wide statement of net position. It is a present value measure of benefits to be provided based on the employees' past service, and accordingly, recognizes the entire net pension expense, regardless of when this expense will be funded. The Net Pension Liability is in addition to the Net OPEB Obligation we have reported in the past. The OPEB obligation is related to the implicit rate subsidy for the City's health insurance plan. The Net Pension Liability is related to Iowa Public Employees Retirement System (IPERS) and Municipal Fire and Police Retirement System of Iowa (MFPRSI). The Net OPEB Obligation is \$1,631,968 and the Net Pension Liability is \$19,238,934. The increase in NPL is also shown as a decrease in Unrestricted Net Position balance for FY 2019.

Financial Information Contact

The City's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have questions about the report or need additional financial information, please contact Kevin E. Jacobson, Finance Director, City of Mason City, 10 1st Street N.W., Mason City, Iowa 50401.

CITY OF MASON CITY, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2019

	<u>Primary Government</u>		<u>Total</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>		
ASSETS:				
Current assets:				
Cash	\$ 14,547,696	\$ 947,302	\$ 15,494,998	\$166,025
Investments	20,409,844	4,151,065	24,560,909	-
Receivables:				
Property taxes	268,828	2,323	271,151	-
Succeeding year property tax	16,233,448	170,089	16,403,537	-
Special assessments-current	145,366	19,041	164,407	-
Succeeding year special assessments	30,114	-	30,114	-
Accounts (net)	15,796	2,053,666	2,069,462	40,235
Accrued interest	77,759	36,253	114,012	-
Internal balances	2,912,368	(2,912,368)	-	-
Due from other governments	1,058,148	-	1,058,148	-
Prepaid insurance	170,940	44,433	215,373	-
Prepaid expenses	-	-	-	7,589
Inventory	53,123	355,965	409,088	-
Total current assets	<u>\$ 55,923,430</u>	<u>\$ 4,867,769</u>	<u>\$ 60,791,199</u>	<u>\$213,849</u>
Noncurrent assets:				
Restricted assets:				
Cash	\$ 3,931	\$ 1,073,535	\$ 1,077,466	\$ 19,236
Investments	519,074	1,700,000	2,219,074	-
Receivables	782	17,661	18,443	-
Capital assets:				
Land and construction in progress	29,050,181	8,319,937	37,370,118	-
Other capital assets net of depreciation	79,528,520	64,443,919	143,972,439	6,512
Total noncurrent assets	<u>\$109,102,488</u>	<u>\$75,555,052</u>	<u>\$184,657,540</u>	<u>\$ 25,748</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Pension related deferred outflows				
	<u>\$ 4,158,083</u>	<u>\$ 1,385,394</u>	<u>\$ 5,543,477</u>	<u>\$ 55,392</u>
Total assets and deferred outflows of resources	<u>\$169,184,001</u>	<u>\$81,808,215</u>	<u>\$250,992,216</u>	<u>\$294,989</u>

(continued)

CITY OF MASON CITY, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ 1,653,792	\$ 542,883	\$ 2,196,675	\$ 5,261
Salaries payable	569,828	203,376	773,204	8,400
Contracts payable	2,914,132	229,549	3,143,681	-
Compensated absences payable	1,286,182	355,197	1,641,379	6,319
Accrued interest payable	94,452	24,268	118,720	-
Due to other governments	2,713	25,093	27,806	-
Due to customers	-	90,792	90,792	-
Prepaid interments	-	23,810	23,810	-
Unearned revenue	-	11,649	11,649	-
Current portion of long-term debt:				
Bonds payable	3,119,000	2,655,000	5,774,000	-
Total current liabilities	<u>\$ 9,640,099</u>	<u>\$ 4,161,617</u>	<u>\$ 13,801,716</u>	<u>\$ 19,980</u>
Noncurrent liabilities:				
Bonds payable	\$31,489,455	\$12,698,525	\$ 44,187,980	\$ -
Total OPEB obligation	1,169,148	462,820	1,631,968	-
Net pension liability	14,755,692	4,483,242	19,238,934	201,170
Total noncurrent liabilities	<u>\$47,414,295</u>	<u>\$17,644,587</u>	<u>\$ 65,058,882</u>	<u>\$201,170</u>
DEFERRED INFLOWS OF RESOURCES:				
Succeeding year property taxes	\$16,272,619	\$ 170,089	\$ 16,442,708	\$ -
Succeeding year special assessments	33,218	-	33,218	-
Pension related deferred inflows	688,760	62,364	751,124	10,237
Total deferred inflows of resources	<u>\$16,994,597</u>	<u>\$ 232,453</u>	<u>\$ 17,227,050</u>	<u>\$ 10,237</u>
Total liabilities and deferred inflows of resources	<u>\$74,048,991</u>	<u>\$22,038,657</u>	<u>\$ 96,087,648</u>	<u>\$231,387</u>
NET POSITION:				
Net investment in capital assets	\$73,970,246	\$57,410,331	\$131,380,577	\$ 6,512
Restricted for: (Note 17)				
Nonexpendable:				
Museum funding	633,638	-	633,638	-
Perpetual care	581,884	-	581,884	-
Prepaid expenses	170,841	-	170,841	-
Expendable:				
Bond retirement	702,475	-	702,475	-
Other projects	21,400,103	-	21,400,103	-
Housing Authority	-	-	-	57,090
Unrestricted	(2,324,177)	2,359,227	35,050	-
Total net position	<u>\$95,135,010</u>	<u>\$59,769,558</u>	<u>\$154,904,568</u>	<u>\$ 63,602</u>

See Notes to Financial Statements.

**CITY OF MASON CITY, IOWA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
Public safety	\$11,127,573	\$ 382,540	\$ 125,584
Public works	9,574,719	69,662	3,799,412
Health and social services	401,381	-	105,577
Culture and recreation	4,522,392	547,320	319,170
Community and economic development	7,670,240	122,977	1,042,714
General government	2,884,048	368,104	-
Interest on long-term debt	809,206	-	-
Total governmental activities	<u>\$36,989,559</u>	<u>\$ 1,490,603</u>	<u>\$5,392,457</u>
Business-type activities:			
Cemetery	\$ 368,898	\$ 97,714	\$ -
Water	5,513,438	5,864,705	-
Sewer	4,047,256	4,714,109	170,878
Parking lots	126,024	102,839	-
Storm sewer	231,183	291,153	-
Solid waste	1,507,834	1,515,426	-
Golf course	468,268	352,346	-
Ambulance	2,103,937	1,767,341	-
Total business-type activities	<u>\$14,366,838</u>	<u>\$14,705,633</u>	<u>\$ 170,878</u>
Total primary government	<u>\$51,356,397</u>	<u>\$16,196,236</u>	<u>\$5,563,335</u>
Component unit:			
Mason City Housing Authority	<u>\$ 2,026,640</u>	<u>\$ 3,482</u>	<u>\$1,997,326</u>

General Revenues:	
Property taxes	
Other taxes	
Tax increment financing	
Local option sales tax	
Hotel/motel tax	
Airport passenger facility charge	
Unrestricted state tax replacement	
Grants and contributions not restricted to specific program	
Unrestricted investment income	
Miscellaneous	
Gain(Loss) on sale of capital assets	
Transfers	
Total general revenues and transfers	
Change in net position	
Net position - beginning	
Net position - ending	

Revenue	Net (Expense) Revenue and Change in Net Position			
	Primary Government			
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
\$ -	\$ (10,619,449)	\$ -	\$ (10,619,449)	\$ -
794,004	(4,911,641)	-	(4,911,641)	-
-	(295,804)	-	(295,804)	-
211,401	(3,444,501)	-	(3,444,501)	-
-	(6,504,549)	-	(6,504,549)	-
-	(2,515,944)	-	(2,515,944)	-
-	(809,206)	-	(809,206)	-
<u>\$1,005,405</u>	<u>\$ (29,101,094)</u>	<u>\$ -</u>	<u>\$ (29,101,094)</u>	<u>\$ -</u>
\$ -	\$ -	\$ (271,184)	\$ (271,184)	\$ -
56,333	-	407,600	407,600	-
53,951	-	891,682	891,682	-
-	-	(23,185)	(23,185)	-
23,676	-	83,646	83,646	-
-	-	7,592	7,592	-
-	-	(115,922)	(115,922)	-
-	-	(336,596)	(336,596)	-
<u>\$ 133,960</u>	<u>\$ -</u>	<u>\$ 643,633</u>	<u>\$ 643,633</u>	<u>\$ -</u>
<u>\$1,139,365</u>	<u>\$ (29,101,094)</u>	<u>\$ 643,633</u>	<u>\$ (28,457,461)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (25,832)</u>
	\$ 15,943,527	\$ 164,279	\$ 16,107,806	\$ -
	1,961,441	-	1,961,441	-
	4,778,738	-	4,778,738	-
	753,871	-	753,871	-
	35,155	-	35,155	-
	186,452	-	186,452	-
	1,844	-	1,844	1,247
	1,427,195	269,283	1,696,478	-
	96,351	208,508	304,859	-
	-	-	-	(3,459)
	<u>858,455</u>	<u>(858,455)</u>	<u>-</u>	<u>-</u>
	<u>\$ 26,043,029</u>	<u>\$ (216,385)</u>	<u>\$ 25,826,644</u>	<u>\$ (2,212)</u>
	\$ (3,058,065)	\$ 427,248	\$ (2,630,817)	\$ (28,044)
	<u>98,193,075</u>	<u>59,342,310</u>	<u>157,535,385</u>	<u>91,646</u>
	<u>\$ 95,135,010</u>	<u>\$59,769,558</u>	<u>\$154,904,568</u>	<u>\$ 63,602</u>

See Notes to Financial Statements.

CITY OF MASON CITY, IOWA
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2019

	<u>General</u>	<u>Road Use Tax</u>
ASSETS:		
Cash	\$ 3,290,769	\$ 915,206
Investments	4,154,212	750,000
Receivables:		
Property taxes	129,577	722
Succeeding year property taxes	9,887,725	-
Other taxes	3,155	-
Accrued interest	46,788	-
Special assessments - current	54,439	75,870
Succeeding year special assessments	-	-
Accounts (net)	16,206	-
Due from other funds	39,891	174,902
Due from state government	543,221	318,852
Due from federal government	43,979	-
Prepaid insurance	155,281	15,560
Restricted assets:		
Cash	-	-
Investments	-	-
Accrued interest	-	-
	<u> </u>	<u> </u>
Total assets	<u>\$18,365,243</u>	<u>\$2,251,112</u>
 LIABILITIES:		
Accounts payable	\$ 355,539	\$ 208,843
Salaries payable	510,992	51,401
Contracts payable	23,922	504,370
Compensated absences payable	1,165,730	108,431
Due to other funds	25,809	1,295
Due to state government	2,161	-
Total liabilities	<u>\$ 2,084,153</u>	<u>\$ 874,340</u>
 DEFERRED INFLOWS OF RESOURCES:		
Succeeding year property taxes	\$ 9,926,896	\$ -
Succeeding year special assessments	-	-
Total deferred inflows of resources	<u>\$ 9,926,896</u>	<u>\$ -</u>
Total liabilities and deferred inflows of resources	<u>\$12,011,049</u>	<u>\$ 874,340</u>
 FUND BALANCES:		
Nonspendable	\$ 155,281	\$ 15,560
Restricted	615,001	1,361,212
Assigned	837,357	-
Unassigned	4,746,555	-
Total fund balances	<u>\$ 6,354,194</u>	<u>\$1,376,772</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$18,365,243</u>	<u>\$2,251,112</u>

<u>Debt Service</u>	<u>River City Renaissance</u>	<u>Other Governmental</u>	<u>Total</u>
\$ -	\$ 8,437,366	\$ 1,221,169	\$13,864,510
675,000	5,545,646	8,026,963	19,151,821
39,240	-	85,569	255,108
2,802,352	-	2,503,371	15,193,448
-	-	-	3,155
3,718	-	16,458	66,964
-	-	15,057	145,366
-	-	30,114	30,114
-	-	-	16,206
1,000	16,182	208,120	440,095
-	-	152,096	1,014,169
-	-	-	43,979
-	-	-	170,841
-	-	3,931	3,931
-	-	519,074	519,074
-	-	782	782
<u>\$3,521,310</u>	<u>\$13,999,194</u>	<u>\$12,782,704</u>	<u>\$50,919,563</u>
\$ 300	\$ 15,756	\$ 80,420	\$ 660,858
-	-	-	562,393
-	2,382,334	3,506	2,914,132
-	-	-	1,274,161
16,183	-	537,971	581,258
-	-	552	2,713
<u>\$ 16,483</u>	<u>\$ 2,398,090</u>	<u>\$ 622,449</u>	<u>\$ 5,995,515</u>
\$2,802,352	\$ -	\$ 2,503,371	\$15,232,619
-	-	30,114	30,114
<u>\$2,802,352</u>	<u>\$ -</u>	<u>\$ 2,533,485</u>	<u>\$15,262,733</u>
\$2,818,835	\$ 2,398,090	\$ 3,155,934	\$21,258,248
\$ -	\$ -	\$ 633,638	\$ 804,479
702,475	11,601,104	7,822,786	22,102,578
-	-	1,457,329	2,294,686
-	-	(286,983)	4,459,572
<u>\$ 702,475</u>	<u>\$11,601,104</u>	<u>\$ 9,626,770</u>	<u>\$29,661,315</u>
<u>\$3,521,310</u>	<u>\$13,999,194</u>	<u>\$12,782,704</u>	<u>\$50,919,563</u>

See Notes to Financial Statements.

CITY OF MASON CITY, IOWA
 RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION
 JUNE 30, 2019

Fund balances—total governmental funds		\$ 29,661,315
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Inventories used in governmental activities recorded under the purchases method of accounting are not reported as current assets.	53,123	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	108,578,701	
Internal service funds, net position	4,631,750	
<p>Long-term liabilities, including bonds payable, are not due and payable in current period and, therefore, are not reported in the funds:</p>		
Bonds payable	\$(34,608,455)	
Bond premium	(631,455)	
Total OPEB obligation	(1,169,148)	
Net pension liability	<u>(14,755,692)</u>	<u>(51,164,750)</u>
Accrued interest on long-term debt		\$ (94,452)
<p>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:</p>		
Deferred outflows of resources	\$4,158,083	
Deferred inflows of resources	<u>(688,760)</u>	<u>3,469,323</u>
Net position of governmental activities		<u>\$ 95,135,010</u>

See Notes to Financial Statements.

CITY OF MASON CITY, IOWA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>General</u>	<u>Road Use Tax</u>
REVENUES:		
Property taxes	\$ 9,576,923	\$ -
TIF revenues	-	-
Other taxes	3,120,100	-
Licenses and permits	617,470	-
Intergovernmental	1,496,822	4,335,206
Charges for services	788,320	-
Fines and forfeitures	47,708	-
Use of money and property	576,403	-
Special assessments	-	-
Miscellaneous	505,920	12,961
Refunds	4,295	-
Total revenues	<u>\$16,733,961</u>	<u>\$ 4,348,167</u>
EXPENDITURES:		
Operating:		
Public safety	\$ 8,947,374	\$ -
Public works	1,087,013	3,138,855
Health & social services	369,258	-
Culture & recreation	3,094,411	-
Community & economic development	1,070,482	-
General government	1,991,844	-
Capital projects	1,351,035	5,031,917
Debt Service:		
Principal retirement	-	-
Interest	-	-
Contractual	-	-
Total expenditures	<u>\$17,911,417</u>	<u>\$ 8,170,772</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,177,456)</u>	<u>\$ (3,822,605)</u>
Other financing sources (uses):		
Issuance of general obligation bonds	\$ 761,200	\$ 2,325,000
Premium/(discount) on general obligation bonds	-	-
Transfers in	1,347,506	1,433,866
Transfers out	(310,128)	(25,000)
Total other financing sources (uses)	<u>\$ 1,798,578</u>	<u>\$ 3,733,866</u>
Net change in fund balance	\$ 621,122	\$ (88,739)
Fund balance (deficit) beginning of year	<u>5,733,072</u>	<u>1,465,511</u>
Fund balance (deficit) end of year	<u>\$ 6,354,194</u>	<u>\$ 1,376,772</u>

<u>Debt Service</u>	<u>River City Renaissance</u>	<u>Other Government</u>	<u>Total</u>
\$ 2,837,552	\$ -	\$ 2,632,739	\$ 15,047,214
-	-	1,961,441	1,961,441
-	-	2,634,116	5,754,216
-	-	-	617,470
-	-	16,249	5,848,277
-	-	21,409	809,729
-	-	-	47,708
23,810	48,864	709,603	1,358,680
-	-	15,996	15,996
-	-	213,447	732,328
-	-	-	4,295
<u>\$ 2,861,362</u>	<u>\$ 48,864</u>	<u>\$ 8,205,000</u>	<u>\$ 32,197,354</u>
\$ -	\$ -	\$ 1,659,954	\$ 10,607,328
-	-	63,829	4,289,697
-	-	9,837	379,095
-	-	268,257	3,362,668
-	-	985,376	2,055,858
-	-	745,373	2,737,217
-	5,473,101	2,931,577	14,787,630
8,134,000	-	-	8,134,000
574,358	-	-	574,358
179,050	-	-	179,050
<u>\$ 8,887,408</u>	<u>\$ 5,473,101</u>	<u>\$ 6,664,203</u>	<u>\$ 47,106,901</u>
<u>\$ (6,026,046)</u>	<u>\$ (5,424,237)</u>	<u>\$ 1,540,797</u>	<u>\$ (14,909,547)</u>
\$ 4,988,800	\$16,150,000	\$ 1,500,000	\$ 25,725,000
598,003	(102,948)	-	495,055
752,235	400,000	-	3,933,607
(41,700)	-	(1,798,324)	(2,175,152)
<u>\$ 6,297,338</u>	<u>\$16,447,052</u>	<u>\$ 298,324</u>	<u>\$ 27,978,510</u>
\$ 271,292	\$11,022,815	\$ 1,242,473	\$ 13,068,963
<u>431,183</u>	<u>578,289</u>	<u>8,384,297</u>	<u>16,592,352</u>
<u><u>\$ 702,475</u></u>	<u><u>\$11,601,104</u></u>	<u><u>\$ 9,626,770</u></u>	<u><u>\$ 29,661,315</u></u>

See Notes to Financial Statements.

**CITY OF MASON 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, 2019**

Net change in fund balances—total governmental funds \$13,068,963

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

General inventories net change 11,439

In the statement of activities, only the loss on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in fund balance differs by the cost of the capital assets sold. (668,920)

Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital outlay	\$ 8,148,098	
Depreciation expense	<u>(6,791,357)</u>	1,356,741

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Repayments of bond principal	\$ 8,134,000	
Issuance of debt	(26,220,055)	
Amortization of bond premium	46,386	
Pension expense	(392,739)	
Other post-employment benefits	<u>(117,821)</u>	(18,550,229)

Accrued interest on long-term debt (55,798)

The current year City employer share of IPERS and MFPRSI contributions are reported as expenditures in the government funds but are reported as a deferred outflow of resources in the Statement of Net Position. 1,896,499

Internal service funds net change (116,760)

Change in net position—governmental activities \$ (3,058,065)

See Notes to Financial Statements.

CITY OF MASON CITY, IOWA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES—BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>
REVENUES:			
Property taxes	\$ 9,188,830	\$ 9,188,830	\$ 9,576,923
Other taxes	3,079,304	3,079,304	3,120,100
Licenses and permits	584,475	584,475	617,470
Intergovernmental	3,438,832	3,438,832	1,496,822
Charges for services	857,550	857,550	788,320
Fines and forfeitures	-	-	47,708
Use of money and property	314,013	314,013	576,403
Miscellaneous	280,684	344,184	505,920
Refunds	-	-	4,295
Total revenues	<u>\$17,743,688</u>	<u>\$17,807,188</u>	<u>\$16,733,961</u>
EXPENDITURES:			
Operating:			
Public safety	\$ 9,084,911	\$ 9,155,761	\$ 8,947,373
Public works	1,105,384	1,113,184	1,087,013
Health & social services	379,014	378,264	369,258
Culture & recreation	3,090,726	3,117,794	3,094,411
Community & economic development	1,044,128	1,068,778	1,070,482
General government	2,114,215	2,343,694	1,991,844
Capital projects	<u>2,831,992</u>	<u>3,169,157</u>	<u>1,351,035</u>
Total expenditures	<u>\$19,650,370</u>	<u>\$20,346,632</u>	<u>\$17,911,416</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,906,682)</u>	<u>\$ (2,539,444)</u>	<u>\$ (1,177,455)</u>
Other financing sources (uses):			
Issuance of general obligation bonds	\$ 840,200	\$ 1,033,654	\$ 761,200
Transfers in	1,225,000	1,225,000	1,347,506
Transfers out	<u>(185,000)</u>	<u>(185,000)</u>	<u>(310,129)</u>
Total other financing sources (uses)	<u>\$ 1,880,200</u>	<u>\$ 2,073,654</u>	<u>\$ 1,798,577</u>
Net change in fund balance	\$ (26,482)	\$ (465,790)	\$ 621,122
Fund balance (deficit) beginning of year	<u>-</u>	<u>-</u>	<u>5,733,072</u>
Fund balance (deficit) end of year	<u>\$ (26,482)</u>	<u>\$ (465,790)</u>	<u>\$ 6,354,194</u>

Variance with
Amended Budget
Positive
(Negative)

\$ 388,093
40,796
32,995
(1,942,010)
(69,230)
47,708
262,390
161,736
4,295
\$ (1,073,227)

\$ 208,388
26,171
9,006
23,383
(1,704)
351,850
1,818,122
\$ 2,435,216

\$ 1,361,989

\$ (272,454)
122,506
(125,129)

\$ (275,077)

\$ 1,086,912

5,733,072

\$ 6,819,984

See Notes to Financial Statements.

CITY OF MASON CITY, IOWA
ROAD USE TAX FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Original Budget	Amended Budget	Actual
REVENUES:			
Intergovernmental:			
Road use tax allocation	\$ 5,696,475	\$ 5,696,475	\$ 4,335,206
Miscellaneous	105,700	105,700	12,961
Total revenues	\$ 5,802,175	\$ 5,802,175	\$ 4,348,167
EXPENDITURES:			
Operating:			
Public works:			
Personal services	\$ 1,696,959	\$ 1,696,959	\$ 1,895,768
Contractual	625,285	787,285	749,135
Commodities	451,230	451,230	493,952
Total public works	\$ 2,773,474	\$ 2,935,474	\$ 3,138,855
Capital projects	9,829,039	9,829,039	5,031,917
Total expenditures	\$12,602,513	\$12,764,513	\$ 8,170,772
Excess (deficiency) of revenues over (under) expenditures	\$ (6,800,338)	\$ (6,962,338)	\$ (3,822,605)
Other financing sources (uses):			
Issuance of general obligation bonds	\$ 2,324,275	\$ 2,324,275	\$ 2,325,000
Transfers in	2,933,300	2,933,300	1,433,866
Transfers out	(25,000)	(25,000)	(25,000)
Total other financing sources (uses)	\$ 5,232,575	\$ 5,232,575	\$ 3,733,866
Net change in fund balance	\$ (1,567,763)	\$ (1,729,763)	\$ (88,739)
Fund balance (deficit) beginning of year	-	-	1,465,511
Fund balance (deficit) end of year	\$ (1,567,763)	\$ (1,729,763)	\$ 1,376,772

**Variance with
Amended Budget
Positive
(Negative)**

\$ (1,361,269)
(92,739)
 \$ (1,454,008)

\$ (198,809)
 38,150
(42,722)
 \$ (203,381)

4,797,122
\$ 4,593,741

\$ 3,139,733

\$ 725
 (1,499,434)

 -

\$ (1,498,709)

\$ 1,641,024

1,465,511

\$ 3,106,535

See Notes to Financial Statements.

**CITY OF MASON CITY, IOWA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2019**

	<u>Waterworks</u>	<u>Sewer Rental</u>
ASSETS:		
Current assets:		
Cash	\$ 216,464	\$ 437,676
Investments	1,470,000	1,410,000
Receivables:		
Property taxes	-	-
Succeeding year property taxes	-	-
Special assessments - current	-	19,041
Accounts (net)	752,680	478,248
Accrued interest	11,131	12,189
Inventory	249,903	53,089
Due from other funds	213,045	-
Prepaid insurance	15,540	22,318
Total current assets	<u>\$ 2,928,763</u>	<u>\$ 2,432,561</u>
Noncurrent assets:		
Restricted assets:		
Cash	\$ 780,925	\$ 292,610
Investments	900,000	800,000
Accrued interest	7,779	9,882
Total restricted assets	<u>\$ 1,688,704</u>	<u>\$ 1,102,492</u>
Property, plant and equipment:		
Land	\$ 167,220	\$ 316,209
Buildings	15,797,379	-
Equipment	1,605,268	1,480,086
Distribution system	36,572,621	-
Meters	1,694,773	-
Plant and improvements	-	34,903,061
Sewer lines and lifts	-	19,020,352
Improvements	-	-
Vehicles	434,548	937,791
Construction in progress	220,475	2,720,827
Total property, plant and equipment	<u>\$56,492,284</u>	<u>\$59,354,747</u>
Less accumulated depreciation	<u>(24,521,397)</u>	<u>(28,557,851)</u>
Net property, plant and equipment	<u>\$31,970,887</u>	<u>\$30,796,896</u>
Total noncurrent assets	<u>\$33,659,591</u>	<u>\$31,899,388</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Pension related deferred outflows	<u>\$ 299,131</u>	<u>\$ 201,341</u>
Total assets and deferred outflows of resources	<u>\$36,887,485</u>	<u>\$34,533,290</u>

<u>Ambulance</u>	<u>Other</u>	<u>Total</u>	<u>Governmental Activities- Internal Service</u>
\$ 85,199	\$ 207,963	\$ 947,302	\$ 683,077
125,000	1,146,065	4,151,065	1,258,023
-	2,323	2,323	10,565
-	170,089	170,089	1,040,000
-	-	19,041	-
505,309	317,429	2,053,666	-
1,616	11,317	36,253	10,796
47,000	5,973	355,965	-
56,213	171,725	440,983	-
2,349	4,226	44,433	99
<u>\$ 822,686</u>	<u>\$ 2,037,110</u>	<u>\$ 8,221,120</u>	<u>\$3,002,560</u>
\$ -	\$ -	\$ 1,073,535	\$ -
-	-	1,700,000	-
-	-	17,661	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,791,196</u>	<u>\$ -</u>
\$ -	\$ 4,339,933	\$ 4,823,362	\$ -
425,272	1,142,965	17,365,616	-
701,242	768,248	4,554,844	121,761
-	-	36,572,621	-
-	-	1,694,773	-
-	-	34,903,061	-
-	5,775,072	24,795,424	-
-	3,371,974	3,371,974	21,546
1,356,967	1,094,464	3,800,191	85,174
-	555,273	3,496,575	-
<u>\$2,483,481</u>	<u>\$17,047,929</u>	<u>\$135,378,441</u>	<u>\$ 228,481</u>
<u>(1,431,625)</u>	<u>(8,103,712)</u>	<u>(62,614,585)</u>	<u>(184,204)</u>
<u>\$1,051,856</u>	<u>\$ 8,944,217</u>	<u>\$ 72,763,856</u>	<u>\$ 44,277</u>
<u>\$1,051,856</u>	<u>\$ 8,944,217</u>	<u>\$ 75,555,052</u>	<u>\$ 44,277</u>
\$ 624,827	\$ 260,095	\$ 1,385,394	\$ -
<u>\$2,499,369</u>	<u>\$11,241,422</u>	<u>\$ 85,161,566</u>	<u>\$3,046,837</u>

(continued)

**CITY OF MASON CITY, IOWA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2019**

	<u>Waterworks</u>	<u>Sewer Rental</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 342,596	\$ 22,198
Salaries payable	59,859	43,108
Contracts payable	64,308	133,763
Compensated absences payable	80,156	93,010
Accrued interest payable	9,236	13,873
Due to other funds	-	-
Due to state government	22,768	-
Due to customers	90,792	-
General obligation bonds	745,000	205,000
Revenue bonds	920,000	649,000
Prepaid interments	-	-
Unearned revenue	-	-
Total current liabilities	<u>\$ 2,334,715</u>	<u>\$ 1,159,952</u>
Long-term debt:		
General obligation bonds	\$ 1,915,000	\$ 660,000
Revenue bonds	2,920,298	6,791,226
Total OPEB obligation	154,502	85,850
Net pension liability	1,031,470	694,695
Total long-term debt	<u>\$ 6,021,270</u>	<u>\$ 8,231,771</u>
DEFERRED INFLOWS OF RESOURCES:		
Succeeding year property taxes	\$ -	\$ -
Pension related deferred inflows	219	4,793
Total deferred inflows of resources	<u>\$ 219</u>	<u>\$ 4,793</u>
Total liabilities and deferred inflows of resources	<u>\$ 8,356,204</u>	<u>\$ 9,396,516</u>
NET POSITION:		
Net investment in capital assets	\$25,470,589	\$22,491,669
Unrestricted	<u>3,060,692</u>	<u>2,645,105</u>
Total net position	<u>\$28,531,281</u>	<u>\$25,136,774</u>

Adjustment to reflect the consolidation of internal
 service fund activities related to enterprise funds

Net position of business-type activities

<u>Ambulance</u>	<u>Other</u>	<u>Total</u>	<u>Governmental Activities- Internal Service</u>
\$ 50,949	\$ 127,143	\$ 542,886	\$ 992,933
44,083	56,326	203,376	7,435
-	31,478	229,549	-
93,470	88,561	355,197	12,021
74	1,085	24,268	-
-	299,820	299,820	-
-	2,325	25,093	-
-	-	90,792	-
36,000	100,000	1,086,000	-
-	-	1,569,000	-
-	23,810	23,810	-
-	11,649	11,649	3,104
<u>\$ 224,576</u>	<u>\$ 742,197</u>	<u>\$ 4,461,440</u>	<u>\$1,015,493</u>
\$ 72,000	\$ 340,000	\$ 2,987,000	\$ -
-	-	9,711,524	-
78,554	143,914	462,820	-
1,860,899	896,178	4,483,242	-
<u>\$2,011,453</u>	<u>\$1,380,092</u>	<u>\$17,644,586</u>	<u>\$ -</u>
\$ -	\$ 170,089	\$ 170,089	\$1,040,000
34,310	23,042	62,364	-
<u>\$ 34,310</u>	<u>\$ 193,131</u>	<u>\$ 232,453</u>	<u>\$1,040,000</u>
<u>\$2,270,339</u>	<u>\$2,315,420</u>	<u>\$22,338,479</u>	<u>\$2,055,493</u>
\$ 943,856	\$8,504,217	\$57,410,331	\$ 44,277
(714,826)	421,785	5,412,756	947,067
<u>\$ 229,030</u>	<u>\$8,926,002</u>	<u>\$62,823,087</u>	<u>\$ 991,344</u>

(3,053,529)

\$59,769,558

See Notes to Financial Statements.

CITY OF MASON CITY, IOWA
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Waterworks</u>	<u>Sewer Rental</u>
Operating revenues:		
Charges for services	\$ 5,864,705	\$ 4,404,911
Health insurance contributions	-	-
Total operating revenues	<u>\$ 5,864,705</u>	<u>\$ 4,404,911</u>
Operating expenses:		
Business-type activities:		
Personal services	\$ 1,846,506	\$ 1,285,951
Contractual	1,120,978	741,157
Commodities	637,970	318,649
Other	198,472	105,880
Depreciation	1,571,193	1,314,793
Amortization	4,710	7,582
Total operating expenses	<u>\$ 5,379,829</u>	<u>\$ 3,774,012</u>
Operating income (loss)	<u>\$ 484,876</u>	<u>\$ 630,899</u>
Nonoperating revenues (expenses):		
Property taxes	\$ -	\$ -
Intergovernmental	-	170,878
Fines and forfeitures	-	-
Use of money and property	105,076	64,689
Special assessments	-	-
Miscellaneous	1,842	109,317
Interest	(154,096)	(286,207)
Gain(Loss) on disposal of assets	-	-
Total nonoperating revenue (expense)	<u>\$ (47,178)</u>	<u>\$ 58,677</u>
Income (loss) before contributions and transfers	<u>\$ 437,698</u>	<u>\$ 689,576</u>
Contributions and transfers:		
Transfers in	\$ -	\$ -
Transfers out	(419,716)	(194,655)
Capital contributions	56,333	53,951
Total contributions and transfers	<u>\$ (363,383)</u>	<u>\$ (140,704)</u>
Change in net position	\$ 74,315	\$ 548,872
Net position beginning of year	<u>28,456,966</u>	<u>24,587,902</u>
Net position end of year	<u>\$28,531,281</u>	<u>\$25,136,774</u>

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds

Change in net position of business-type activities

<u>Ambulance</u>	<u>Other</u>	<u>Total</u>	<u>Governmental Activities- Internal Service</u>
\$1,767,341	\$2,294,066	\$14,331,023	\$ 252,578
-	-	-	3,870,147
<u>\$1,767,341</u>	<u>\$2,294,066</u>	<u>\$14,331,023</u>	<u>\$4,122,725</u>
\$1,468,786	\$1,523,006	\$ 6,124,249	\$3,894,693
226,162	548,622	2,636,919	8,991
181,158	231,456	1,369,233	32,206
17,877	25,671	347,900	8,044
217,763	343,390	3,447,139	5,509
-	-	12,292	-
<u>\$2,111,746</u>	<u>\$2,672,145</u>	<u>\$13,937,732</u>	<u>\$3,949,443</u>
\$ (344,405)	\$ (378,079)	\$ 393,291	\$ 173,282
\$ -	\$ 164,279	\$ 164,279	\$ 896,313
-	-	170,878	-
-	65,412	65,412	-
6,553	92,964	269,282	68,515
-	309,198	309,198	-
33,100	64,249	208,508	-
(1,726)	(13,055)	(455,084)	-
-	(30,544)	(30,544)	-
<u>\$ 37,927</u>	<u>\$ 652,503</u>	<u>\$ 701,929</u>	<u>\$ 964,828</u>
\$ (306,478)	\$ 274,424	\$ 1,095,220	\$1,138,110
\$ 1,333	\$ 115,778	\$ 117,111	\$ -
-	(361,195)	(975,566)	(900,000)
23,676	-	133,960	-
<u>\$ 25,009</u>	<u>\$ (245,417)</u>	<u>\$ (724,495)</u>	<u>\$ (900,000)</u>
\$ (281,469)	\$ 29,007	\$ 370,725	\$ 238,110
510,499	8,896,995		753,234
<u>\$ 229,030</u>	<u>\$8,926,002</u>		<u>\$ 991,344</u>
		56,523	
		<u>\$ 427,248</u>	

See Notes to Financial Statements.

**CITY OF MASON CITY, IOWA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2019**

	Waterworks	Sewer Rental
Cash flows from operating activities:		
Cash received from interfund charges	\$ -	\$ -
Cash received from employees and others	-	-
Cash received from customers	5,929,819	4,524,003
Cash paid to employees for services	(2,533,402)	(1,300,771)
Cash paid to other suppliers of goods or services	(1,691,009)	(1,243,211)
Cash paid for health and life insurance	-	-
Cash received for miscellaneous items	1,842	109,317
Net cash provided (used) by operating activities	<u>\$ 1,707,250</u>	<u>\$ 2,089,338</u>
Cash flows from non-capital financing activities:		
Proceeds from property tax levy	\$ -	\$ -
Proceeds from special assessments	-	-
Intergovernmental proceeds	-	170,878
Transfers in	-	-
Transfers out	(419,716)	(194,655)
Advance to (from) other funds	-	-
Net cash provided (used) by non-capital financing activities	<u>\$ (419,716)</u>	<u>\$ (23,777)</u>
Cash flows from capital and related financing activities:		
Net acquisition of capital assets	\$ (928,497)	\$ (1,127,286)
Proceeds from bonds	100,000	-
Principal payments	(894,000)	(824,000)
Interest payments	(83,020)	(287,765)
Net cash provided (used) for capital and related financing activities	<u>\$ (1,805,517)</u>	<u>\$ (2,239,051)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	\$ 5,975,000	\$ 4,555,000
Purchase of investments	(6,590,000)	(5,230,000)
Interest received	75,897	55,454
Net cash provided (used) by investing activities	<u>\$ (539,103)</u>	<u>\$ (619,546)</u>
Net increase (decrease) in cash	\$ (1,057,086)	\$ (793,036)
Cash beginning of year	<u>2,054,475</u>	<u>1,523,322</u>
Cash end of year	<u>\$ 997,389</u>	<u>\$ 730,286</u>
Cash - Current asset	\$ 216,464	\$ 437,676
Cash - Restricted asset	780,925	292,610
Cash end of year	<u>\$ 997,389</u>	<u>\$ 730,286</u>
Noncash capital, investing and financing activities:		
Decrease in fair value of investments	\$ -	\$ -
Contributions of capital assets from outside sources	56,333	53,951
Total noncash capital, investing and financing activities	<u>\$ 56,333</u>	<u>\$ 53,951</u>

<u>Ambulance</u>	<u>Other</u>	<u>Total</u>	<u>Governmental Activities Internal Service</u>
\$ -	\$ -	\$ -	\$ 4,228,564
-	-	-	503,933
1,747,498	2,242,573	14,443,893	-
(1,415,234)	(1,511,091)	(6,760,498)	(239,040)
(262,643)	(723,472)	(3,920,335)	(50,084)
-	-	-	(3,517,344)
<u>33,100</u>	<u>129,661</u>	<u>273,920</u>	<u>-</u>
\$ <u>102,721</u>	\$ <u>137,671</u>	\$ <u>4,036,980</u>	\$ <u>926,029</u>
\$ -	\$ 164,063	\$ 164,063	\$ 894,285
-	309,198	309,198	-
-	-	170,878	-
1,333	115,778	117,111	-
-	(361,195)	(975,566)	(900,000)
<u>-</u>	<u>(12,679)</u>	<u>(12,679)</u>	<u>-</u>
\$ <u>1,333</u>	\$ <u>215,165</u>	\$ <u>(226,995)</u>	\$ <u>(5,715)</u>
\$ (22,032)	\$ (303,505)	\$ (2,381,320)	\$ (21,547)
-	540,000	640,000	-
(36,000)	(100,000)	(1,854,000)	-
<u>(1,800)</u>	<u>(13,055)</u>	<u>(385,640)</u>	<u>-</u>
\$ <u>(59,832)</u>	\$ <u>123,440</u>	\$ <u>(3,980,960)</u>	\$ <u>(21,547)</u>
\$ 325,000	\$ 1,645,000	\$12,500,000	\$ 2,594,000
(375,000)	(2,510,000)	(14,705,000)	(2,980,000)
<u>5,377</u>	<u>20,067</u>	<u>156,795</u>	<u>45,839</u>
\$ <u>(44,623)</u>	\$ <u>(844,933)</u>	\$ <u>(2,048,205)</u>	\$ <u>(340,161)</u>
\$ (401)	\$ (368,657)	\$ (2,219,180)	\$ 558,606
<u>85,600</u>	<u>576,620</u>	<u>4,240,017</u>	<u>124,471</u>
\$ <u>85,199</u>	\$ <u>207,963</u>	\$ <u>2,020,837</u>	\$ <u>683,077</u>
\$ 85,199	\$ 207,963	\$ 947,302	\$ 683,077
-	-	1,073,535	-
\$ <u>85,199</u>	\$ <u>207,963</u>	\$ <u>2,020,837</u>	\$ <u>683,077</u>
\$ -	\$ -	\$ -	\$ 14,439
<u>23,676</u>	<u>-</u>	<u>133,960</u>	<u>-</u>
\$ <u>23,676</u>	\$ <u>-</u>	\$ <u>133,960</u>	\$ <u>14,439</u>

(continued)

CITY OF MASON CITY, IOWA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2019

	<u>Waterworks</u>	<u>Sewer Rental</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 484,876	\$ 630,899
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation and amortization expense	1,575,903	1,322,375
Miscellaneous income	1,842	109,317
Change in assets and liabilities:		
(Increase) decrease in receivables	70,512	119,092
(Increase) decrease in inventory	12,308	2,813
(Increase) decrease in due from other funds	-	35,292
(Increase) decrease in prepaid insurance	(77)	2,234
(Increase) decrease in deferred outflows	1,269	1,044
Increase (decrease) in accounts & contracts payable	247,381	(117,864)
Increase (decrease) in salaries payable	(905)	1,314
Increase (decrease) in accrued compensated absences	8,269	10,997
Increase (decrease) in due to other funds	-	-
Increase (decrease) in due to state government	6,799	-
Increase (decrease) in due to customers	(5,398)	-
Increase (decrease) in prepaid interments	-	-
Increase (decrease) in unearned revenue	-	-
Increase (decrease) in total OPEB obligation	264,663	4,247
Increase (decrease) in net pension liability	(980,468)	(7,289)
Increase (decrease) in deferred inflows	20,276	(25,133)
	<u>\$1,707,250</u>	<u>\$2,089,338</u>
Net cash provided (used) by operating activities		

<u>Ambulance</u>	<u>Other</u>	<u>Total</u>	<u>Governmental Activities- Internal Service</u>
\$ (344,405)	\$ (378,079)	\$ 393,291	\$173,282
217,763	343,390	3,459,431	5,509
33,100	129,661	273,920	-
(19,843)	(65,043)	104,718	-
28,614	4,486	48,221	-
139,425	(15,014)	159,703	612,712
(413)	115	1,859	(7)
7,697	1,176	11,186	-
(5,072)	32,124	156,569	136,094
(7,876)	(1,146)	(8,613)	69
27,655	15,299	62,220	1,311
-	60,202	60,202	-
-	364	7,163	-
-	-	(5,398)	-
-	2,351	2,351	-
-	11,199	11,199	(2,941)
30	25,444	294,384	-
11,300	(8,198)	(984,655)	-
14,746	(20,660)	(10,771)	-
<u>\$ 102,721</u>	<u>\$ 137,671</u>	<u>\$4,036,980</u>	<u>\$926,029</u>

See Notes to Financial Statements.

CITY OF MASON CITY, IOWA
FIDUCIARY FUND
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

	<u>Firemen's Pension</u>
ASSETS:	
Cash	\$ 7,835
NET POSITION:	
Restricted for pensions	<u>\$ 7,835</u>

See Notes to Financial Statements.

CITY OF MASON CITY, IOWA
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Firemen's Pension</u>
ADDITIONS:	\$ -
DEDUCTIONS:	-
Change in net position	\$ -
Net position beginning of year	<u>7,835</u>
Net position end of year	<u>\$ 7,835</u>

See Notes to Financial Statements.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(1) Financial Reporting Entity

The City of Mason City is a political subdivision of the State of Iowa, located in Cerro Gordo County. It was first incorporated on December 21, 1869 and operates under the Home Rule Provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture-recreation, education, public improvements, planning and zoning, public transit and general administrative services. It also operates the airport and provides water, sewer and sanitation utilities.

The financial statements of the City of Mason City have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as prescribed by the Governmental Accounting Standards Board.

Reporting Entity - For financial reporting purposes, the City of Mason City 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 (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.

Blended Component Unit - The City of Mason City has determined the MacNider Art Museum Foundation meets the Governmental Accounting Standards Board criteria for a blended component unit and, accordingly, has been included in special revenue funds. The directors of the foundation are appointed by the directors of the museum who are appointed by the Mayor and approved by the Council. The Foundation exists to support the City-owned MacNider Museum. The blended component unit issues their own separately issued financial statements.

Discretely Presented Component Unit - The City has determined the Mason City Housing Authority meets the Governmental Accounting Standards Board criteria for a discretely presented component unit due to the nature and significance of its relationship with the City. The Authority's commissioners are appointed by the Mayor and approved by the Council, and the Authority provides low-income housing to the citizens of Mason City. Almost all of the component unit's resources are ultimately used for the City and its constituents. Complete audited financial statements of the Mason City Housing Authority may be obtained at the entity's administrative offices at 22 N. Georgia, Suite 214, Mason City, IA 50401.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(1) Financial Reporting Entity - continued

Jointly Governed Organizations - The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments.

City officials are members of the following boards and commissions: Cerro Gordo County Assessor's Conference Board, City of Mason City's City Assessor's Conference Board, Cerro Gordo County Emergency Management Commission, Landfill of North Iowa Board and Cerro Gordo County Joint E911 Service Board.

(2) Summary of Significant Accounting Policies

(A) Basis of Presentation

Government-wide financial statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated from these statements. Governmental activities, which normally are supported by property tax and intergovernmental revenue are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Position presents the City's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization 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.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position is often subject to constraints 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 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.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(2) Summary of Significant Accounting Policies - continued

Fund Financial Statements - Separate financial statements are provided for governmental and proprietary funds. The focus of fund financial statements is on major funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

All remaining non-major governmental and enterprise funds are aggregated within each fund type in the basic financial statements and are detailed in the supplemental information.

Government Fund Types - Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in financial position, rather than upon net income determinations. The following are the City's governmental fund types:

General fund is used to account for and report all financial resources not accounted for and reported in another fund.

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt service fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on long term debt.

Capital projects funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The City of Mason City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. All general tax revenues from general and emergency levies and other revenues not allocated by law of contractual agreement to some other fund are accounted for in this fund. From the General Fund are paid the general operating expenditures, police and fire protection, public buildings operation and maintenance, airport, museum, library and parks and recreation-oriented activities as well as fixed charges and capital improvement costs not paid from other funds.

Special Revenue - Road Use Tax Fund - The Road Use Tax Fund accounts for the operations of the street maintenance department. Financing is provided by the City's share of state gasoline taxes. State law requires these taxes to be used to maintain streets.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(2) Summary of Significant Accounting Policies - continued

Debt Service Fund - The Debt Service Fund accounts for the accumulation of resources for, and the payment of general long-term and special debt principal, interest and related costs. Financing is through annual property tax levies. Tax levies in excess of actual requirements are legally restricted to service this debt.

River City Renaissance - This fund used to account for the River City Renaissance economic development project.

Proprietary Fund Type - Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to that of a private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The City reports the following major proprietary funds:

Water Works Fund - The Water Works Fund accounts for the operation and maintenance of the City's water system.

Sanitary Sewer Rental Fund - The Sanitary Sewer Rental Fund accounts for the operation and maintenance of the City's sanitary sewer system.

Ambulance - The Ambulance Fund accounts for the operation and maintenance of the City's Advanced Cardiac Life Support Ambulance Service.

Additionally, the City reports the following fund types:

The City's Internal Service Funds account for costs in vehicle maintenance, electrical repairs and health insurance. The central services fund is used to account for (1) maintenance and repair costs related to City vehicles and equipment and (2) costs for electrical maintenance repair for all City facilities and traffic maintenance. The health insurance fund is used to account for health insurance premiums and claims for all City employees.

Fiduciary - Pension Trust Fund accounts for assets held by the City to be used for retirement payments for qualified public safety employees.

(B) Measurement focus and basis of accounting

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

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(2) Summary of Significant Accounting Policies - continued

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 government considers revenues to be available if they are collected within 60 days after year end.

Property tax, local option sales tax, intergovernmental revenues (share revenues, grants and reimbursements from other governments) and interest are considered to be measurable and are recognized as revenue, if available. Only the portion of special assessments receivable due within the current fiscal period is considered to be measurable and recognized as revenue of the current period. 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 judgements 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 services.

Substantially all shared revenues are recorded when the underlying exchange transaction has occurred. For governmental funds, revenue from grant revenues is recorded as unearned revenue until they become available.

Revenue from federal awards is recognized when the City has done everything necessary to establish its right to revenue. For governmental funds, revenue from federal grants is recognized when they become both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred. Income from accounts receivables and unbilled usage is recognized when earned. Licenses and permits, fines and forfeiture fees and refunds, charges for services (other than enterprise), miscellaneous and other revenues are recorded as revenue when received in cash because they are generally not measurable until actually received.

Special assessment receivables are recorded at the time of their levy. The related revenue is recognized at the time it is due in the governmental funds and when levied for government-wide statements.

Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(2) Summary of Significant Accounting Policies - continued

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then to use less restrictive classifications—committed, assigned and then unassigned fund balances.

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

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 the City's enterprise funds are user fees and charges to customers for sales and services. Operating expenses include the 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.

(C) Assets, deferred outflows of resources, liabilities, deferred inflows of resources and fund equity

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

Cash, Cash Equivalents and Investments - The cash balances of most City funds are pooled and invested. Interest earned on investments is allocated among funds in the ratio of cash provided by the fund unless otherwise provided by law. Interest earned by the Road Use Tax Fund is allocated to the General Fund. For the years ended June 30, 2019 and 2018, \$21,936 and \$8,833 of interest income, respectively, was recorded in this manner.

Investments consist of U. S. Government securities, equity securities nonnegotiable certificates of deposit and deposits in Iowa Public Agency Investment Trust (IPAIT) money market accounts. Investments are stated at fair value except for the investment in IPAIT and non-negotiable certificates of deposit which are valued at amortized cost.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(2) Summary of Significant Accounting Policies - continued

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.

Receivables and Payables - Receivables are reported net of any allowance for uncollectible accounts. As of June 30, 2019, the governmental and proprietary funds had allowances for uncollectible customer accounts totaling \$30,924 and \$655,351, respectively.

Property taxes receivable are recognized at the time an enforceable legal claim is established. This is determined to occur when the budget is certified. All City property taxes must be certified to the Cerro Gordo County Auditor on or before the fifteenth day of March of each year for the upcoming fiscal year which runs from July 1 to June 30. The county auditor is then required to place these city taxes upon the tax list. This levying of property taxes procedurally occurs during June prior to the fiscal year for which the taxes are to be collected. The property taxes actually become an enforceable lien against the property when the budget is certified.

Property taxes levied by the Cerro Gordo County Auditor and collectible for the year ended June 30, 2019, were due by July 1, 2018, with the first half installment being delinquent after September 30, 2018, and the second half installment being delinquent after March 31, 2019. Any collections remitted to the City within thirty days subsequent to year end are recorded as property tax revenue. The succeeding year property tax receivable represents the 2019 levy certified on March 15, 2019, based on 2018 assessed valuations. As the levy is intended for use in the fiscal year ended June 30, 2020, the revenue has been recorded as a deferred inflow of resources.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(2) Summary of Significant Accounting Policies - continued

Inventories and Prepaid Items - Inventories are recognized only in those funds in which they are material to the extent of affecting operations. Inventories of supplies are reported at cost and any inventory held for resale is carried at lower of cost or market (first-in, first-out). The consumption method of accounting is applied to the business-type inventories.

Restricted Assets - Assets within the enterprise funds which can be designated by the City Council for any use within the fund's purpose are considered to be unrestricted assets. Assets which are restricted for specific uses by bonded debt requirements, grant provisions, or other requirements are classified as restricted assets. Liabilities which are payable from restricted assets, are classified as such.

Capital Assets - Capital assets, which include land, buildings, improvements other than buildings, and machinery and equipment are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Buildings, improvements other than buildings, and machinery and equipment of the primary government, as well as component units, are depreciated using the straight-line method over the following estimated useful lives:

Buildings	20 to 50 years
Improvements	5 to 100 years
Equipment and vehicles	3 to 20 years
Infrastructure	10 to 45 years

Collections such as library books and museum exhibits are unencumbered, held for public exhibition, education, or research in the furtherance of public service rather than financial gain, protected, cared for, and preserved, and are subject to City policy that requires the proceeds from sales of these items to be used to acquire other collection items and therefore, are not capitalized.

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to a future year(s) which 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 expense and contributions from the City after the measurement date but before the end of the City's reporting period.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(2) Summary of Significant Accounting Policies - continued

Compensated Absences - City employees earn vacation and sick leave at rates dependent on years of service. Sick leave may be accumulated up to 960 hours but is forfeited if not used. Therefore, no accrual is recorded for accrued sick leave. Vacation leave is vested as earned but must be used within one year or is forfeited. The City records these accumulations in the fund in which they are earned for governmental type funds as the City anticipates paying these accruals from expendable available financial resources. For proprietary type funds, these accumulations are recorded as liabilities.

Long-Term Liabilities - In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 the 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.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which 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.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(2) Summary of Significant Accounting Policies - continued

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax and succeeding year special assessments receivable that will not be recognized as revenue until the year for which they are levied, and the unrecognized items not yet charged to pension expense.

Fund Balances - In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through resolution approved prior to year-end.

Assigned - Assigned fund balances contain self-imposed constraints of the government to be used for specific purposes. Intent can be expressed by the City Council or by an official or body to which the City Council delegates its authority. The City Council has authorized the Finance Director to assign fund balance through the approval of the annual budget.

Unassigned - All amounts not included in other spendable classifications. The general fund is the only fund that would report a positive unassigned fund balance.

(D) Budgetary control, compliance and appropriation data

The City prepares and adopts an annual program budget, as prescribed by the Code of Iowa, for all funds except Forest Park TIF, PDM-FEMA, ADDI, ESGP Grant, HMGP Voluntary Acquisition, FMA Voluntary Acquisition and MacNider Museum Foundation special revenue funds; Cemetery Perpetual Care permanent fund and fiduciary funds. The statutory level of control is on the program level for all funds rather than at the individual fund level. The City's budget as prescribed by the Code of Iowa must contain the following:

- a. Expenditures for each program:
 - Public Safety
 - Public Works
 - Health and Social Services
 - Culture and Recreation
 - Community and Economic Development
 - General Government
 - Debt Service
 - Capital Projects
- b. The amount to be raised by property taxation
- c. Income from sources other than property taxation

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(2) Summary of Significant Accounting Policies - continued

City Council action to legally enact the budget goes beyond the State requirement and includes budgets for individual funds except fiduciary funds. The City budget is prepared and reported on a modified accrual basis of accounting.

- A City budget may be amended for any of the following purposes:
- a. To permit the appropriation and expenditure of unexpended unencumbered cash balances on hand at the end of the preceding fiscal year.
 - b. To permit the appropriation and expenditure of amounts anticipated to be available from sources other than property taxation.
 - c. To permit transfers between funds as prescribed by state law.
 - d. To permit transfers between programs.

A budget amendment must be prepared and adopted in the same manner as the original budget. Management has no authority to amend the budget other than as directed by the City Council; furthermore, it is the City Council's policy that only state required budget amendments will be adopted. The City's budget was amended as prescribed and the effect of that amendment is shown in the following table.

The following table presented on a budgetary basis demonstrates the statutory compliance with the annual fiscal year 2019 budget:

	Original Certified Budget	Budget Amendment	Final Certified Budget	Actual Expenditures
Public Safety	\$10,927,952	\$ 78,150	\$11,006,102	\$10,607,328
Public Works	3,942,314	822,800	4,765,114	4,289,697
Health and Social Services	389,138	-	389,138	379,095
Culture and Recreation	3,810,476	403,993	4,214,469	3,362,668
Community and Economic Development	3,961,657	144,050	4,105,707	2,055,858
General Government	6,952,422	247,479	7,199,901	2,737,217
Debt Service	4,584,568	5,401,700	9,986,268	8,887,408
Capital Projects	42,593,390	-	42,593,390	14,787,630
Business-Type	15,063,930	341,000	15,404,930	14,392,816
Total	<u>\$92,225,847</u>	<u>\$7,439,172</u>	<u>\$99,665,019</u>	<u>\$61,499,717</u>

The fiscal year 2019 budget amendment resulted in an overall increase in the appropriation.

(E) Unbilled Revenues

The Waterworks, Sewer Rental, Solid Waste and Storm Sewer Funds accrue unbilled revenues for services rendered subsequent to the last billing date and prior to year-end based upon the number of days unbilled compared to the first billing subsequent to year-end. At June 30, 2019 unbilled utility receivables for the Waterworks, Sewer Rental, Solid Waste and Storm Sewer Funds were included in accounts receivable and totaled \$448,079, \$305,151, \$108,482 and \$22,980, respectively.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(3) Cash, Cash Equivalents and Investments

The City's deposits at June 30, 2019 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter 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 obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved pursuant to Chapter 12C, Code of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The fair value of the City's investments at June 30, 2019 are as follows:

	<u>Fair Value</u>
U.S. Government securities	\$ 5,036,262
Mutual Funds	1,066,495
	<u>\$ 6,102,757</u>
Deposits classified as investments:	
Iowa Public Agency Investment Trust	138,484
Nonnegotiable certificates of deposit	20,538,128
Total Investments	<u>\$26,779,983</u>
Reconciliation to Exhibit 1:	
Unrestricted investments	\$24,560,909
Restricted investments	2,219,074
Total Investments	<u>\$26,779,983</u>

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

The City invests in the Iowa Public Agency Investment Trust (IPAIT) which is a 2a7-like pool. IPAIT is a common-law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the positions in the trust is the same as the value of the shares.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(3) Cash, Cash Equivalents and Investments - continued

Information about the sensitivity of the fair values of the City's investments to market interest fluctuations is provided by the following table that shows the distribution of the City's investments by maturity as of June 30, 2019:

Security Description	Fair Value	Investment Maturity (in Years)			
		Less than 1	1-5	6-10	More than 10
US Government Securities:					
FNMA Notes	\$ 350,063	\$ -	\$ -	\$350,063	\$ -
FNMA	2,889,310	-	-	-	2,889,310
FHLMC	726,555	-	-	-	726,555
GNMA	1,070,334	-	-	-	1,070,334
TOTAL	<u>\$5,036,262</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$350,063</u>	<u>\$4,686,199</u>

Credit risk: Generally, credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy limits investments in commercial paper and other corporate debt to the top two highest classifications. The City did not invest in any commercial paper or other corporate debt during the year. The City's investments in Money Market Funds and U. S. Agencies were rated by Moody's at Aa3.

Concentration of credit risk: The City's investment policy does not allow for a prime bankers' acceptance or commercial paper and other corporate debt balances to be greater than ten percent of its total deposits and investments, further limited to no more than five percent from a single issuer. The City held no such investments during the year.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Chapter 12C of the Code of Iowa requires all City funds be deposited into an approved depository and be either insured or collateralized. As of June 30, 2019, the City's deposits were entirely insured by federal depository insurance or insured by the state through pooled collateral, state sinking funds, and by the state's ability to assess for lost funds. The City's investments are not exposed to custodial credit risk as of June 30, 2019 as they are held by financial institutions in the name of the City.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(3) Cash, Cash Equivalents and Investments - continued

Fair value measurements: The City 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. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs.

The city has the following recurring fair value measurements as of June 30, 2019: All the City's investments were determined using the last reported sales price at current exchange rates (Level 1 inputs) except non-negotiable certificates of deposit which were valued using the rates or prices of similar assets with similar maturities (Level 2 inputs).

(4) Interfund Receivable and Payable Balances

Interfund balances at June 30, 2019 consisted of the following amounts:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental:		
General	\$ 39,891	\$ 25,809
Road use tax	174,902	1,295
Debt service	1,000	16,183
River City Renaissance	16,182	-
Nonmajor funds	208,120	537,971
Internal Service funds	-	-
Total governmental	<u>\$ 440,095</u>	<u>\$ 581,258</u>
Business-Type:		
Waterworks	\$ 213,045	\$ -
Sewer rental	-	-
Ambulance	56,213	-
Nonmajor funds	171,725	299,820
Total business-type	<u>\$ 440,983</u>	<u>\$ 299,820</u>
Total due to/from other funds	<u>\$ 881,078</u>	<u>\$ 881,078</u>

The City's interfund receivables and payables eliminated what would have been negative cash balances in various funds in the amount of \$869,481. The remainder of these balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. In general, these balances will be repaid within one year from year end.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(5) Interfund Transfers

Transfers in and out for the year ended June 30, 2019 were:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental:		
General	\$1,347,506	\$ 310,128
Road use tax	1,433,866	25,000
Debt service	752,235	41,700
River City Renaissance	400,000	-
Nonmajor funds	-	1,798,324
Internal Service funds	-	900,000
Total governmental	<u>\$3,933,067</u>	<u>\$3,075,152</u>
Business-Type:		
Waterworks	\$ -	\$ 419,716
Sewer rental	-	194,655
Ambulance	1,333	-
Nonmajor funds	115,778	361,195
Total business-type	<u>\$ 117,111</u>	<u>\$ 975,566</u>
Total transfers	<u>\$4,050,718</u>	<u>\$4,050,718</u>

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

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(6) Capital Assets

Capital asset activity for the year ended June 30, 2019 was as follows:

Governmental Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 20,975,492	\$ -	\$ -	\$ 20,975,492
Construction in progress not being depreciated	2,768,502	7,610,178	2,303,991	8,074,689
	<u>\$ 23,743,994</u>	<u>\$ 7,610,178</u>	<u>\$2,303,991</u>	<u>\$ 29,050,181</u>
Capital assets, being depreciated:				
Buildings	\$ 25,224,031	\$ 936,560	\$ 6,305	\$ 26,154,286
Improvements	33,461,178	728,499	21,301	34,168,376
Equipment	6,811,222	597,506	362,739	7,045,989
Vehicles	10,144,325	642,944	296,400	10,490,869
Infrastructure	94,524,342	974,912	-	95,499,254
Total capital assets, being depreciated	<u>\$170,165,098</u>	<u>\$ 3,880,421</u>	<u>\$ 686,745</u>	<u>\$173,358,774</u>
Less accumulated depreciation for:				
Buildings	\$ 11,395,432	\$ 900,973	\$ 4,669	\$ 12,291,736
Improvements	15,194,808	1,463,021	16,712	16,641,117
Equipment	5,378,785	317,929	337,067	5,359,647
Vehicles	7,031,654	670,968	240,828	7,461,794
Infrastructure	48,632,032	3,443,928	-	52,075,960
Total accumulated depreciation	<u>\$ 87,632,711</u>	<u>\$ 6,796,819</u>	<u>\$ 599,276</u>	<u>\$ 93,830,254</u>
Total capital assets, being depreciated, net	<u>\$ 82,532,387</u>	<u>\$ (2,916,398)</u>	<u>\$ 87,469</u>	<u>\$ 79,528,520</u>
Governmental activities capital assets, net	<u>\$106,276,381</u>	<u>\$ 4,693,780</u>	<u>\$2,391,460</u>	<u>\$108,578,701</u>

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

Governmental activities:	
Public safety	\$ 480,419
Public works	4,984,650
Health and social services	-
Culture and recreation	1,092,913
Community and economic development	112,071
General government	121,304
Internal service funds depreciation is charged to various functions based on their usage of assets	<u>5,462</u>
Total depreciation expense—governmental activities	<u>\$6,796,819</u>

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(6) Capital Assets - continued

Business-type Activities:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 4,823,362	\$ -	\$ -	\$ 4,823,362
Construction in progress	<u>2,487,855</u>	<u>1,172,879</u>	<u>164,159</u>	<u>3,496,575</u>
Total capital assets, not being depreciated	<u>\$ 7,311,217</u>	<u>\$ 1,172,879</u>	<u>\$ 164,159</u>	<u>\$ 8,319,937</u>
Capital assets, being depreciated:				
Buildings	\$ 17,359,919	\$ 5,697	\$ -	\$ 17,365,616
Improvements	3,340,781	31,193	-	3,371,974
Equipment	4,164,313	410,629	43,677	4,531,265
Vehicles	3,776,121	193,758	146,109	3,823,770
Meters, plant, sewer lines and distribution system	<u>97,412,091</u>	<u>553,788</u>	<u>-</u>	<u>97,965,879</u>
Total capital assets, being depreciated	<u>\$126,053,225</u>	<u>\$ 1,195,065</u>	<u>\$ 189,786</u>	<u>\$127,058,504</u>
Less accumulated depreciation for:				
Buildings	\$ 6,451,778	\$ 414,468	\$ 14,093	\$ 6,852,153
Improvements	3,047,629	26,302	-	3,073,931
Equipment	2,992,388	269,493	29,584	3,232,297
Vehicles	2,412,357	277,453	115,565	2,574,245
Meters, plant, sewer lines and distribution system	<u>44,457,104</u>	<u>2,459,423</u>	<u>34,568</u>	<u>46,881,959</u>
Total accumulated depreciation	<u>\$ 59,361,256</u>	<u>\$ 3,447,139</u>	<u>\$ 193,810</u>	<u>\$ 62,614,585</u>
Total capital assets, being depreciated, net	<u>\$ 66,691,969</u>	<u>\$ (2,252,074)</u>	<u>\$ (4,024)</u>	<u>\$ 64,443,919</u>
Business-type activities capital assets, net	<u>\$ 74,003,186</u>	<u>\$ (1,079,195)</u>	<u>\$ 160,135</u>	<u>\$ 72,763,856</u>

Depreciation expense was charged to the following business-type activities:

Business-type activities:	
Waterworks	\$1,571,193
Sewer rental	1,314,793
Ambulance	217,763
Other business-type funds	<u>343,390</u>
Total depreciation expense-business-type activities	<u>\$3,447,139</u>

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(7) Pension and Retirement Systems

The City maintains three pension plans for employees in various departments. The City uses the General Fund to liquidate pension liabilities. An aggregate of the three plans are as follows:

Net pension liability	\$19,238,933
Pension assets	-
Deferred outflows of resources related to pensions	5,543,478
Deferred inflows of resources related to pensions	751,124
Pension expenses/expenditures for the period associated with the net pension liability	1,186,761

Iowa Public Employees Retirement System

Plan Description. IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

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

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

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(7) Pension and Retirement Systems - continued

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

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires 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 2019, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll for a total rate of 15.73%.

The City's contributions to IPERS for the year ended June 30, 2019 totaled \$856,769.

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the City reported a liability of \$7,242,904 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the City's collective proportion was 0.1144536% which was an increase of 0.004681% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the City recognized pension expense of \$965,462. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(7) Pension and Retirement Systems - continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 39,712	\$163,701
Changes in assumptions	1,033,245	-
Net difference between projected and actual earnings on pension plan investments	-	199,012
Changes in proportion and differences between City contributions and proportionate share of contributions	166,177	129,816
City contributions subsequent to the measurement date	856,769	-
Total	<u>\$2,095,903</u>	<u>\$492,529</u>

\$856,769 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The deferred outflows resulting from the difference between projected and actual earnings on pension plan investments will be recognized as a reduction in pension expense over five years. The other deferred inflows and outflows will be recognized as a component of pension expense using the average expected remaining service lives of all IPERS members. The average is determined by taking the calculated total future service years of the Plan divided by the number of the people in the Plan including retirees. Deferred outflows of resources and deferred inflows of resources will be recognized as pension expense as follows:

Year Ended	Total
<u>June 30,</u>	<u></u>
2020	\$480,800
2021	250,626
2022	(30,701)
2023	38,874
2024	7,008
Total	<u>\$746,607</u>

There were no non-employer contributing entities to IPERS.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(7) Pension and Retirement Systems - continued

Actuarial Assumptions - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience study dated March 24, 2017.

Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Health Annuitant Tables with MP-2017 generational adjustments.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	6.01%
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(0.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	3.0	3.11
Total	<u>100.0%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. 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, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(7) Pension and Retirement Systems - continued

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	<u>1%</u> <u>Decrease</u> <u>(6.00%)</u>	<u>Discount</u> <u>Rate</u> <u>(7.00%)</u>	<u>1%</u> <u>Increase</u> <u>(8.00%)</u>
City's proportionate share Of net pension liability	\$12,292,656	\$7,242,900	\$3,006,904

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

Plan Description - MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City of Mason City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at www.mfprsi.org.

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

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

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

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(7) Pension and Retirement Systems - continued

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

Disability and Death Benefits - Disability benefits may be either accidental or ordinary. Accidental disability is defined as a permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation, for those with 5 or more years of service, or the member's service retirement benefit calculation amount, and 25% of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50% of the average final compensation of the member plus an additional amount 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, 2019.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa, the City's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 26.02% for the year ended June 30, 2019.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(7) Pension and Retirement Systems - continued

The City's contributions to MFPRSI for the year ended June 30, 2019 totaled \$1,537,865.

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

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2019.

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the City reported a liability of \$11,996,029 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018 and total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2019, the City's proportion was 0.02014773% which was a decrease of 0.00015501% from its proportions measured as of June 30, 2018.

For the year ended June 30, 2019, the City recognized pension expense of \$221,299. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 322,035	\$162,732
Changes in assumptions	1,024,583	95,863
Net difference between projected and actual earnings on pension plan investments	586,776	-
Changes in proportion and differences between City contributions and proportionate share of contributions	(23,684)	-
City contributions subsequent to the measurement date	<u>1,537,865</u>	<u>-</u>
Total	<u>\$3,447,575</u>	<u>\$258,595</u>

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(7) Pension and Retirement Systems - continued

\$1,537,865 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. The deferred outflows resulting from the difference between projected and actual earnings on pension plan investments will be recognized as a reduction in pension expense over five years. The other deferred inflows and outflows will be recognized as a component of pension expense using the average expected remaining service lives of all MFPRSI members. The average is determined by taking the calculated total future service years of the Plan divided by the number of the people in the Plan including retirees. Deferred outflows of resources and deferred inflows of resources will be recognized as pension expense as follows:

Year Ended June 30,	Amount
2020	\$1,140,659
2021	617,452
2022	(174,674)
2023	68,017
2024	(338)
Total	\$1,651,116

Actuarial Assumptions - The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00%
Salary increase	4.50% to 15.00%, including inflation.
Investment rate of return	7.50%, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2007 to June 30, 2017.

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

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(7) Pension and Retirement Systems - continued

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Large cap	5.5%
Small cap	5.8
International large cap	7.3
Emerging markets	9.0
Emerging markets debt	6.3
Private non-core real estate	8.0
Master limited partnerships	9.0
Private equity	9.0
Core plus fixed income	3.3
Private core real estate	6.0
Tactical asset allocation	6.4

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. 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's 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 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%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of net pension liability	\$20,014,964	\$11,996,029	\$5,356,619

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

Payables to MFPRSI - 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, 2019.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(7) Pension and Retirement Systems - continued

Firemen Pension Plan

(A) Plan Description

The City maintains a contributory defined benefit pension plan for those individuals previously covered under the provisions of Chapter 410 of the Iowa Code. The plan is funded from pension fund reserves. All participants in the plan are presently retired. No information is available regarding actuarially computed liability or assets. As of June 30, 2019, there are no individuals receiving benefits in the fire plan. There is no stand-alone financial report for the plan.

A summary of financial information relating to the plan as of June 30, 2019 is as follows:

	<u>Fire</u>
Cash and investments	\$7,835
Fund equity	7,835
Pensions paid	-

(B) Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. Employer contributions are recognized as revenues for the period.

Method Used to Value Investments

Investments, if any, are non-participating certificates of deposit and are valued at historical cost.

(C) Trend Information

Firemen Pension Plan

<u>Fiscal Year</u>	<u>Revenues</u>			<u>Expenses</u>
	<u>Investment Income</u>	<u>Property Taxes</u>	<u>Totals</u>	<u>Benefits</u>
2019	\$ -	\$ -	\$ -	\$ -
2018	-	8,225	8,225	4,495
2017	-	4,994	4,994	7,513
2016	13	7,730	7,743	7,308
2015	-	7,486	7,486	7,126
2014	-	7,214	7,214	6,917
2013	-	7,201	7,201	6,790
2012	-	6,897	6,897	6,697
2011	7	-	7	6,576
2010	76	-	76	6,457

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(8) Deferred Compensation Plan

The City offers its employees several deferred compensation plans created in accordance with Internal Revenue Code Section 457. These plans, available to all City employees, permit them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency and participation in the plan is optional.

The City does not own or administer the amount deferred by employees and, therefore, the liability and corresponding investment are not reflected in the basic financial statements.

(9) Long-Term Liabilities

Long-term debt of the City is as follows:

	<u>Governmental</u>	<u>Business-Type</u>
4.00% to 4.15% Taxable General Obligation bond payable, issued 9/4/07	\$ -	\$ 865,000
2.75% to 2.90% General Obligation bond payable, issued 8/1/10	405,000	235,000
2.65% to 2.80% General Obligation bond payable, issued 10/1/10	965,000	-
2.80% General Obligation bond payable, issued 8/31/11	185,000	-
1.30% to 1.70% General Obligation bond payable, issued 8/7/12	460,000	295,000
2.00% to 2.25% Taxable General Obligation bond payable, issued 9/17/14	1,435,000	1,885,000
2.00% General Obligation bond payable, issued 9/29/15	825,000	-
1.25% to 1.375% General Obligation bond payable, issued 09/21/16	1,132,000	108,000
2.00% General Obligation bond payable, Issued 08/01/17	2,950,000	70,000
3.00% General Obligation bond payable, issued 09/15/18	4,910,000	510,000
3.00 to 4.00% General Obligation Refunding bond, issued 04/16/19	4,560,000	105,000
3.00 to 3.75% General Obligation Urban Renewal Bond payable, issued 04/16/19	16,150,000	-
1.75% Water Revenue Capital Loan note payable, issued 2/26/03, callable 6/01/13 at par	-	3,850,000
3.00% Sewer Revenue bond payable, issued 8/15/08	-	7,531,000
	<u> </u>	<u> </u>
Totals	<u>\$33,977,000</u>	<u>\$15,454,000</u>

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(9) Long-Term Liabilities - continued

Bonded Debt:

General Obligation Debt

General obligation bonds are direct obligations issued on a pledge of the general taxing power of the City for the payment of the debt.

There were \$38,050,000 of general obligation bonds outstanding as of June 30, 2019. Unmatured general obligation bonds to be paid by governmental funds totaled \$33,977,000. General obligation bonds to be paid by enterprise revenue and, therefore, included as Enterprise Fund obligations totaled \$4,073,000.

During the year ended June 30, 2019, the City issued \$26,365,000 of general obligation bonds. These bonds were used for construction, reconstruction and repair of various public works, parks, utility-related improvements, and River City Renaissance economic development project.

Water and Sewer Revenue Debt

The City issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. There were \$11,381,000 of revenue bonds outstanding as of June 30, 2019, payable through 2030. The City, as a requirement of the bonds, maintains certain reserve requirements while these bonds are outstanding. These reserves include a) one-twelfth of the annual interest and principal due in the succeeding year plus b) the lesser of 10% of the original note proceeds or the maximum amount of principal and interest due in any remaining year of the individual issue or 25% of the amount required to be deposited to a) since issue of the bond. One bond also requires the reservation of an improvement amount equal to the lesser of \$5,000 times the number of months since issuance or \$250,000. The combined total required to be reserved is \$2,070,777. The City has reserved \$2,791,196 as of June 30, 2019. The combined principal and interest paid for the current year and total customer net revenues were \$1,823,820 and \$4,465,857, respectively, amounting to approximately 40.84% of net revenues.

Tax Increment Financing Revenue Debt

The City issues bonds to finance its contribution to various development projects in the tax increment districts. The principal and interest on the bonds are paid with the additional taxes generated by the various development projects. As of June 30, 2019, there were no tax increment financing bonds outstanding.

A summary of long-term liability activity for the year ended June 30, 2019, was as follows:

	July 1, 2018	Increases	Decreases	June 30, 2019	Due Within One Year
Governmental Activities:					
Bonds Payable	\$16,386,000	\$25,620,000	\$8,029,000	\$33,977,000	\$3,119,000
Net premium/(discount)	182,786	495,055	46,386	631,455	-
Total OPEB obligation	1,051,327	117,821	-	1,169,148	-
Net pension liability	14,723,025	32,667	-	14,755,692	-
Total	<u>\$32,343,138</u>	<u>\$26,265,543</u>	<u>\$8,075,386</u>	<u>\$50,533,295</u>	<u>\$3,119,000</u>
Business type activities:					
Bonds payable	\$17,358,000	\$ 745,000	\$2,649,000	\$15,454,000	\$2,655,000
Net premium/(discount)	(112,766)	12,290	-	(100,476)	-
Total OPEB obligation	420,836	41,984	-	462,820	-
Net pension liability	4,496,286	-	13,044	4,483,242	-
Total	<u>\$22,162,356</u>	<u>\$ 799,274</u>	<u>\$2,662,044</u>	<u>\$20,299,586</u>	<u>\$2,655,000</u>

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(9) Long-Term Liabilities - continued

At June 30, 2019, the non-revenue debt issued by the City did not exceed its legal debt margin computed as follows:

Total estimated actual valuation - real property	<u>\$2,347,253,691</u>
Debt limit - 5% of total valuation	\$ 117,362,685
Debt applicable to debt limit:	
General obligation bonded debt outstanding	38,050,000
Legal debt margin	<u>\$ 79,312,685</u>

A summary of bond principal and interest maturities by type of bond is as follows:

June 30,	Governmental General Obligation		Business-type Activities General Obligation		General Obligation Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
	2020	\$ 3,119,000	\$1,133,144	\$1,086,000	\$106,411	\$ 4,205,000
2021	3,924,000	971,070	1,001,000	77,637	4,925,000	1,048,707
2022	3,304,000	869,894	851,000	52,114	4,155,000	922,008
2023	2,945,000	786,798	735,000	29,822	3,680,000	816,620
2024	1,930,000	708,625	400,000	9,000	2,330,000	717,625
2025-2029	9,230,000	2,601,813	-	-	9,230,000	2,601,813
2030-2034	4,815,000	1,381,475	-	-	4,815,000	1,381,475
2035-2039	4,710,000	448,018	-	-	4,710,000	448,018
	<u>\$33,977,000</u>	<u>\$8,900,837</u>	<u>\$4,073,000</u>	<u>\$274,984</u>	<u>\$38,050,000</u>	<u>\$9,175,821</u>

June 30,	Governmental Revenue Obligation		Business-type Activities Revenue Obligation		Revenue Obligation Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
	2020	\$ -	\$ -	\$ 1,569,000	\$ 341,430	\$ 1,569,000
2021	-	-	1,619,000	294,360	1,619,000	294,360
2022	-	-	1,668,000	245,790	1,668,000	245,790
2023	-	-	1,721,000	195,750	1,721,000	195,750
2024	-	-	738,000	144,120	738,000	144,120
2025-2029	-	-	4,066,000	373,740	4,066,000	373,740
2030-2034	-	-	-	-	-	-
2035-2039	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,381,000</u>	<u>\$1,595,190</u>	<u>\$11,381,000</u>	<u>\$1,595,190</u>

Industrial Revenue Bonds

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2019, there was one series of Industrial Revenue Bonds outstanding, with a principal amount payable of \$2,457,389.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(10) Contingent Liabilities

The City is a defendant in several lawsuits. The City Attorney estimates that the potential claims not covered by insurance resulting from these claims would not materially affect the financial position of the City.

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. City management believes disallowances, if any, will be immaterial.

Sales and payroll taxes collected from customers and employees respectively, are subject to audit by federal and state governments. Any adjustments in these amounts may constitute a liability of the City. The amount of changes, if any, made by federal or state governments cannot be determined at this time.

(11) Risk Management

As of July 1, 1993, the City established a self-insured medical plan for City employees and families. The plan is administered by and an administration fee paid to Bernie Lowe & Associates. The City is responsible for individual participant coverage of up to \$100,000 of claims annually. Individual claims in excess of \$100,000 and aggregate group claims in excess of approximately \$4,173,184 for the year ended June 30, 2019 are covered by commercial insurance.

All funds of the City participate in the program and make payments to the Employee Health Care Fund (an Internal Service Fund) based on premiums recommended by the program administrator based on historical information. The premiums are based on the amounts needed to pay current year claims and provide a reserve for claims incurred but not reported during the current year.

The City has adopted Government Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Included in the claims liability at June 30, 2019 is \$792,100 for claims incurred but not reported at that date. Changes in the fund's claims liability amount in fiscal 2019 is as follows:

	Beginning of fiscal year <u>liability</u>	Current year claims and changes <u>in estimates</u>	Claim <u>payments</u>	End of fiscal year <u>liability</u>
Current year	\$788,300	\$3,504,492	\$3,500,692	\$792,100
Prior year	841,800	3,425,113	3,478,613	788,300

In addition to health risks losses, the City is exposed to various other risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City covers these risks through commercial claims-made insurance policies. The costs of this insurance are paid by the general fund and the enterprise funds. There have been no substantial reductions in coverage from prior years.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(12) Deficit Fund Balances/Net Position

The basic financial statements include individual fund deficits as follows:

Special Revenue Fund:	
Southside TIF	\$ 27,296
Street Construction	174,903
Medical Costs	106,721
Softball Improvement	5,626

The deficit balances in these funds will be eliminated by grant proceeds and interfund transfers from the General Fund.

(13) Termination Benefits

As of June 30, 2019, the City had two terminated employees participating in COBRA health care coverage available from the City. COBRA participants pay 100% of the premium for continuing coverage. COBRA continuation coverage benefits are available for eligible employees for 18 months. Upon termination, employees are paid for compensated absences that have been accrued up to termination date.

(14) Other Postemployment Benefits

Plan Description - The City administers a single-employer health care plan that provides self-insured medical and prescription drug coverage to all employees, retirees and their spouses, and their eligible 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 the 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 and prescription drug 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, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	16
Active employees	<u>229</u>
Total	<u>245</u>

Total OPEB Liability - The City's total OPEB liability of \$1,631,968 was measured as of July 1, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(14) Other Postemployment Benefits - continued

Rate of inflation (effective June 30, 2018)	2.75% per IPERS, plus 0.25% additional for insurance company
Rates of salary increase	0.00% (OPEBs directly determined by service years, not salary)
Discount rate (effective June 30, 2018)	3.15% per year Municipal Bond 20-year AA
Healthcare cost trend rate (effective June 30, 2018)	6.00% claim cost trend per year

Discount Rate - The discount rate used to measure the total OPEB liability was 3.72% which reflects the 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 RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Total OPEB liability beginning of year, as restated	\$1,472,163
Changes for the year:	
Service cost	98,310
Interest	57,792
Differences between expected and actual experiences	-
Changes in assumptions	-
Recognition of deferred Inflows/Outflows	(54,723)
Benefit payments	(35,561)
Net changes	<u>65,818</u>
Total OPEB liability end of year	<u>\$1,537,981</u>

Sensitivity of the City's Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.72%) or 1% higher (4.72%) than the current discount rate.

	1% Decrease (2.15%)	Discount Rate (3.15%)	1% Increase (4.15%)
Total OPEB liability	\$1,812,752	\$1,631,968	\$1,471,146

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 healthcare cost trend rates that are 1% lower (5.00%) or 1% higher (7.00%) than the current healthcare cost trend rates.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(14) Other Postemployment Benefits - continued

	1% Decrease <u>(5.00%)</u>	Healthcare Cost Trend Rate <u>(6.00%)</u>	1% Increase <u>(7.00%)</u>
Total OPEB liability	\$1,404,113	\$1,631,968	\$1,904,563

OPEB Expense and Deferred Outflows of Resources Related to OPEB - For the year ended June 30, 2019, the City recognized OPEB expense of \$162,748. At June 30, 2019, the City reported deferred outflows of resources related to OPEB from the following resources:

	<u>Deferred Outflows Of Resources</u>
Differences between expected and actual experience	\$ (54,723)
Changes in assumptions	-
Total	<u>\$ (54,723)</u>

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

Year ending	<u>Amount</u>
June 30,	
2019	\$ (6,548)
2020	(6,548)
2021	(6,548)
2022	(6,548)
2023	(6,548)
Thereafter	<u>(56,314)</u>
	<u>\$ (89,054)</u>

(15) Commitments

At June 30, 2019, the following construction and purchase commitments had been made:

The City has entered into various contracts totaling approximately \$17,344,184 for street construction projects, water and sewer improvements, sanitation vehicle upgrade, park repairs and equipment upgrades for Ambulance and Police. As of June 30, 2019, approximate costs of \$12,853,028 have been incurred on the projects. The remaining amounts will be paid as work on the projects progresses.

(16) Related Party Transactions

The City had material business transactions between the City and City officials, totaling \$2,865,245 during the year ended June 30, 2019 of which \$2,797,418 was competitively bid.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(17) Fund Balances

The details for the City's fund balance for the year ended June 30, 2019 are as follows:

	<u>General</u>	<u>Road Use Tax</u>	<u>Debt Service</u>	<u>River City Renaissance</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Nonspendable:						
Endowment principal	\$ -	\$ -	\$ -	\$ -	\$ 633,638	\$ 633,638
Prepaid expenses	155,281	15,560	-	-	-	170,841
Total nonspendable	<u>\$ 155,281</u>	<u>\$ 15,560</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 633,638</u>	<u>\$ 804,479</u>
Restricted for:						
Streets & road construction	\$ -	\$1,361,212	\$ -	\$ -	\$ -	\$ 1,361,212
Employee benefits	-	-	-	-	5,290,321	5,290,321
Economic dev. projects	-	-	-	-	561,626	561,626
Grant qualified expenses	-	-	-	-	61,806	61,806
Street & park improvements	-	-	-	-	937,723	937,723
River City Renaissance	-	-	-	11,601,104	-	11,601,104
Museum funding	-	-	-	-	389,426	389,426
Cemetery perpetual care	-	-	-	-	581,884	581,884
Debt Service	-	-	702,475	-	-	702,475
Tort liability	615,001	-	-	-	-	615,001
Total restricted	<u>\$ 615,001</u>	<u>\$1,361,212</u>	<u>\$ 702,475</u>	<u>\$11,601,104</u>	<u>\$7,822,786</u>	<u>\$ 22,102,578</u>
Assigned for:						
Airport	\$ 654,522	\$ -	\$ -	\$ -	\$ -	\$ 654,522
Park & Recreation	182,835	-	-	-	-	182,835
Museum	-	-	-	-	842,833	842,833
Library	-	-	-	-	534,150	534,150
Youth softball complex	-	-	-	-	80,346	80,346
Total assigned	<u>\$ 837,357</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,457,329</u>	<u>\$ 2,294,686</u>
Unassigned	4,746,555	-	-	-	(286,983)	4,459,572
Total fund balances	<u>\$6,354,194</u>	<u>\$1,376,772</u>	<u>\$ 702,475</u>	<u>\$11,601,104</u>	<u>\$9,626,770</u>	<u>\$ 29,661,315</u>

(18) Budget Overexpenditure

Per the Code of Iowa, disbursements may not legally exceed budgeted appropriations at the program level. During the year ended June 30, 2019, disbursements exceeded the amount budgeted in the Debt Service program prior to budget amendment. At year end, all disbursements were within amended budget amounts.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(19) Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 20, 2019, the date the financial statements were issued.

The City awarded contracts subsequent to June 30 for the following projects:

River City Renaissance projects	\$2,434,821
Street projects	103,817
Water projects	1,220,075
Storm sewer projects	373,234
Sewer projects	940,013
Park and Recreation projects	54,124
Police department projects	152,776
Fire department	755,325
Transit	401,084
Other projects	119,537
Total	<u>\$6,554,806</u>

(20) 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 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, 2019, the City abated \$516,094 of property tax under the urban renewal and economic development projects.

(21) New Accounting Pronouncement

The City of Mason City adopted the guidance set forth in Governmental Accounting Standards Statement No. 83, Certain Asset Retirement Obligations. This Statement establishes criteria for determining timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. It also requires disclosure of information about the nature of a government's asset retirement obligations, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

(21) New Accounting Pronouncement - continued

The City of Mason City adopted the guidance set forth in the Governmental Accounting Standards Statement No.88, Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements. This Statement has the objective to improve the information that is disclosed in the notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

(22) New Governmental Accounting Standards Board (GASB) Standards

The Governmental Accounting Standards Board (GASB) has issued four statements not yet implemented by the City. The statements, which may impact the City are as follows:

Statement 84, Fiduciary Activities, issued January 2019, will be effective for the fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

Statement 87, Leases, issued June 2019, will be effective for the fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

Statement 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, will be effective for the fiscal year ending June 30, 2021. The objective of this Statement is (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

Statement 90, Majority Equity Interests - an Amendment of GASB Statements No. 14 and No. 61, will be effective for fiscal year ending June 30, 2020. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

The City's management has not yet determined the effect these statements will have on the City's financial statements.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

CITY OF MASON CITY, IOWA
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
RELATED RATIOS & NOTES

For the Last Two Years
Required Supplementary Information

	<u>2019</u>	<u>2018</u>
Service Cost	\$ 98,310	\$ 98,353
Interest Cost	57,792	55,200
Difference between expected and actual experiences	-	-
Changes in assumptions	-	-
Recognition of deferred inflows/outflows	(54,723)	(41,444)
Benefit payments	<u>(35,561)</u>	<u>(44,537)</u>
Net change in OPEB liability	<u>65,818</u>	<u>67,572</u>
Total OPEB liability beginning of year	<u>1,472,163</u>	<u>1,404,591</u>
Total OPEB liability end of year	<u>\$ 1,537,981</u>	<u>\$ 1,472,163</u>
Covered payroll	\$16,015,839	\$15,425,905
Total OPEB liability as a percentage Of covered payroll	9.6029%	9.5434%

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

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in Assumptions:

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

Year ended June 30, 2019	3.72%
Year ended June 30, 2018	2.50%

CITY OF MASON CITY
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 LAST FIVE FISCAL YEARS*
 (IN THOUSANDS)
 JUNE 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net pension liability (asset)	0.114490%	0.110763%	0.112157%
City's proportionate share of the net pension liability	\$7,243	\$7,312	\$6,994
City's covered payroll	\$8,602	\$8,197	\$7,976
City's proportionate share of the net pension liability as a percentage of its covered payroll	84.20%	89.20%	87.69%
Plan fiduciary net position as a percentage of the total pension liability	83.62%	82.21%	81.82%

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

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 notes to required supplementary information.

<u>2016</u>	<u>2015</u>
0.115203%	0.116249%
\$5,727	\$4,704
\$7,941	\$7,763
72.12%	60.60%
85.19%	87.61%

CITY OF MASON CITY, IOWA
SCHEDULE OF CITY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS
(IN THOUSANDS)
JUNE 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 857	\$ 768	\$ 732	\$ 712
Contributions in relation to the Statutorily required contribution	<u>(857)</u>	<u>(768)</u>	<u>(732)</u>	<u>(712)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$9,076	\$8,602	\$8,197	\$7,976
Contributions as percentage of covered payroll	9.44%	8.93%	8.93%	8.93%

See notes to required supplementary information.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 709	\$ 693	\$ 670	\$ 649	\$ 540	\$ 509
<u>(709)</u>	<u>(693)</u>	<u>(670)</u>	<u>(649)</u>	<u>(540)</u>	<u>(509)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$7,941	\$7,763	\$7,730	\$8,048	\$7,776	\$7,668
8.93%	8.93%	8.67%	8.07%	6.95%	6.65%

CITY OF MASON CITY, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
JUNE 30, 2019

Changes of benefit terms:

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

Changes of assumptions:

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

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

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

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- 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 (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

CITY OF MASON CITY, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
JUNE 30, 2019

Changes of assumptions: (continued)

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

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

CITY OF MASON CITY, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST FIVE FISCAL YEARS*
(IN THOUSANDS)
JUNE 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net pension liability (asset)	0.02014773%	0.02030274%	0.02039407%
City's proportionate share of the net pension liability	\$11,816	\$11,907	\$12,752
City's covered payroll	\$5,857	\$ 5,748	\$ 5,528
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	201.74%	207.15%	230.68%
Plan fiduciary net position as a percentage of the total pension liability	81.07%	80.60%	78.20%

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

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 notes to required supplementary information.

<u>2016</u>	<u>2015</u>
0.02083745%	0.02005486%
\$9,789	\$7,270
\$4,833	\$5,120
202.55%	141.99%
83.04%	86.27%

CITY OF MASON CITY, IOWA
SCHEDULE OF CITY CONTRIBUTIONS
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST 10 FISCAL YEARS
(IN THOUSANDS)
JUNE 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$1,538	\$1,504	\$1,490	\$1,535
Contributions in relation to the statutorily required contribution	<u>(1,538)</u>	<u>(1,504)</u>	<u>(1,490)</u>	<u>(1,535)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$5,910	\$5,857	\$5,748	\$5,528
Contributions as percentage of covered-employee payroll	26.02%	25.68%	25.92%	27.77%

See notes to required supplementary information.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$1,462	\$1,542	\$1,297	\$1,235	\$1,033	\$ 830
(1,462)	(1,542)	(1,297)	(1,235)	(1,033)	(830)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$4,833	\$5,120	\$4,965	\$4,987	\$5,189	\$4,883
30.41%	30.12%	26.12%	24.76%	19.90%	17.00%

CITY OF MASON CITY, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
JUNE 30, 2019

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

The 2018 valuation changed postretirement mortality rates were based on 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 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.

**SUPPLEMENTARY
INFORMATION**

GOVERNMENTAL FUNDS

CITY OF MASON CITY, IOWA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2019

	Special Revenue Funds		
	Unified TIF	Hotel/ Motel Tax	Medical Costs
ASSETS:			
Cash	\$ -	\$ 56,960	\$ -
Investments	550,000	-	-
Receivables:			
Property taxes	23,371	-	8,607
Succeeding year property taxes	-	-	700,000
Accrued interest	3,878	-	-
Special assessments - current	15,057	-	-
Succeeding year special assessments	30,114	-	-
Due from other funds	-	51,346	-
Due from state government	-	-	-
Restricted assets:			
Cash	-	-	-
Investments	-	-	-
Accrued interest	-	-	-
Total assets	\$622,420	\$108,306	\$ 708,607
LIABILITIES:			
Accounts payable	\$ 2,603	\$ -	\$ 15,990
Contracts payable	-	-	-
Due to other funds	213,045	-	99,338
Due to state government	-	-	-
Total liabilities	\$215,648	\$ -	\$ 115,328
DEFERRED INFLOWS OF RESOURCES:			
Succeeding year property tax	\$ -	\$ -	\$ 700,000
Succeeding year special assessments	30,114	-	-
Total deferred inflows of resources	\$ 30,114	\$ -	\$ 700,000
Total liabilities and deferred inflows of resources	\$245,762	\$ -	\$ 815,328
FUND BALANCES:			
Nonspendable	\$ -	\$ -	\$ -
Restricted	376,658	108,306	-
Assigned	-	-	-
Unassigned	-	-	(106,721)
Total fund balances	\$376,658	\$108,306	\$ (106,721)
Total liabilities, deferred inflows of resources and fund balances	\$622,420	\$108,306	\$ 708,607

(continued)

Special Revenue Funds

<u>Police Retirement</u>	<u>Fire Retirement</u>	<u>Employee Retirement</u>	<u>Library Trust</u>	<u>MacNider Museum Foundation</u>	<u>Other Special Revenue</u>
\$ -	\$ 68,620	\$ 67,087	\$123,930	\$ 70,337	\$312,719
2,677,132	2,292,340	-	409,995	772,496	-
9,719	6,057	12,053	-	-	25,762
763,683	463,448	576,240	-	-	-
1,529	1,849	-	975	-	410
-	-	-	-	-	-
-	-	-	-	-	-
-	99,338	-	-	-	25,117
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$3,452,063</u>	<u>\$2,931,652</u>	<u>\$655,380</u>	<u>\$534,900</u>	<u>\$842,833</u>	<u>\$364,008</u>
\$ -	\$ -	\$ 2,363	\$ 750	\$ -	\$ 16,578
-	-	-	-	-	-
51,346	-	-	-	-	25,117
-	-	-	-	-	552
<u>\$ 51,346</u>	<u>\$ -</u>	<u>\$ 2,363</u>	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ 42,247</u>
\$ 763,683	\$ 463,448	\$576,240	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ 763,683</u>	<u>\$ 463,448</u>	<u>\$576,240</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 815,029	\$ 463,448	\$578,603	\$ 750	\$ -	\$ 42,247
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2,637,034	2,468,204	76,777	-	-	246,774
-	-	-	534,150	842,833	80,346
-	-	-	-	-	(5,359)
<u>\$2,637,034</u>	<u>\$2,468,204</u>	<u>\$ 76,777</u>	<u>\$534,150</u>	<u>\$842,833</u>	<u>\$321,761</u>
<u>\$3,452,063</u>	<u>\$2,931,652</u>	<u>\$655,380</u>	<u>\$534,900</u>	<u>\$842,833</u>	<u>\$364,008</u>

CITY OF MASON CITY, IOWA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2019

	Special Revenue Funds	<u>Capital Improvement</u>	
	Total Special Revenue	Local Option Capital Improvement	Street Construction
ASSETS:			
Cash	\$ 699,653	\$124,147	\$ -
Investments	6,701,963	700,000	-
Receivables:			
Property taxes	85,569	-	-
Succeeding year property taxes	2,503,371	-	-
Accrued interest	8,641	7,122	-
Special assessments - current	15,057	-	-
Succeeding year special assessments	30,114	-	-
Due from other funds	175,801	-	-
Due from state government	-	152,096	-
Restricted assets:			
Cash	-	-	-
Investments	-	-	-
Accrued interest	-	-	-
Total assets	<u>\$10,220,169</u>	<u>\$983,365</u>	<u>\$ -</u>
LIABILITIES:			
Accounts payable	\$ 38,284	\$ 42,136	\$ -
Contracts payable	-	3,506	-
Due to other funds	388,846	-	174,903
Due to state government	552	-	-
Total liabilities	<u>\$ 427,682</u>	<u>\$ 45,642</u>	<u>\$ 174,903</u>
DEFERRED INFLOWS OF RESOURCES:			
Succeeding year property tax	\$ 2,503,371	\$ -	\$ -
Succeeding year special assessments	30,114	-	-
Total deferred inflows of resources	<u>\$ 2,533,485</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and deferred inflows of resources	<u>\$ 2,961,167</u>	<u>\$ 45,642</u>	<u>\$ 174,903</u>
FUND BALANCES:			
Nonspendable	\$ -	\$ -	\$ -
Restricted	5,913,753	937,723	-
Assigned	1,457,329	-	-
Unassigned	(112,080)	-	(174,903)
Total fund balances	<u>\$ 7,259,002</u>	<u>\$937,723</u>	<u>\$ (174,903)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$10,220,169</u>	<u>\$983,365</u>	<u>\$ -</u>

<u>Capital Improvements</u>	<u>Permanent Funds</u>			<u>Total Nonmajor Governmental</u>
	<u>Cemetery Perpetual Care</u>	<u>MacNider Museum Trust</u>	<u>Total Permanent</u>	
<u>Total Capital Projects</u>				
\$ 124,147	\$ -	\$ 397,369	\$ 397,369	\$ 1,221,169
700,000	-	625,000	625,000	8,026,963
-	-	-	-	85,569
-	-	-	-	2,503,371
7,122	-	695	695	16,458
-	-	-	-	15,057
-	-	-	-	30,114
-	32,319	-	32,319	208,120
152,096	-	-	-	152,096
-	3,931	-	3,931	3,931
-	519,074	-	519,074	519,074
-	782	-	782	782
<u>\$ 983,365</u>	<u>\$556,106</u>	<u>\$1,023,064</u>	<u>\$1,579,170</u>	<u>\$12,782,704</u>
42,136	\$ -	\$ -	\$ -	\$ 80,420
3,506	-	-	-	3,506
174,903	(25,778)	-	(25,778)	537,971
-	-	-	-	552
<u>\$ 220,545</u>	<u>\$ (25,778)</u>	<u>\$ -</u>	<u>\$ (25,778)</u>	<u>\$ 622,449</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,503,371
-	-	-	-	30,114
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,533,485</u>
<u>\$ 220,545</u>	<u>\$ (25,778)</u>	<u>\$ -</u>	<u>\$ (25,778)</u>	<u>\$ 3,155,934</u>
\$ -	\$ -	\$ 633,638	\$ 633,638	\$ 633,638
937,723	581,884	389,426	971,310	7,822,786
-	-	-	-	1,457,329
(174,903)	-	-	-	(286,983)
<u>\$ 762,820</u>	<u>\$581,884</u>	<u>\$1,023,064</u>	<u>\$1,604,948</u>	<u>\$ 9,626,770</u>
<u>\$ 983,365</u>	<u>\$556,106</u>	<u>\$1,023,064</u>	<u>\$1,579,170</u>	<u>\$12,782,704</u>

**CITY OF MASON CITY, IOWA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds		
	Unified TIF	Hotel/ Motel Tax	Medical Costs
REVENUES:			
Property taxes	\$ -	\$ -	\$ 730,194
TIF revenues	1,490,618	-	-
Other taxes	-	722,622	-
Intergovernmental	-	-	-
Charges for services	-	-	-
Use of money and property	15,132	-	-
Special assessments	15,996	-	-
Miscellaneous	-	-	-
Total revenues	<u>\$1,521,746</u>	<u>\$722,622</u>	<u>\$ 730,194</u>
EXPENDITURES:			
Operating:			
Public safety	\$ -	\$ -	\$ 140,269
Public works	-	-	-
Health & social services	-	-	-
Culture & recreation	-	-	-
Community & economic development	903,478	-	-
General government	-	584,242	-
Capital projects	-	-	-
Total expenditures	<u>\$ 903,478</u>	<u>\$584,242</u>	<u>\$ 140,269</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 618,268</u>	<u>\$138,380</u>	<u>\$ 589,925</u>
Other financing sources (uses):			
Proceeds from general obligation bonds	\$ -	\$ -	\$ -
Transfers out	(498,078)	(72,666)	-
Total other financing sources (uses)	<u>\$ (498,078)</u>	<u>\$ (72,666)</u>	<u>\$ -</u>
Net change in fund balances	\$ 120,190	\$ 65,714	\$ 589,925
Fund balance (deficit) beginning of year	<u>256,468</u>	<u>42,592</u>	<u>(696,646)</u>
Fund balance (deficit) end of year	<u>\$ 376,658</u>	<u>\$108,306</u>	<u>\$ (106,721)</u>

(continued)

Special Revenue Funds

<u>Police Retirement</u>	<u>Fire Retirement</u>	<u>Employee Retirement</u>	<u>Library Trust</u>	<u>MacNider Museum Foundation</u>	<u>Other Special Revenue</u>
\$ 824,598	\$ 513,848	\$564,099	\$ -	\$ -	\$ -
-	-	-	-	-	470,823
-	-	-	-	-	-
-	-	-	-	-	16,249
-	-	-	5,510	-	7,101
273,831	260,309	-	45,918	23,830	40,516
-	-	-	-	-	-
-	-	-	52,575	85,889	-
<u>\$1,098,429</u>	<u>\$ 774,157</u>	<u>\$564,099</u>	<u>\$104,003</u>	<u>\$109,719</u>	<u>\$534,689</u>
\$ 830,760	\$ 515,735	\$173,190	\$ -	\$ -	\$ -
-	-	55,599	-	-	-
-	-	9,837	-	-	-
-	-	119,105	39,697	61,387	36,809
-	-	46,238	-	-	35,660
-	-	161,131	-	-	-
-	-	-	162	-	11,292
<u>\$ 830,760</u>	<u>\$ 515,735</u>	<u>\$565,100</u>	<u>\$ 39,859</u>	<u>\$ 61,387</u>	<u>\$ 83,761</u>
<u>\$ 267,669</u>	<u>\$ 258,422</u>	<u>\$ (1,001)</u>	<u>\$ 64,144</u>	<u>\$ 48,332</u>	<u>\$450,928</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 267,669	\$ 258,422	\$ (1,001)	\$ 64,144	\$ 48,332	\$450,928
<u>2,369,365</u>	<u>2,209,782</u>	<u>77,778</u>	<u>470,006</u>	<u>794,501</u>	<u>(129,167)</u>
<u>\$2,637,034</u>	<u>\$2,468,204</u>	<u>\$ 76,777</u>	<u>\$534,150</u>	<u>\$842,833</u>	<u>\$321,761</u>

CITY OF MASON CITY, IOWA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	
	<u>Total Special Revenue</u>	<u>Local Option Capital Improvement</u>	<u>Street Construction</u>
REVENUES:			
Property taxes	\$2,632,739	\$ -	\$ -
TIF revenues	1,961,441	-	-
Other taxes	722,622	1,911,494	-
Intergovernmental	16,249	-	-
Charges for services	12,611	-	-
Use of money and property	659,536	43,499	-
Special assessments	15,996	-	-
Miscellaneous	138,464	7,152	-
Total revenues	<u>\$6,159,658</u>	<u>\$1,962,145</u>	<u>\$ -</u>
EXPENDITURES:			
Operating:			
Public safety	\$1,659,954	\$ -	\$ -
Public works	55,599	-	8,230
Health & social services	9,837	-	-
Culture & recreation	256,998	-	-
Community & economic development	985,376	-	-
General government	745,373	-	-
Capital projects	11,454	2,753,450	166,673
Total expenditures	<u>\$3,724,591</u>	<u>\$2,753,450</u>	<u>\$ 174,903</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$2,435,067</u>	<u>\$ (791,305)</u>	<u>\$ (174,903)</u>
Other financing sources (uses):			
Proceeds from general obligation bonds	\$ -	\$1,500,000	\$ -
Transfers out	(570,744)	(1,191,536)	-
Total other financing sources (uses)	<u>\$ (570,744)</u>	<u>\$ 308,464</u>	<u>\$ -</u>
Net change in fund balances	\$1,864,323	\$ (482,841)	\$ (174,903)
Fund balance (deficit) beginning of year	<u>5,394,679</u>	<u>1,420,564</u>	<u>-</u>
Fund balance (deficit) end of year	<u>\$7,259,002</u>	<u>\$ 937,723</u>	<u>\$ (174,903)</u>

<u>Capital Project Funds</u>		<u>Permanent Funds</u>		
<u>Total Capital Projects</u>	<u>Cemetery Perpetual Care</u>	<u>MacNider Museum Trust</u>	<u>Total Permanent</u>	<u>Total Nonmajor Governmental</u>
\$ -	\$ -	\$ -	\$ -	\$2,632,739
-	-	-	-	1,961,441
1,911,494	-	-	-	2,634,116
-	-	-	-	16,249
-	8,798	-	8,798	21,409
43,499	-	6,568	6,568	709,603
-	-	-	-	15,996
7,152	-	67,831	67,831	213,447
<u>\$1,962,145</u>	<u>\$ 8,798</u>	<u>\$ 74,399</u>	<u>\$ 83,197</u>	<u>\$8,205,000</u>
\$ -	\$ -	\$ -	\$ -	\$1,659,954
8,230	-	-	-	63,829
-	-	-	-	9,837
-	-	11,259	11,259	268,257
-	-	-	-	985,376
-	-	-	-	745,373
2,920,123	-	-	-	2,931,577
<u>\$2,928,353</u>	<u>\$ -</u>	<u>\$ 11,259</u>	<u>\$ 11,259</u>	<u>\$6,664,203</u>
<u>\$ (966,208)</u>	<u>\$ 8,798</u>	<u>\$ 63,140</u>	<u>\$ 71,938</u>	<u>\$1,540,797</u>
\$1,500,000	\$ -	\$ -	\$ -	\$1,500,000
<u>(1,191,536)</u>	<u>-</u>	<u>(36,044)</u>	<u>(36,044)</u>	<u>(1,798,324)</u>
<u>\$ 308,464</u>	<u>\$ -</u>	<u>\$ (36,044)</u>	<u>\$ (36,044)</u>	<u>\$ (298,324)</u>
\$ (657,744)	\$ 8,798	\$ 27,096	\$ 35,894	\$1,242,473
<u>1,420,564</u>	<u>573,086</u>	<u>995,968</u>	<u>1,569,054</u>	<u>8,384,297</u>
<u>\$ 762,820</u>	<u>\$581,884</u>	<u>\$1,023,064</u>	<u>\$1,604,948</u>	<u>\$9,626,770</u>

CITY OF MASON CITY
 UNIFIED TIF SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
TIF revenues	\$1,508,050	\$1,490,618	\$ (17,432)
Use of money & property	-	15,132	15,132
Special assessments	-	15,996	15,996
Total revenues	<u>\$1,508,050</u>	<u>\$1,521,746</u>	<u>\$ 13,696</u>
EXPENDITURES:			
Operating:			
Community & economic development:			
Contractual	\$1,801,491	\$ 901,272	\$ 900,219
Other	-	2,206	(2,206)
Total expenditures	<u>\$1,801,491</u>	<u>\$ 903,478</u>	<u>\$ 898,013</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (293,441)</u>	<u>\$ 618,268</u>	<u>\$ 911,709</u>
Other financing sources (uses):			
Issuance of bonds	\$1,100,000	\$ -	\$ (1,100,000)
Transfers out	(498,578)	(498,078)	500
Total other financing sources (uses)	<u>\$ 601,422</u>	<u>\$ 498,078</u>	<u>\$ (1,099,500)</u>
Net change in fund balance	\$ 307,981	\$ 120,190	\$ (187,791)
Fund balance (deficit) beginning of year	-	256,468	256,468
Fund balance (deficit) end of year	<u>\$ 307,981</u>	<u>\$ 376,658</u>	<u>\$ 68,677</u>

CITY OF MASON CITY, IOWA
HOTEL/MOTEL TAX SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
Other taxes	\$ 570,000	\$ 722,622	\$ 152,622
EXPENDITURES:			
Operating:			
Community & economic development:			
Other	\$ 96,000	\$ -	\$ 96,000
General government:			
Contractual	\$ 222,000	\$ 245,000	\$ (23,000)
Other	<u>270,000</u>	<u>339,242</u>	<u>(69,242)</u>
Total general government	\$ 492,000	\$ 584,242	\$ (92,242)
Total expenditures	<u>\$ 588,000</u>	<u>\$ 584,242</u>	<u>\$ 3,758</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (18,000)</u>	<u>\$ 138,380</u>	<u>\$ 156,380</u>
Other financing sources (uses):			
Issuance of bonds	\$ 96,000	\$ -	\$ (96,000)
Transfers out	<u>(70,000)</u>	<u>(72,666)</u>	<u>(2,666)</u>
Total other financing sources	\$ 26,000	\$ (72,666)	\$ (98,666)
Net change in fund balance	\$ 8,000	\$ 65,714	\$ 57,714
Fund balance (deficit) beginning of year	<u>-</u>	<u>42,592</u>	<u>42,592</u>
Fund balance (deficit) end of year	<u>\$ 8,000</u>	<u>\$ 108,306</u>	<u>\$ 100,306</u>

CITY OF MASON CITY, IOWA
POLICE RETIREMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
Property taxes	\$ 774,068	\$ 824,598	\$ 50,530
Other taxes	16,432	-	(16,432)
Use of money and property:			
Interest on investments	<u>40,000</u>	<u>273,831</u>	<u>233,831</u>
Total revenues	<u>\$ 830,500</u>	<u>\$1,098,429</u>	<u>\$ 267,929</u>
EXPENDITURES:			
Operating:			
Public safety:			
Pension contributions	\$ 830,000	\$ 830,760	\$ (760)
Commodities	<u>500</u>	<u>-</u>	<u>500</u>
Total expenditures	<u>\$ 830,500</u>	<u>\$ 830,760</u>	<u>\$ (260)</u>
Net change in fund balance	\$ -	\$ 267,669	\$ 267,669
Fund balance (deficit) beginning of year	<u>-</u>	<u>2,369,365</u>	<u>2,369,365</u>
Fund balance (deficit) end of year	<u><u>\$ -</u></u>	<u><u>\$2,637,034</u></u>	<u><u>\$2,637,034</u></u>

CITY OF MASON CITY, IOWA
 FIRE RETIREMENT SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
Property taxes	\$482,361	\$ 513,848	\$ 31,487
Other taxes	10,239	-	(10,239)
Use of money and property:			
Interest on investments	40,000	260,309	220,309
Total revenues	<u>\$532,600</u>	<u>\$ 774,157</u>	<u>\$ 241,557</u>
EXPENDITURES:			
Operating:			
Public safety:			
Pension contributions	\$532,100	\$ 515,735	\$ 16,365
Commodities	500	-	500
Total expenditures	<u>\$532,600</u>	<u>\$ 515,735</u>	<u>\$ 16,865</u>
Net change in fund balance	\$ -	\$ 258,422	\$ 258,422
Fund balance (deficit) beginning of year	<u>-</u>	<u>2,209,782</u>	<u>2,209,782</u>
Fund balance (deficit) end of year	<u>\$ -</u>	<u>\$2,468,204</u>	<u>\$2,468,204</u>

CITY OF MASON CITY, IOWA
EMPLOYEE RETIREMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
Property taxes	\$543,187	\$564,099	\$ 20,912
Other taxes	<u>11,532</u>	<u>-</u>	<u>(11,532)</u>
Total revenues	<u>\$554,719</u>	<u>\$564,099</u>	<u>\$ 9,380</u>
EXPENDITURES:			
Operating:			
Public safety	\$179,726	\$173,191	\$ 6,535
Public works	58,155	55,598	2,557
Health & social services	10,124	9,837	287
Culture & recreation	126,099	119,105	6,994
Community & economic development	36,708	46,238	(9,530)
General government	<u>161,907</u>	<u>161,131</u>	<u>776</u>
Total expenditures	<u>\$572,719</u>	<u>\$565,100</u>	<u>\$ 7,619</u>
Net change in fund balance	\$(18,000)	\$ (1,001)	\$ 16,999
Fund balance (deficit) beginning of year	<u>-</u>	<u>77,778</u>	<u>77,778</u>
Fund balance (deficit) end of year	<u>\$(18,000)</u>	<u>\$ 76,777</u>	<u>\$ 94,777</u>

CITY OF MASON CITY, IOWA
LIBRARY TRUST SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
Charges for service	\$ 2,500	\$ 5,510	\$ 3,010
Use of money and property	2,000	45,918	43,918
Miscellaneous	<u>81,500</u>	<u>52,575</u>	<u>(28,925)</u>
Total revenues	<u>\$86,000</u>	<u>\$104,003</u>	<u>\$ 18,003</u>
EXPENDITURES:			
Operating:			
Culture & recreation:			
Personal service	\$ -	\$ 29,279	\$ (29,279)
Contractual	63,000	10,418	52,582
Commodities	<u>7,000</u>	<u>-</u>	<u>7,000</u>
Total culture & recreation	<u>\$70,000</u>	<u>\$ 39,697</u>	<u>\$ 30,303</u>
Capital projects	<u>16,000</u>	<u>162</u>	<u>15,838</u>
Total expenditures	<u>\$86,000</u>	<u>\$ 39,859</u>	<u>\$ 46,141</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 64,144</u>	<u>\$ 64,144</u>
Other financing sources (uses):			
Transfers out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ 64,144	\$ 64,144
Fund balance (deficit) beginning of year	<u>-</u>	<u>470,006</u>	<u>470,006</u>
Fund balance (deficit) end of year	<u>\$ -</u>	<u>\$534,150</u>	<u>\$534,150</u>

CITY OF MASON CITY, IOWA
 MEDICAL COSTS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
Property taxes	\$ 685,453	\$ 730,194	\$ 44,741
EXPENDITURES:			
Current:			
Public safety:			
Contractual	\$ 300,000	\$ 140,269	\$ 159,731
Excess (deficiency) of revenues over (under) expenditures	\$ 385,453	\$ 589,925	\$ 204,472
Other financing sources (uses):			
Transfers out	\$ (400,000)	\$ -	\$ 400,000
Net change in fund balance	\$ (14,547)	\$ 589,925	\$ 604,472
Fund balance (deficit) beginning of year	-	(696,646)	(696,646)
Fund balance (deficit) end of year	<u>\$ (14,547)</u>	<u>\$ (106,721)</u>	<u>\$ (92,174)</u>

CITY OF MASON CITY, IOWA
 SOFTBALL IMPROVEMENT TRUST SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$19,200	\$ 2,169	\$ (17,031)
Use of money and property	-	14,751	14,751
Miscellaneous	-	-	-
Total revenues	<u>\$19,200</u>	<u>\$16,920</u>	<u>\$ (2,280)</u>
EXPENDITURES:			
Operating:			
Culture & recreation:			
Personal service	\$ 2,000	\$ 123	\$ 1,877
Contractual	1,200	-	1,200
Commodities	<u>14,000</u>	<u>13,596</u>	<u>404</u>
Total culture & recreation	<u>\$17,200</u>	<u>\$13,719</u>	<u>\$ 3,481</u>
Capital projects	<u>1,000</u>	<u>2,234</u>	<u>(1,234)</u>
Total expenditures	<u>\$18,200</u>	<u>\$15,953</u>	<u>\$ 2,247</u>
Excess (deficiency) of revenues Over (under) expenditures	\$ 1,000	\$ 967	\$ (33)
Net change in fund balance	<u>\$ 1,000</u>	<u>\$ 967</u>	<u>\$ (33)</u>
Fund balance (deficit) beginning of year	-	<u>(6,593)</u>	<u>(6,593)</u>
Fund balance (deficit) end of year	<u>\$ 1,000</u>	<u>\$ (5,626)</u>	<u>\$ (6,626)</u>

CITY OF MASON CITY, IOWA
 YOUTH SOFTBALL COMPLEX TRUST SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$37,000	\$ 4,932	\$ (32,068)
Use of money and property	-	25,765	25,765
Total revenues	<u>\$37,000</u>	<u>\$30,697</u>	<u>\$ (6,303)</u>
EXPENDITURES:			
Operating:			
Culture & recreation:			
Contractual	\$ 4,900	\$ 5,159	\$ (259)
Commodities	25,600	17,931	7,669
Total culture & recreation	<u>\$30,500</u>	<u>\$23,090</u>	<u>\$ 7,410</u>
Capital projects	6,500	9,058	(2,558)
Total expenditures	<u>\$37,000</u>	<u>\$32,148</u>	<u>\$ 4,852</u>
Excess (deficiency) of revenues Over (under) expenditures	<u>\$ -</u>	<u>\$ (1,451)</u>	<u>\$ (1,451)</u>
Net change in fund balance	\$ -	\$ (1,451)	\$ (1,451)
Fund balance (deficit) beginning of year	-	81,797	81,797
Fund balance (deficit) end of year	<u><u>\$ -</u></u>	<u><u>\$80,346</u></u>	<u><u>\$ 80,346</u></u>

CITY OF MASON CITY, IOWA
 CITY ADMINISTERED GRANTS SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental:			
Federal assistance	\$793,182	\$16,249	\$ (776,933)
Miscellaneous	<u>109,973</u>	<u>-</u>	<u>(109,973)</u>
Total revenues	<u>\$903,155</u>	<u>\$16,249</u>	<u>\$ (886,906)</u>
EXPENDITURES:			
Operating:			
Community & economic development:			
Personal Service	\$ 63,164	\$ -	\$ 63,164
Contractual	839,853	4,275	835,578
Commodities	<u>138</u>	<u>-</u>	<u>138</u>
Total expenditures	<u>\$903,155</u>	<u>\$ 4,275</u>	<u>\$ 898,880</u>
Excess (deficiency) of revenue			
Over (under) expenditures	<u>\$ -</u>	<u>\$11,974</u>	<u>\$ 11,974</u>
Net change in fund balance	<u>\$ -</u>	<u>\$11,974</u>	<u>\$ 11,974</u>
Fund balance (deficit) beginning of year	<u>-</u>	<u>15,589</u>	<u>15,589</u>
Fund balance (deficit) end of year	<u><u>\$ -</u></u>	<u><u>\$27,563</u></u>	<u><u>\$ 27,563</u></u>

CITY OF MASON CITY, IOWA
HOUSING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental:			
Federal assistance	\$165,875	\$ -	\$ (165,875)
Miscellaneous	10,000	-	(10,000)
Total revenues	<u>\$175,875</u>	<u>\$ -</u>	<u>\$ (175,875)</u>
EXPENDITURES:			
Operating:			
Community & economic development:			
Personal service	\$ 10,375	\$ -	\$ 10,375
Contractual	165,500	79	165,421
Commodities	-	56	(56)
Total expenditures	<u>\$175,875</u>	<u>\$ 135</u>	<u>\$ 175,740</u>
Excess (deficiency) of revenues			
Over (under) expenditures	<u>\$ -</u>	<u>\$ (135)</u>	<u>\$ (135)</u>
Net change in fund balance	\$ -	\$ (135)	\$ (135)
Fund balance (deficit) beginning of year	-	631	631
Fund balance (deficit) end of year	<u><u>\$ -</u></u>	<u><u>\$ 496</u></u>	<u><u>\$ 496</u></u>

CITY OF MASON CITY, IOWA
MASON CITY DOWNTOWN SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
TIF revenues	\$587,239	\$ 457,889	\$ (129,350)
EXPENDITURES:			
Operating:			
Community & economic development:			
Contractual	\$ 23,400	\$ 26,783	\$ (3,383)
Net change in fund balance	\$563,839	\$ 431,106	\$ (132,733)
Fund balance (deficit) beginning of year	-	(256,853)	(256,853)
Fund balance (deficit) end of year	<u>\$563,839</u>	<u>\$ 174,253</u>	<u>\$ (389,586)</u>

CITY OF MASON CITY, IOWA
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
Property tax	\$ 2,674,807	\$ 2,837,552	\$ 162,745
Other taxes	53,970	-	(53,970)
Use of money and property	<u>-</u>	<u>23,810</u>	<u>23,810</u>
Total revenues	<u>\$ 2,728,777</u>	<u>\$ 2,861,362</u>	<u>\$ 132,585</u>
EXPENDITURES:			
Community & economic Development Contractual	<u>\$ 13,000</u>	<u>\$ -</u>	<u>\$ 13,000</u>
Debt service:			
Principal redemption	\$ 9,973,268	\$ 8,134,000	\$1,839,268
Interest payments	-	575,358	(574,358)
Contractual	<u>-</u>	<u>179,050</u>	<u>(179,050)</u>
Total debt service	<u>\$ 9,973,268</u>	<u>\$ 8,888,408</u>	<u>\$1,085,860</u>
Total expenditures	<u>\$ 9,986,268</u>	<u>\$ 8,888,408</u>	<u>\$1,098,860</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (7,257,491)</u>	<u>\$ (6,027,046)</u>	<u>\$1,230,445</u>
Other financing sources (uses):			
Issuance of general obligation bonds	\$ 5,443,400	\$ 4,988,800	\$ (454,600)
Discount on bonds issued	-	598,003	598,003
Transfers in	1,729,412	752,235	(977,177)
Transfers out	<u>(41,700)</u>	<u>(41,700)</u>	<u>-</u>
Total other financing sources (uses)	<u>\$ 7,131,112</u>	<u>\$ 6,297,338</u>	<u>\$ (833,774)</u>
Net change in fund balance	\$ (126,379)	\$ 270,292	\$ 397,671
Fund balance (deficit) beginning of year	<u>-</u>	<u>431,183</u>	<u>431,183</u>
Fund balance (deficit) end of year	<u>\$ (126,379)</u>	<u>\$ 702,475</u>	<u>\$ 828,854</u>

CITY OF MASON CITY, IOWA
 LOCAL OPTION CAPITAL IMPROVEMENT CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET TO ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
Other taxes	\$ 1,900,000	\$ 1,911,494	\$ 11,494
Intergovernmental	70,000	-	(70,000)
Use of money and property	-	43,499	43,499
Miscellaneous	-	7,152	7,152
Total revenues	<u>\$ 1,970,000</u>	<u>\$ 1,962,145</u>	<u>\$ (7,855)</u>
EXPENDITURES:			
Capital projects	<u>\$ 3,033,000</u>	<u>\$ 2,753,450</u>	<u>\$ 279,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$(1,063,000)</u>	<u>\$ (791,305)</u>	<u>\$ 271,695</u>
Other financing sources (uses):			
Issuance of general obligation bonds	\$ 1,650,000	\$ 1,500,000	\$ (150,000)
Transfers out	<u>(1,361,280)</u>	<u>(1,191,536)</u>	<u>169,744</u>
Total other financing sources (uses)	<u>\$ 288,720</u>	<u>\$ 308,464</u>	<u>\$ 19,744</u>
Net change in fund balance	\$ (774,280)	\$ (482,841)	\$ 291,439
Fund balance (deficit) beginning of year	<u>-</u>	<u>1,420,564</u>	<u>1,420,564</u>
Fund balance (deficit) end of year	<u>\$ (774,280)</u>	<u>\$ 937,723</u>	<u>\$1,712,003</u>

CITY OF MASON CITY, IOWA
RIVER CITY RENAISSANCE CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
Use of money and property	\$ -	\$ 48,864	\$ 48,864
EXPENDITURES:			
Operating:			
Public works:			
Contractual	\$ -	\$ 5,438,469	\$ (5,438,469)
Commodities	-	34,632	(34,632)
Total public works	\$ -	\$ 5,473,101	\$ (5,473,101)
Capital projects	\$ 27,615,000	-	\$27,615,000
Total expenditures	\$ 27,615,000	\$ 5,473,101	\$22,141,899
Excess (deficiency) of revenues over (under) expenditures	\$ (27,615,000)	\$ (5,424,237)	\$22,190,763
Other financing sources (uses):			
Transfers in	\$ 400,000	\$ 400,000	\$ -
Issuance of general obligation bonds	25,400,000	16,047,052	(9,352,948)
Total other financing sources (uses)	\$ 25,800,000	\$16,447,052	\$ (9,352,948)
Net change in fund balance	\$ (1,815,000)	\$11,022,815	\$12,837,815
Fund balance (deficit) beginning of year	-	578,289	578,289
Fund balance (deficit) end of year	<u>\$ (1,815,000)</u>	<u>\$11,601,104</u>	<u>\$13,416,104</u>

CITY OF MASON CITY, IOWA
MACNIDER MUSUEM TRUST PERMANENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
Use of money and property	\$ 5,000	\$ 6,568	\$ 1,568
Miscellaneous	<u>95,000</u>	<u>67,831</u>	<u>(27,169)</u>
Total revenues	<u>\$100,000</u>	<u>\$ 74,399</u>	<u>\$ (25,601)</u>
EXPENDITURES:			
Operating:			
Culture & recreation:			
Commodities	\$ 60,000	\$ 11,259	\$ 48,741
Total expenditures	<u>\$ 60,000</u>	<u>\$ 11,259</u>	<u>\$ 48,741</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 40,000</u>	<u>\$ 63,140</u>	<u>\$ 23,140</u>
Other financing sources (uses):			
Transfers out	<u>\$(40,000)</u>	<u>\$ (36,044)</u>	<u>\$ 3,956</u>
Net change in fund balance	\$ -	\$ 27,096	\$ 27,096
Fund balance (deficit) beginning of year	<u>-</u>	<u>995,968</u>	<u>995,968</u>
Fund balance (deficit) end of year	<u><u>\$ -</u></u>	<u><u>\$1,023,064</u></u>	<u><u>\$1,023,064</u></u>

ENTERPRISE FUNDS

CITY OF MASON CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

	<u>Cemetery</u>	<u>Storm Sewer</u>
ASSETS:		
Current assets:		
Cash	\$ -	\$ 181,867
Investments	71,065	1,000,000
Receivables:		
Property taxes	2,323	-
Succeeding year property taxes	170,089	-
Accounts (net)	23,084	37,863
Accrued interest	418	9,804
Inventory	4,178	-
Due from other funds	(25,777)	-
Prepaid insurance	1,174	-
Total current assets	<u>\$ 246,554</u>	<u>\$1,229,534</u>
Noncurrent assets:		
Property, plant and equipment:		
Land	\$ -	\$ -
Buildings	47,699	-
Equipment	211,218	24,728
Sewer lines and lifts	-	5,775,072
Improvements	681,363	-
Vehicles	76,006	-
Construction in progress	-	555,273
Total property, plant and equipment	<u>\$1,016,286</u>	<u>\$6,355,073</u>
Less accumulated depreciation	<u>(647,282)</u>	<u>(3,160,560)</u>
Net property, plant and equipment	<u>\$ 369,004</u>	<u>\$3,194,513</u>
DEFERRED OUTFLOWS OF RESOURCES:		
Pension related deferred outflows	<u>\$ 46,852</u>	<u>\$ -</u>
Total assets and deferred outflows of resources	<u>\$ 662,410</u>	<u>\$4,424,047</u>

(continued)

<u>Solid Waste</u>	<u>Golf Course</u>	<u>Parking Lots</u>	<u>Total</u>
\$ 26,096	\$ -	\$ -	\$ 207,963
75,000	-	-	1,146,065
-	-	-	2,323
-	-	-	170,089
196,025	24,541	35,916	317,429
1,095	-	-	11,317
-	1,795	-	5,973
197,502	-	-	171,725
321	2,731	-	4,226
<u>\$ 496,039</u>	<u>\$ 29,067</u>	<u>\$ 35,916</u>	<u>\$ 2,037,110</u>
\$ -	\$ 196,813	\$4,143,120	\$ 4,339,933
461,278	633,988	-	1,142,965
12,606	519,696	-	768,248
-	-	-	5,775,072
-	105,620	2,584,991	3,371,974
970,872	34,586	13,000	1,094,464
-	-	-	555,273
<u>\$1,444,756</u>	<u>\$1,490,703</u>	<u>\$6,741,111</u>	<u>\$17,047,929</u>
<u>(846,844)</u>	<u>(851,035)</u>	<u>(2,597,991)</u>	<u>(8,103,712)</u>
<u>\$ 597,912</u>	<u>\$ 639,668</u>	<u>\$4,143,120</u>	<u>\$ 8,944,217</u>
<u>\$ 140,273</u>	<u>\$ 63,119</u>	<u>\$ 9,851</u>	<u>\$ 260,095</u>
<u>\$1,234,224</u>	<u>\$ 731,854</u>	<u>\$4,188,887</u>	<u>\$11,241,422</u>

CITY OF MASON CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

	<u>Cemetery</u>	<u>Storm Sewer</u>
LIABILITIES:		
Current liabilities:		
Accounts payable	\$ 13,949	\$ 3,789
Salaries payable	10,841	-
Contracts payable	-	31,478
Compensated absences payable	14,714	-
Accrued interest payable	-	1,085
Due to other funds	45,105	1,000
Due to state government	-	-
Revenue bonds	-	100,000
Prepaid interments	23,810	-
Unearned Revenue	-	-
Total current liabilities	<u>\$108,419</u>	<u>\$ 137,352</u>
Long-term debt:		
Revenue bonds	\$ -	\$ 340,000
Total OPEB obligation	18,950	12,141
Net pension liability	<u>160,766</u>	<u>-</u>
Total long-term debt	<u>\$179,716</u>	<u>\$ 352,141</u>
DEFERRED INFLOWS OF RESOURCES:		
Succeeding year property taxes	\$170,089	\$ -
Pension related deferred inflows	<u>9,276</u>	<u>-</u>
Total deferred inflows of resources	<u>\$179,365</u>	<u>\$ -</u>
Total liabilities and deferred inflows of resources	<u>\$467,500</u>	<u>\$ 489,493</u>
NET POSITION:		
Net investment in capital assets	\$369,004	\$2,754,513
Unrestricted	<u>(174,094)</u>	<u>1,180,041</u>
Total net position	<u>\$194,910</u>	<u>\$3,934,554</u>

<u>Solid Waste</u>	<u>Golf Course</u>	<u>Parking Lots</u>	<u>Total</u>
\$ 57,948	\$ 48,734	\$ 2,723	\$ 127,143
30,568	12,826	2,091	56,326
-	-	-	31,478
49,142	15,129	9,576	88,561
-	-	-	1,085
-	56,213	197,502	299,820
-	2,325	-	2,325
-	-	-	100,000
-	-	-	23,810
-	11,499	150	11,649
<u>\$137,658</u>	<u>\$146,726</u>	<u>\$ 212,042</u>	<u>\$ 742,197</u>
\$ -	\$ -	\$ -	\$ 340,000
89,468	15,367	7,988	143,914
<u>480,997</u>	<u>221,268</u>	<u>33,147</u>	<u>896,178</u>
<u>\$570,465</u>	<u>\$236,635</u>	<u>\$ 41,135</u>	<u>\$1,380,092</u>
\$ -	\$ -	\$ -	\$ 170,089
<u>8,236</u>	<u>5,349</u>	<u>181</u>	<u>23,042</u>
<u>\$ 8,236</u>	<u>\$ 5,349</u>	<u>\$ 181</u>	<u>\$ 193,131</u>
<u>\$716,359</u>	<u>\$388,710</u>	<u>\$ 253,358</u>	<u>\$2,315,420</u>
\$597,912	\$639,668	\$4,143,120	\$8,504,217
<u>(80,047)</u>	<u>(296,524)</u>	<u>(207,591)</u>	<u>421,785</u>
<u>\$517,865</u>	<u>\$343,144</u>	<u>\$3,935,529</u>	<u>\$8,926,002</u>

CITY OF MASON CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Cemetery</u>	<u>Storm Sewer</u>
Operating revenues:		
Charges for service	\$ 97,714	\$ 291,153
Operating expenses:		
Business-type activities:		
Personal service	\$ 290,664	\$ 1,294
Contractual	15,624	-
Commodities	30,373	3,660
Other	(7,446)	31,037
Depreciation	42,189	182,137
Total operating expenses	<u>\$ 371,404</u>	<u>\$ 218,128</u>
Operating income (loss)	<u>\$ (273,690)</u>	<u>\$ 73,025</u>
Nonoperating revenues (expenses):		
Property taxes	\$ 164,279	\$ -
Fines and forfeitures	-	-
Use of money and property	37,177	24,365
Special assessments	-	308,061
Miscellaneous	59,032	-
Interest	-	(13,055)
Gain (loss) on disposal of assets	-	-
Total nonoperating revenue (expenses)	<u>\$ 260,488</u>	<u>\$ 319,371</u>
Income (loss) before contributions and transfers	<u>\$ (13,202)</u>	<u>\$ 392,396</u>
Contributions and transfers:		
Transfers in	\$ 41,700	\$ -
Transfers out	<u>-</u>	<u>(361,195)</u>
Total contributions and transfers	<u>\$ 41,700</u>	<u>\$ (361,195)</u>
Change in net position	\$ 28,498	\$ 31,201
Net position beginning of year	<u>166,412</u>	<u>3,903,353</u>
Net position end of year	<u>\$ 194,910</u>	<u>\$3,934,554</u>

<u>Solid Waste</u>	<u>Golf Course</u>	<u>Parking Lots</u>	<u>Total</u>
\$1,515,426	\$ 352,346	\$ 37,427	\$2,294,066
\$ 908,316	\$ 253,596	\$ 69,136	\$1,523,006
417,491	58,364	57,143	548,622
82,937	113,684	802	231,456
-	2,080	-	25,671
76,487	42,577	-	343,390
<u>\$1,485,231</u>	<u>\$ 470,301</u>	<u>\$ 127,081</u>	<u>\$2,672,145</u>
\$ 30,195	\$(117,955)	\$ (89,654)	\$ (378,079)
\$ -	\$ -	\$ -	\$ 164,279
-	-	65,412	65,412
4,035	27,387	-	92,964
1,137	-	-	309,198
2,233	2,984	-	64,249
-	-	-	(13,055)
(30,544)	-	-	(30,544)
<u>\$ (23,139)</u>	<u>\$ 30,371</u>	<u>\$ 65,412</u>	<u>\$ 652,503</u>
\$ 7,056	\$ (87,584)	\$ (24,242)	\$ 274,424
\$ -	\$ 29,078	\$ 45,000	\$ 115,778
-	-	-	(361,195)
\$ -	\$ 29,078	\$ 45,000	\$ (245,417)
\$ 7,056	\$ (58,506)	\$ 20,758	\$ 29,007
510,809	401,650	3,914,771	8,896,995
<u>\$ 517,865</u>	<u>\$ 343,144</u>	<u>\$3,935,529</u>	<u>\$8,926,002</u>

CITY OF MASON CITY, IOWA
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

	<u>Cemetery</u>	<u>Storm Sewer</u>
Cash flows from operating activities:		
Cash received from customers	\$ 99,777	\$ 289,660
Cash paid to employees for services	(286,170)	-
Cash paid to other suppliers of goods or services	(63,779)	(1,081)
Cash received (paid) for miscellaneous items	<u>59,032</u>	<u>-</u>
Net cash provided (used) by operating activities	<u>\$ (191,140)</u>	<u>\$ 288,579</u>
Cash flows from non-capital financing activities:		
Proceeds from property tax levy	\$ 164,063	\$ -
Proceeds from special assessments	-	308,061
Transfers in	41,700	-
Transfers out	-	(361,195)
Advance to (from) other funds	<u>-</u>	<u>184,823</u>
Net cash provided (used) by non-capital financing activities	<u>\$ 205,763</u>	<u>\$ 131,689</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	\$ (63,732)	\$ (102,059)
Proceeds from bonds	-	540,000
Principal payments	-	(100,000)
Interest paid on bonds	<u>-</u>	<u>(13,055)</u>
Net cash used for capital and related financing activities	<u>\$ (63,732)</u>	<u>\$ 324,886</u>
Cash flows from investing activities:		
Proceeds from sale of investments	\$ 135,000	\$1,235,000
Purchase of investments	(150,000)	(2,085,000)
Interest received	<u>1,197</u>	<u>15,280</u>
Net cash provided (used) by investing activities	<u>\$ (13,803)</u>	<u>\$ (834,720)</u>
Net increase (decrease) in cash	\$ (62,912)	\$ (89,566)
Cash beginning of year	<u>62,912</u>	<u>271,433</u>
Cash end of year	<u>\$ -</u>	<u>\$ 181,867</u>
Noncash capital, investing and financing activities:		
Contributions of capital assets from outside sources	<u>\$ -</u>	<u>\$ -</u>

(continued)

<u>Solid Waste</u>	<u>Golf Course</u>	<u>Parking Lots</u>	<u>Total</u>
\$1,502,543	\$ 347,484	\$ 3,109	\$ 2,242,573
(905,288)	(249,753)	(69,880)	(1,511,091)
(486,869)	(128,102)	(43,641)	(723,472)
<u>2,233</u>	<u>2,984</u>	<u>65,412</u>	<u>129,661</u>
<u>\$ 112,619</u>	<u>\$ (27,387)</u>	<u>\$ (45,000)</u>	<u>\$ 137,671</u>
\$ -	\$ -	\$ -	\$ 164,063
1,137	-	-	309,198
-	29,078	45,000	115,778
-	-	-	(361,195)
<u>(197,502)</u>	<u>-</u>	<u>-</u>	<u>(12,679)</u>
<u>\$ (196,365)</u>	<u>\$ 29,078</u>	<u>\$ 45,000</u>	<u>\$ 215,165</u>
\$ (136,005)	\$ (1,709)	\$ -	\$ (303,505)
-	-	-	540,000
-	-	-	(100,000)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,055)</u>
<u>\$ (136,005)</u>	<u>\$ (1,709)</u>	<u>\$ -</u>	<u>\$ 123,440</u>
\$ 275,000	\$ -	\$ -	\$ 1,645,000
(275,000)	-	-	(2,510,000)
<u>3,572</u>	<u>18</u>	<u>-</u>	<u>20,067</u>
<u>\$ 3,572</u>	<u>\$ 18</u>	<u>\$ -</u>	<u>\$ (844,933)</u>
\$ (216,179)	\$ -	\$ -	\$ (368,657)
<u>242,275</u>	<u>-</u>	<u>-</u>	<u>576,620</u>
<u>\$ 26,096</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,963</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MASON CITY, IOWA
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

	<u>Cemetery</u>	<u>Storm Sewer</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (273,690)	\$ 73,025
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation and amortization expense	42,189	182,137
Miscellaneous income	59,032	-
Change in assets and liabilities:		
(Increase) decrease in receivables	(288)	(1,493)
(Increase) decrease in inventory	(414)	-
(Increase) decrease in due from other funds	(15,014)	-
(Increase) decrease in prepaid insurance	(63)	-
(Increase) decrease in deferred outflows	209	-
Increase (decrease) in accounts and contracts payable	(21,121)	32,616
Increase (decrease) in salaries payable	102	-
Increase (decrease) in accrued compensated absences	1,926	-
Increase (decrease) in due to other funds	11,384	1,000
Increase (decrease) in due to state government	-	-
Increase (decrease) in prepaid interments	2,351	-
Increase (decrease) in unearned revenue	-	-
Increase (decrease) in total OPEB obligation	1,130	1,294
Increase (decrease) in net pension liability	(1,456)	-
Increase (decrease) in deferred inflows	<u>2,583</u>	<u>-</u>
 Net cash provided (used) by operating activities	 <u>\$ (191,140)</u>	 <u>\$288,579</u>

<u>Solid Waste</u>	<u>Golf Course</u>	<u>Parking Lots</u>	<u>Total</u>
\$ 30,195	\$ (117,955)	\$ (89,654)	\$ (378,079)
76,487	42,577	-	343,390
2,233	2,984	65,412	129,661
(12,883)	(16,361)	(34,018)	(65,043)
-	4,900	-	4,486
-	-	-	(15,014)
315	(137)	-	115
710	205	52	1,176
13,244	5,760	1,625	32,124
(1,719)	418	53	(1,146)
6,904	6,183	286	15,299
-	35,139	12,679	60,202
-	364	-	364
-	-	-	2,351
-	11,499	(300)	11,199
19,159	3,392	469	25,444
(4,952)	(1,429)	(361)	(8,198)
<u>(17,074)</u>	<u>(4,926)</u>	<u>(1,243)</u>	<u>(20,660)</u>
<u>\$112,619</u>	<u>\$ (27,387)</u>	<u>\$ (45,000)</u>	<u>\$ 137,671</u>

INTERNAL SERVICE FUNDS

CITY OF MASON CITY, IOWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

	<u>Central Services</u>	<u>Employee Health Care</u>	<u>Total</u>
ASSETS:			
Current assets:			
Cash	\$ 57,378	\$ 625,699	\$ 683,077
Investments	-	1,258,023	1,258,023
Receivables:			
Property taxes	-	10,565	10,565
Succeeding year property taxes	-	1,040,000	1,040,000
Accrued interest	-	10,796	10,796
Prepaid insurance	99	-	99
Total current assets	<u>\$ 57,477</u>	<u>\$2,945,083</u>	<u>\$3,002,560</u>
Noncurrent assets:			
Property, plant and equipment:			
Equipment	\$ 121,761	\$ -	\$ 121,761
Improvements	21,546	-	21,546
Vehicles	85,174	-	85,174
Total property, plant and equipment	\$ 228,481	\$ -	\$ 228,481
Less accumulated depreciation	<u>(184,204)</u>	<u>-</u>	<u>(184,204)</u>
Net property, plant and equipment	<u>\$ 44,277</u>	<u>\$ -</u>	<u>\$ 44,277</u>
Total assets	<u>\$ 101,754</u>	<u>\$2,945,083</u>	<u>\$3,046,837</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 3,293	\$ 989,640	\$ 992,933
Salaries payable	7,435	-	7,435
Compensated absences payable	12,021	-	12,021
Unearned revenue	-	3,104	3,104
Total current liabilities	<u>\$ 22,749</u>	<u>\$ 992,744</u>	<u>\$1,015,493</u>
DEFERRED INFLOWS OF RESOURCES:			
Succeeding year property taxes	<u>\$ -</u>	<u>\$1,040,000</u>	<u>\$1,040,000</u>
Total liabilities and deferred inflows of resources	<u>\$ 22,749</u>	<u>\$2,032,744</u>	<u>\$2,055,493</u>
NET POSITION:			
Net investment in capital assets	\$ 44,277	\$ -	\$ 44,277
Unrestricted	<u>34,728</u>	<u>912,339</u>	<u>947,067</u>
Total net position	<u>\$ 79,005</u>	<u>\$ 912,339</u>	<u>\$ 991,344</u>

CITY OF MASON CITY, IOWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Central Services</u>	<u>Employee Health Care</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$252,578	\$ -	\$ 252,578
Health insurance contributions	<u>-</u>	<u>3,870,147</u>	<u>3,870,147</u>
Total operating revenues	<u>\$252,578</u>	<u>\$3,870,147</u>	<u>\$4,122,725</u>
Operating expenses:			
Business-type activities:			
Personal services	\$240,420	\$3,654,273	\$3,894,693
Contractual	8,991	-	8,991
Commodities	32,206	-	32,206
Other	8,044	-	8,044
Depreciation	<u>5,509</u>	<u>-</u>	<u>5,509</u>
Total operating expenses	<u>\$295,170</u>	<u>\$3,654,273</u>	<u>\$3,949,443</u>
Operating income (loss)	<u>\$(42,592)</u>	<u>\$ 215,874</u>	<u>\$ 173,282</u>
Nonoperating revenues (expenses):			
Property taxes	\$ -	\$ 896,313	\$ 896,313
Use of money and property	<u>-</u>	<u>68,515</u>	<u>68,515</u>
Total nonoperating revenues (expenses)	<u>\$ -</u>	<u>\$ 964,828</u>	<u>\$ 964,828</u>
Income (loss) before contributions and transfers	<u>\$(42,592)</u>	<u>\$1,180,702</u>	<u>\$1,138,110</u>
Contributions and transfers:			
Transfers out	<u>\$ -</u>	<u>\$ 900,000</u>	<u>\$ 900,000</u>
Change in net position	<u>\$(42,592)</u>	<u>\$ 280,702</u>	<u>\$ 238,110</u>
Net position beginning of year	<u>121,597</u>	<u>631,637</u>	<u>753,234</u>
Net position end of year	<u>\$ 79,005</u>	<u>\$ 912,339</u>	<u>\$ 991,344</u>

CITY OF MASON CITY, IOWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

	<u>Central Services</u>	<u>Employee Health Care</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from interfund charges	\$ 252,578	\$ 3,975,986	\$ 4,228,564
Cash received from employees and others	-	503,933	503,933
Cash paid to employees for services	(239,040)	-	(239,040)
Cash paid to other suppliers of goods or services	(50,084)	-	(50,084)
Cash paid for health and life insurance	-	(3,517,344)	(3,517,344)
Net cash provided (used) by operating activities	<u>\$ (36,546)</u>	<u>\$ 962,575</u>	<u>\$ 926,029</u>
Cash flows from non-capital financing activities:			
Proceeds from property tax levy	\$ -	\$ 894,285	\$ 894,285
Transfers Out	-	(900,000)	(900,000)
Net cash provided by non-capital financing activities	<u>\$ -</u>	<u>\$ (5,715)</u>	<u>\$ (5,715)</u>
Cash flows from capital and related financing activities:			
Net acquisition of capital assets	\$ (21,547)	-	\$ (21,547)
Cash flows from investing activities:			
Proceeds from sale of investments	\$ -	\$ 2,594,000	\$ 2,594,000
Purchase of investments	-	(2,980,000)	(2,980,000)
Interest received	-	45,839	45,839
Net cash provided (used) by investing activities	<u>\$ -</u>	<u>\$ (340,161)</u>	<u>\$ (340,161)</u>
Net increase in cash	\$ (58,093)	\$ 616,699	\$ 558,606
Cash beginning of year	<u>115,471</u>	<u>9,000</u>	<u>124,471</u>
Cash end of year	<u>\$ 57,378</u>	<u>\$ 625,699</u>	<u>\$ 683,077</u>
Noncash capital, investing and financing activities:			
Increase in fair market value of investments	<u>\$ -</u>	<u>\$ 14,439</u>	<u>\$ 14,439</u>

(continued)

CITY OF MASON CITY, IOWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2019

	<u>Central Services</u>	<u>Employee Health Care</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$(42,592)	\$215,874	\$173,282
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation and amortization expense	5,509	-	5,509
Change in assets and liabilities:			
(Increase) decrease in due from other funds	-	612,712	612,712
(Increase) decrease in prepaid insurance	(7)	-	(7)
Increase (decrease) in accounts payable	(836)	136,930	136,094
Increase (decrease) in salaries payable	69	-	69
Increase (decrease) in compensated absences	1,311	-	1,311
Increase (decrease) in unearned revenue	-	(2,941)	(2,941)
 Net cash provided (used) by operating activities	 <u>\$(36,546)</u>	 <u>\$962,575</u>	 <u>\$926,029</u>

***CAPITAL ASSETS USED
IN
OPERATIONS***

CITY OF MASON CITY, IOWA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY SOURCE
 JUNE 30, 2019

General capital assets:	
Land	\$ 20,975,492
Buildings	26,154,286
Improvements	34,146,831
Equipment	6,924,228
Vehicles	10,405,695
Infrastructure	95,499,254
Construction in progress	<u>8,074,689</u>
Total general capital assets	<u>\$202,180,475</u>
Investment in general capital assets by source:	
General fund	<u>\$202,180,475</u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net position.

CITY OF MASON CITY, IOWA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE BY FUNCTION AND ACTIVITY
 JUNE 30, 2019

<u>Function and Activity</u>	<u>Total</u>	<u>Land</u>
Public Safety:		
Police	\$ 4,655,674	\$ 115,000
Fire	5,144,149	75,150
Civil Defense	225,118	-
Building	51,080	-
Inspectors	64,366	-
Neighborhood Services	821,656	-
Total public safety	<u>\$ 10,962,043</u>	<u>\$ 190,150</u>
Public Works:		
Airport	\$ 31,659,165	\$ 1,725,891
Street	6,020,226	31,363
Infrastructure	100,834,237	-
Arborist	344,882	-
Engineer	120,083	-
Total public works	<u>\$138,978,593</u>	<u>\$ 1,757,254</u>
Health and Social Services:		
Youth Task Force	\$ 8,281	\$ -
Health	20,660	-
Human Rights	4,394	-
Total health and social services	<u>\$ 33,335</u>	<u>\$ -</u>
Culture and Recreation:		
Parks	\$ 31,540,969	\$19,014,588
Swimming Pool	3,223,143	-
Recreation	625,022	-
Library	10,220,363	13,500
Museum	1,781,142	-
Band	2,881	-
Total culture and recreation	<u>\$ 47,393,520</u>	<u>\$19,028,088</u>
Community and Economic Development:		
Growth Development and Planning	\$ 11,026	\$ -
Transit	1,582,294	-
Total community and economic development	<u>\$ 1,593,320</u>	<u>\$ -</u>
General Government:		
Mayor	\$ 3,265	\$ -
Council/Coffee room	3,759	-
Administrator	33,369	-
Finance	47,219	-
Clerk	3,919	-
City Hall	3,079,269	-
Safety Director	6,645	-
GIS	42,219	-
Total general government	<u>\$ 3,219,664</u>	<u>\$ -</u>
Total general capital assets	<u>\$202,180,475</u>	<u>\$20,975,492</u>

<u>Buildings and Structures</u>	<u>Improvements Other Than Buildings</u>	<u>Machinery & Equipment</u>	<u>Vehicles</u>	<u>Infrastructure</u>	<u>Construction in Progress</u>
\$ 2,536,943	\$ -	\$1,174,334	\$ 829,397	\$ -	\$ -
914,799	148,187	1,155,105	2,850,908	-	-
-	-	225,118	-	-	-
-	-	14,809	36,271	-	-
-	-	10,001	54,365	-	-
791,990	-	5,590	24,076	-	-
<u>\$ 4,243,732</u>	<u>\$ 148,187</u>	<u>\$2,584,957</u>	<u>\$ 3,795,017</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,520,095	\$22,204,000	\$ 478,087	\$ 1,512,591	\$ -	\$ 218,501
1,537,257	215,910	748,950	3,225,911	-	260,835
-	-	-	-	95,499,254	5,334,983
-	-	7,315	337,567	-	-
-	-	42,709	77,374	-	-
<u>\$ 7,057,352</u>	<u>\$22,419,910</u>	<u>\$1,277,061</u>	<u>\$ 5,153,443</u>	<u>\$95,499,254</u>	<u>\$5,814,319</u>
\$ -	\$ -	\$ 8,281	\$ -	\$ -	\$ -
-	-	4,391	16,269	-	-
-	-	4,394	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,066</u>	<u>\$ 16,269</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 958,122	\$ 7,819,232	\$1,273,066	\$ 215,591	\$ -	\$2,260,370
20,729	3,102,595	99,819	-	-	-
-	174,041	354,284	96,697	-	-
9,692,549	239,231	275,083	-	-	-
1,399,326	216,860	164,956	-	-	-
-	-	2,881	-	-	-
<u>\$12,070,726</u>	<u>\$11,551,959</u>	<u>\$2,170,089</u>	<u>\$ 312,288</u>	<u>\$ -</u>	<u>\$2,260,370</u>
\$ -	\$ -	\$ 11,026	\$ -	\$ -	\$ -
392,539	18,023	43,054	1,128,678	-	-
<u>\$ 392,539</u>	<u>\$ 18,023</u>	<u>\$ 54,080</u>	<u>\$ 1,128,678</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 3,265	\$ -	\$ -	\$ -
-	-	3,759	-	-	-
-	-	33,369	-	-	-
-	-	47,219	-	-	-
-	-	3,919	-	-	-
2,389,937	8,752	680,580	-	-	-
-	-	6,645	-	-	-
-	-	42,219	-	-	-
<u>\$ 2,389,937</u>	<u>\$ 8,752</u>	<u>\$ 820,975</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$26,154,286</u>	<u>\$34,146,831</u>	<u>\$6,924,228</u>	<u>\$10,405,695</u>	<u>\$95,499,254</u>	<u>\$8,074,689</u>

CITY OF MASON CITY, IOWA
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 YEAR ENDED JUNE 30, 2019

Function and Activity	Balance June 30, 2018
Public Safety:	
Police	\$ 3,838,450
Fire	4,959,609
Civil Defense	225,118
Building	51,080
Inspectors	29,702
Neighborhood Services	821,657
Total public safety	<u>\$ 9,925,616</u>
Public Works:	
Airport	\$ 30,874,133
Street	5,694,817
Infrastructure	94,524,342
Arborist	344,882
Engineer	120,083
Total public works	<u>\$131,558,257</u>
Health and Social Services:	
Youth Task Force	\$ 23,031
Health	20,660
Human Rights	4,394
Total health and social services	<u>\$ 48,085</u>
Culture and Recreation:	
Parks	\$ 29,147,677
Swimming Pool	3,236,942
Recreation	593,611
Library	10,047,590
Museum	1,767,613
Band	2,881
Total culture and recreation	<u>\$ 44,796,314</u>
Community and Economic Development:	
Growth Development and Planning	\$ 11,026
Transit	1,487,960
Total community and economic development	<u>\$ 1,498,986</u>
General Government:	
Mayor	\$ 3,836
Council/Coffee room	3,759
Administrator	16,650
Finance	47,219
Clerk	3,920
City Hall	2,982,979
Safety Director	-
GIS	42,219
Total general government	<u>\$ 3,100,582</u>
Total Program & Activity	\$190,927,840
Construction in progress	<u>2,768,502</u>
Total general capital assets	<u>\$193,696,342</u>

<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
\$ 1,004,315	\$ 187,089	\$ 4,655,676
336,151	151,612	5,144,148
-	-	225,118
-	-	51,080
34,663	-	64,365
-	-	821,657
<u>\$ 1,375,129</u>	<u>\$ 338,701</u>	<u>\$ 10,962,044</u>
\$ 571,237	\$ 4,706	\$ 31,440,664
310,444	245,870	5,759,391
974,912	-	95,499,254
-	-	344,882
-	-	120,083
<u>\$ 1,856,593</u>	<u>\$ 250,576</u>	<u>\$133,164,274</u>
\$ -	\$ 14,750	\$ 8,281
-	-	20,660
-	-	4,394
<u>\$ -</u>	<u>\$ 14,750</u>	<u>\$ 33,335</u>
\$ 169,713	\$ 36,792	\$ 29,280,598
-	13,799	3,223,143
37,177	5,767	625,021
172,773	-	10,220,363
27,261	13,732	1,781,142
-	-	2,881
<u>\$ 406,924</u>	<u>\$ 70,090</u>	<u>\$ 45,133,148</u>
\$ -	\$ -	\$ 11,026
100,577	6,242	1,582,295
<u>\$ 100,577</u>	<u>\$ 6,242</u>	<u>\$ 1,593,321</u>
\$ -	\$ 571	\$ 3,265
-	-	3,759
16,719	-	33,369
-	-	47,219
-	-	3,920
96,289	-	3,079,268
6,645	-	6,645
-	-	42,219
<u>\$ 119,653</u>	<u>\$ 571</u>	<u>\$ 3,219,664</u>
\$ 3,858,876	\$ 680,930	\$194,105,786
7,610,178	2,303,991	8,074,689
<u>\$11,469,054</u>	<u>\$2,984,921</u>	<u>\$202,180,475</u>

**STATISTICAL
SECTION**

**CITY OF MASON CITY, IOWA
STATISTICAL SECTION**

This part of the City of Mason City's comprehensive annual report presents detailed statistical information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	132-143
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	144-151
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	152-159
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	160-164
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	165-168

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**CITY OF MASON CITY, IOWA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Governmental activities:				
Net investment in capital assets	\$ 73,970,246	\$ 89,707,598	\$ 90,307,081	\$ 86,127,886
Restricted for:				
Nonexpendable:				
Museum funding	633,638	633,638	633,638	633,638
Perpetual care	581,884	497,528	619,046	525,647
Prepaid expenses	170,841	180,789	167,527	142,755
Expendable:				
Bond retirement	702,475	431,183	266,664	231,420
Other projects	21,400,103	-	-	-
Unrestricted	<u>(2,324,177)</u>	<u>6,742,339</u>	<u>6,567,726</u>	<u>11,079,651</u>
Total governmental activities net position	<u>\$ 95,135,010</u>	<u>\$ 98,193,075</u>	<u>\$ 98,561,682</u>	<u>\$ 98,740,997</u>
Business-type activities:				
Net investment in capital assets	\$ 57,410,331	\$ 56,757,952	\$ 54,903,077	\$ 53,212,613
Restricted for:				
Expendable:				
Bond retirement	-	2,749,609	2,719,918	2,783,610
Unrestricted	<u>2,359,227</u>	<u>(165,251)</u>	<u>(330,714)</u>	<u>(579,255)</u>
Total business-type activities net position	<u>\$ 59,769,558</u>	<u>\$ 59,342,310</u>	<u>\$ 57,292,281</u>	<u>\$ 55,416,968</u>
Primary government:				
Net investment in capital assets	\$131,380,577	\$146,465,550	\$145,210,158	\$139,340,499
Restricted for:				
Nonexpendable:				
Museum funding	633,638	633,638	633,638	633,638
Perpetual care	581,884	497,528	619,046	525,647
Prepaid expenses	170,841	180,789	167,527	142,755
Expendable:				
Bond retirement	702,475	3,180,792	2,986,582	3,015,030
Other projects	21,400,103	-	-	-
Unrestricted	<u>35,050</u>	<u>6,577,088</u>	<u>6,237,012</u>	<u>10,500,396</u>
Total primary government net position	<u>\$154,904,568</u>	<u>\$157,535,385</u>	<u>\$155,853,963</u>	<u>\$154,157,965</u>

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011 (1)</u>	<u>2010</u>
\$ 84,727,602	\$ 88,920,358	\$ 88,508,650	\$ 84,438,764	\$ 78,121,123	\$ 67,769,666
633,638	633,638	633,638	633,638	633,638	633,638
511,708	505,952	511,089	527,193	509,011	505,269
164,424	164,183	157,215	164,255	151,494	224,807
202,580	28,884	-	-	-	61,631
-	-	-	-	-	-
<u>11,111,707</u>	<u>20,189,874</u>	<u>21,859,054</u>	<u>22,634,062</u>	<u>20,462,044</u>	<u>21,163,280</u>
<u>\$ 97,351,659</u>	<u>\$110,442,889</u>	<u>\$111,669,646</u>	<u>\$108,397,912</u>	<u>\$ 99,877,310</u>	<u>\$ 90,358,291</u>
\$ 49,472,024	\$ 49,736,029	\$ 47,268,020	\$ 45,942,815	\$ 40,172,842	\$ 38,361,919
2,861,234	2,854,605	2,854,934	2,863,129	2,866,968	2,853,334
<u>1,324,665</u>	<u>2,963,829</u>	<u>4,731,482</u>	<u>4,005,609</u>	<u>4,952,139</u>	<u>3,251,027</u>
<u>\$ 53,657,923</u>	<u>\$ 55,554,463</u>	<u>\$ 54,854,436</u>	<u>\$ 52,811,553</u>	<u>\$ 47,991,949</u>	<u>\$ 44,466,280</u>
\$134,199,626	\$138,656,387	\$135,776,670	\$130,381,579	\$118,293,965	\$106,131,585
633,638	633,638	633,638	633,638	633,638	633,638
511,708	505,952	511,089	527,193	509,011	505,269
164,424	164,183	157,215	164,255	151,494	224,807
3,063,814	2,883,489	2,854,934	2,863,129	2,866,968	2,914,965
-	-	-	-	-	-
<u>12,436,372</u>	<u>23,153,703</u>	<u>26,590,536</u>	<u>26,639,671</u>	<u>25,414,183</u>	<u>24,414,307</u>
<u>\$151,009,582</u>	<u>\$165,997,352</u>	<u>\$166,524,082</u>	<u>\$161,209,465</u>	<u>\$147,869,259</u>	<u>\$134,824,571</u>

(1) 2011 net position components have been adjusted to reflect the July 1, 2011 restatement.

CITY OF MASON CITY, IOWA
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2019	2018	2017	2016
Expenses:				
Governmental activities:				
Public safety	\$ 11,127,573	\$ 11,480,697	\$ 11,199,350	\$ 10,754,469
Public works	9,574,719	9,106,466	8,485,842	9,511,930
Health and social services	401,381	391,249	390,046	413,573
Culture and recreation	4,522,392	4,416,702	4,149,309	4,258,749
Community and economic development	7,670,240	2,326,652	2,717,656	2,054,156
General government	2,884,048	2,691,821	2,683,181	2,506,268
Interest on long-term debt	809,206	600,722	623,661	686,189
Total governmental activities expenses	<u>\$ 36,989,559</u>	<u>\$ 31,014,309</u>	<u>\$ 30,249,045</u>	<u>\$ 30,185,334</u>
Business-type activities:				
Cemetery	\$ 368,898	\$ 390,888	\$ 352,923	\$ 356,153
Water	5,513,438	4,953,457	5,146,266	5,193,904
Sewer	4,047,256	3,914,179	3,725,216	3,739,623
Parking lots	126,024	126,708	141,304	134,594
Storm sewer	231,183	205,456	192,538	189,771
Solid waste	1,507,834	1,406,757	1,384,561	1,337,596
Golf course	468,268	436,977	457,069	467,724
Ambulance	2,103,937	2,021,967	2,017,871	1,907,191
Total business-type activities expenses	<u>\$ 14,366,838</u>	<u>\$ 13,456,389</u>	<u>\$ 13,417,748</u>	<u>\$ 13,326,556</u>
Total primary government expenses	<u>\$ 51,356,397</u>	<u>\$ 44,470,698</u>	<u>\$ 43,666,793</u>	<u>\$ 43,511,890</u>
Program Revenues:				
Governmental activities:				
Charges for services:				
Public safety	\$ 382,540	\$ 342,490	\$ 336,785	\$ 409,878
Culture and recreation	69,662	529,384	537,921	558,680
General government	-	330,740	348,218	372,314
Other activities	1,038,401	186,455	237,072	240,179
Operating grants and contributions	5,392,457	5,230,279	4,969,902	4,638,840
Capital grants and contributions	1,005,405	1,359,323	1,425,444	2,139,435
Total governmental activities program revenues	<u>\$ 7,888,465</u>	<u>\$ 7,978,671</u>	<u>\$ 7,855,342</u>	<u>\$ 8,359,326</u>
Business-type activities:				
Charges for services:				
Water	\$ 5,864,705	\$ 6,174,746	\$ 5,932,570	\$ 5,813,383
Sewer	4,714,109	4,677,780	4,597,032	4,295,594
Other activities	4,126,819	3,969,041	4,030,533	4,062,132
Operating grants and contributions	170,878	-	7,740	-
Capital grants and contributions	133,960	310,461	232,870	471,576
Total business-type activities program revenues	<u>\$ 15,010,471</u>	<u>\$ 15,132,028</u>	<u>\$ 14,800,745</u>	<u>\$ 14,642,685</u>
Total primary government program revenues	<u>\$ 22,898,936</u>	<u>\$ 23,110,699</u>	<u>\$ 22,656,087</u>	<u>\$ 23,002,011</u>
Net (Expense) Revenues:				
Governmental activities	\$ (29,101,094)	\$ (23,035,638)	\$ (22,393,703)	\$ (21,826,008)
Business-type activities	643,633	1,675,639	1,382,997	1,316,129
Total primary government net (expense)/ revenues	<u>\$ (28,457,461)</u>	<u>\$ (21,359,999)</u>	<u>\$ (21,010,706)</u>	<u>\$ (20,509,879)</u>

(continued)

SCHEDULE 2

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 10,241,751	\$ 10,446,427	\$ 9,943,882	\$ 9,787,453	\$ 9,402,887	\$ 8,897,795
10,250,497	8,903,627	7,553,058	7,382,204	7,450,233	6,910,495
439,606	511,107	1,790,824	906,341	808,916	779,197
4,149,775	4,177,101	3,248,655	4,091,975	3,503,976	3,475,535
2,289,522	2,370,711	3,743,098	1,979,288	2,252,333	2,368,084
2,518,372	2,485,932	2,357,531	2,211,823	2,176,829	2,593,594
755,292	736,324	863,232	992,502	1,053,911	987,814
<u>\$ 30,644,815</u>	<u>\$ 29,631,229</u>	<u>\$ 29,500,280</u>	<u>\$ 27,351,586</u>	<u>\$ 26,649,085</u>	<u>\$ 26,012,514</u>
\$ 311,137	\$ 325,879	\$ 332,576	\$ 333,251	\$ 314,613	\$ 300,661
4,975,418	5,092,230	5,154,341	5,158,365	5,218,343	5,244,979
3,749,185	3,741,731	3,905,597	3,824,139	3,505,748	3,473,401
128,181	136,465	125,823	112,947	127,198	135,289
166,928	204,436	188,616	186,745	189,862	182,262
1,439,651	1,402,968	1,317,928	1,378,497	1,289,603	1,244,442
445,611	446,921	435,999	449,534	473,005	453,765
1,712,861	1,721,519	1,526,010	1,581,505	1,572,168	1,265,397
<u>\$ 12,948,972</u>	<u>\$ 13,072,149</u>	<u>\$ 12,986,890</u>	<u>\$ 13,024,983</u>	<u>\$ 12,690,540</u>	<u>\$ 12,300,196</u>
<u>\$ 43,593,787</u>	<u>\$ 42,703,378</u>	<u>\$ 42,487,170</u>	<u>\$ 40,376,569</u>	<u>\$ 39,339,625</u>	<u>\$ 38,312,710</u>
\$ 354,664	\$ 422,028	\$ 417,633	\$ 381,382	\$ 356,340	\$ 287,781
542,348	495,266	481,665	540,478	550,848	458,412
344,976	304,320	364,171	311,974	410,024	382,266
175,334	188,687	328,260	424,824	269,465	587,134
4,357,766	3,957,726	4,679,847	4,303,876	3,748,874	2,380,822
1,387,300	2,531,898	6,022,423	8,315,838	10,109,341	7,737,713
<u>\$ 7,162,388</u>	<u>\$ 7,899,925</u>	<u>\$ 12,293,999</u>	<u>\$ 14,278,372</u>	<u>\$ 15,444,892</u>	<u>\$ 11,834,128</u>
\$ 5,672,300	\$ 5,526,389	\$ 5,723,723	\$ 5,388,342	\$ 5,238,573	\$ 4,979,982
4,261,982	4,135,284	4,370,992	4,388,117	4,658,234	4,304,033
4,173,545	3,688,887	3,986,210	3,830,609	3,645,750	3,612,573
-	-	(46,721)	37,354	619,206	188,313
-	-	681,130	4,030,634	914,735	206,190
<u>\$ 14,107,827</u>	<u>\$ 13,350,560</u>	<u>\$ 14,715,334</u>	<u>\$ 17,675,056</u>	<u>\$ 15,076,498</u>	<u>\$ 13,291,091</u>
<u>\$ 21,270,215</u>	<u>\$ 21,250,485</u>	<u>\$ 27,009,333</u>	<u>\$ 31,953,428</u>	<u>\$ 30,521,390</u>	<u>\$ 25,125,219</u>
\$ (23,482,427)	\$ (21,731,304)	\$ (17,206,287)	\$ (13,073,214)	\$ (11,204,193)	\$ (14,178,386)
1,158,855	278,411	1,728,444	4,650,073	2,385,958	990,895
<u>\$ (22,323,572)</u>	<u>\$ (21,452,893)</u>	<u>\$ (15,477,837)</u>	<u>\$ (8,423,141)</u>	<u>\$ (8,818,235)</u>	<u>\$ (13,187,491)</u>

**CITY OF MASON CITY, IOWA
CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Revenues and Other Changes in Net Position:				
Governmental activities:				
General revenues:				
Property taxes	\$15,943,527	\$15,349,205	\$14,603,173	\$16,205,480
Other taxes	7,529,205	6,906,153	6,849,542	5,761,670
Franchise taxes	-	-	-	-
Road use tax	-	-	-	-
Unrestricted state utility tax replacement	186,452	152,673	157,254	158,272
Grants and contributions not restricted to specific program	1,844	1,279	96,887	-
Unrestricted investment income	1,427,195	467,468	368,943	1,013,796
Gain (loss) on sale of capital assets	-	-	-	-
Miscellaneous	96,351	14,184	75,967	130,946
Transfers	858,455	(75,385)	62,622	(54,818)
Total governmental activities	<u>\$26,043,029</u>	<u>\$22,815,577</u>	<u>\$22,214,388</u>	<u>\$23,215,346</u>
Business-type activities:				
General revenues:				
Property taxes	\$ 164,279	\$ 156,448	\$ 147,450	\$ 148,886
Grants and contributions not restricted to specific program	-	-	-	-
Unrestricted investment income	269,283	44,603	214,361	105,188
Miscellaneous	208,508	157,165	193,122	134,024
Transfers	(858,455)	75,385	(62,622)	54,818
Total business-type activities	<u>\$ (216,385)</u>	<u>\$ 433,601</u>	<u>\$ 492,311</u>	<u>\$ 442,916</u>
Total primary government	<u>\$25,826,644</u>	<u>\$23,249,178</u>	<u>\$22,706,699</u>	<u>\$23,658,262</u>
Change in Net Position:				
Governmental activities	\$(3,058,065)	\$ (220,061)	\$ (179,315)	\$ 1,389,338
Business-type activities	427,248	2,109,240	1,875,308	1,759,045
Total primary government	<u>\$(2,630,817)</u>	<u>\$ 1,889,179</u>	<u>\$ 1,695,993</u>	<u>\$ 3,148,383</u>

**SCHEDULE 2
(continued)**

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$16,054,359	\$14,705,071	\$14,956,662	\$14,594,866	\$14,145,418	\$13,104,150
5,525,372	4,830,052	5,042,539	5,319,902	4,783,420	4,435,891
-	13,500	-	-	-	-
-	-	-	-	-	2,466,138
155,992	160,367	159,198	156,531	151,361	174,130
6,460	162,241	11,192	95,746	386,403	19,107
682,226	641,132	233,535	1,002,440	596,673	1,068,587
-	-	-	-	-	-
52,321	106,062	114,885	259,331	259,307	13,663
(121,215)	(100,378)	(53,496)	165,000	(36,000)	(3,749)
<u>\$22,255,515</u>	<u>\$20,504,547</u>	<u>\$20,478,015</u>	<u>\$21,593,816</u>	<u>\$20,286,582</u>	<u>\$21,277,917</u>
\$ 137,372	\$ 126,798	\$ 120,001	\$ 114,460	\$ 113,987	\$ 112,825
-	-	-	-	-	-
86,078	71,380	63,986	112,040	96,638	133,399
164,043	123,060	76,956	108,031	81,894	93,300
121,215	100,378	53,496	(165,000)	36,000	3,749
<u>\$ 508,708</u>	<u>\$ 421,616</u>	<u>\$ 314,439</u>	<u>\$ 169,531</u>	<u>\$ 328,519</u>	<u>\$ 343,273</u>
<u>\$22,864,223</u>	<u>\$20,926,163</u>	<u>\$20,792,454</u>	<u>\$21,763,347</u>	<u>\$20,615,101</u>	<u>\$21,621,190</u>
\$(1,126,912)	\$(1,226,757)	\$ 3,271,734	\$ 8,520,602	\$ 9,082,389	\$ 7,099,531
1,667,563	700,027	2,042,883	4,819,604	2,714,477	1,344,168
<u>\$ 540,651</u>	<u>\$ (526,730)</u>	<u>\$ 5,314,617</u>	<u>\$13,340,206</u>	<u>\$11,796,866</u>	<u>\$ 8,433,699</u>

CITY OF MASON CITY, IOWA
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
General Fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	155,281	165,990	154,615	139,659
Restricted	615,001	669,691	764,810	902,107
Assigned	837,357	578,860	555,113	1,340,521
Unassigned	4,746,555	4,318,537	3,807,449	4,477,546
Total general fund	<u>\$ 6,354,194</u>	<u>\$ 5,733,078</u>	<u>\$ 5,281,987</u>	<u>\$ 6,859,833</u>
All Other Governmental Funds:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Capital project funds	-	-	-	-
Permanent funds	-	-	-	-
Nonspendable	649,198	648,345	706,119	573,521
Restricted	21,487,577	9,826,300	9,385,578	11,657,353
Assigned	1,457,329	1,346,304	1,311,686	1,199,497
Unassigned	(286,983)	(961,675)	(259,100)	(88,029)
Total all other governmental funds	<u>\$23,307,121</u>	<u>\$10,859,274</u>	<u>\$11,144,283</u>	<u>\$13,342,342</u>

Note: The City implemented GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, in fiscal year 2011.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 214,097
-	-	-	-	-	8,311,761
150,431	150,177	143,958	151,565	139,912	-
1,041,256	1,159,526	1,214,910	1,295,953	1,316,949	-
244,094	209,235	144,553	374,681	474,153	-
5,531,032	4,182,542	5,542,781	5,165,554	5,125,768	-
<u>\$ 6,966,813</u>	<u>\$ 5,701,480</u>	<u>\$ 7,046,202</u>	<u>\$ 6,987,753</u>	<u>\$ 7,056,782</u>	<u>\$ 8,525,858</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,211,159
-	-	-	-	-	9,542,365
-	-	-	-	-	654,364
-	-	-	-	-	175,591
547,542	797,680	646,753	646,187	645,079	-
12,698,720	13,572,250	12,960,704	13,067,223	12,077,490	-
1,154,724	1,394,529	1,062,246	1,378,163	1,380,703	-
(32,253)	3,922,831	(242,382)	(156,514)	(1,391,926)	-
<u>\$14,368,733</u>	<u>\$19,687,290</u>	<u>\$14,427,321</u>	<u>\$14,935,059</u>	<u>\$12,711,346</u>	<u>\$11,583,479</u>

CITY OF MASON CITY, IOWA
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Revenues:				
Property taxes	\$ 15,047,214	\$14,035,574	\$13,457,091	\$13,448,843
TIF revenues	1,961,441	1,318,034	1,213,704	1,451,725
Other taxes	5,754,216	5,740,792	5,793,587	5,919,944
Licenses and permits	617,470	559,895	571,825	594,415
Intergovernmental	5,848,277	5,893,042	5,912,079	6,025,276
Charges for services	809,729	761,359	834,127	894,300
Fines and forfeitures	47,708	51,193	37,919	74,775
Use of money and property	1,358,680	473,217	361,485	984,474
Special assessments	15,996	16,622	16,125	17,561
Miscellaneous	732,328	751,787	712,928	917,396
Refunds	4,295	5,112	10,048	27,189
Total revenues	<u>\$ 32,197,354</u>	<u>\$29,606,627</u>	<u>\$28,920,918</u>	<u>\$30,355,898</u>
Expenditures:				
Public safety	\$ 10,607,328	\$11,159,565	\$10,092,328	\$10,309,925
Public works	4,289,697	4,011,891	3,665,692	3,429,410
Health and social services	379,095	374,804	374,330	398,199
Culture and recreation	3,362,668	3,300,474	3,110,549	3,222,303
Community and economic development	2,055,858	2,224,006	2,643,901	2,825,572
General government	2,737,217	2,613,006	2,580,027	2,438,650
Capital projects	14,787,630	5,748,868	8,447,797	6,355,203
Debt service:				
Principal retirement	8,134,000	3,299,000	3,425,000	3,330,000
Interest	574,358	545,933	587,989	653,668
Contractual	179,050	57,654	42,211	37,374
Total expenditures	<u>\$ 47,106,901</u>	<u>\$33,335,201</u>	<u>\$34,969,824</u>	<u>\$33,000,304</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (14,909,547)</u>	<u>\$ (3,728,574)</u>	<u>\$ (6,048,906)</u>	<u>\$ (2,644,406)</u>
Other financing sources (uses):				
Issuance of refunding bonds	\$ -	\$ -	\$ -	\$ -
Payment to refunding escrow agent	-	-	-	-
Issuance of general obligation bonds	25,725,000	3,020,000	1,410,000	1,335,000
Premium (discount) on bonds issued	495,055	93,324	379	30,853
Sale of capital assets	-	-	-	-
Transfers in	3,933,607	2,590,109	2,852,026	2,505,126
Transfers out	(2,175,152)	(1,808,777)	(1,989,404)	(2,359,944)
Total other financing sources (uses)	<u>\$ 27,978,510</u>	<u>\$ 3,894,656</u>	<u>\$ 2,273,001</u>	<u>\$ 1,511,035</u>
Net change in fund balances	<u>\$ 13,068,963</u>	<u>\$ 166,082</u>	<u>\$ (3,775,905)</u>	<u>\$ (1,133,371)</u>
Debt service as a percentage of noncapital expenditures	<u>29.55%</u>	<u>16.11%</u>	<u>18.30%</u>	<u>18.16%</u>

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$13,134,275	\$12,800,233	\$12,832,251	\$12,329,153	\$11,933,871	\$11,227,096
1,573,744	1,415,513	1,409,284	1,500,976	1,438,648	1,113,291
5,678,666	5,003,919	5,215,237	5,476,433	4,934,781	4,610,021
580,014	610,516	587,652	598,403	627,128	526,228
5,207,187	6,043,361	10,176,181	12,222,158	13,550,171	11,920,642
754,598	708,049	889,012	950,316	868,987	1,098,884
59,722	71,074	80,084	83,949	81,317	73,912
660,836	629,500	252,129	966,669	580,143	1,046,555
22,988	20,662	34,981	25,990	9,245	16,569
643,736	751,594	997,852	690,139	1,016,838	637,005
11,077	25,555	53,316	15,396	7,984	34,447
<u>\$28,326,843</u>	<u>\$28,079,976</u>	<u>\$32,527,979</u>	<u>\$34,859,582</u>	<u>\$35,049,113</u>	<u>\$32,304,650</u>
\$10,068,835	\$ 9,461,048	\$ 8,936,006	\$ 8,935,302	\$ 8,744,332	\$ 8,377,479
3,488,692	3,388,778	3,174,323	3,130,523	3,228,134	3,398,998
439,271	491,775	734,159	853,755	787,650	765,063
3,184,421	3,061,843	3,396,606	3,092,889	2,917,485	2,988,797
2,228,117	2,826,482	5,490,905	5,472,392	12,624,763	7,278,193
2,454,268	2,338,806	2,200,056	2,101,725	2,113,201	2,469,483
4,103,833	4,851,153	6,120,323	6,437,190	7,502,631	13,623,213
3,446,922	3,024,646	3,342,294	3,363,870	2,601,875	2,117,833
693,901	710,057	818,835	956,803	993,656	955,151
62,138	30,408	52,780	62,470	41,578	9,669
<u>\$30,170,398</u>	<u>\$30,184,996</u>	<u>\$34,266,287</u>	<u>\$34,406,919</u>	<u>\$41,555,305</u>	<u>\$41,983,879</u>
\$ (1,843,555)	\$ (2,105,020)	\$ (1,738,308)	\$ 452,663	\$ (6,506,192)	\$ (9,679,229)
\$ -	\$ -	\$ 890,000	\$ 2,144,077	\$ -	\$ -
-	-	(860,000)	(1,994,077)	-	-
3,185,000	895,000	1,325,000	1,400,000	5,785,000	9,108,900
128,026	24,165	(12,485)	(12,980)	(32,017)	25,275
-	-	-	-	-	-
2,488,068	1,754,526	2,921,668	2,828,522	2,578,286	2,655,746
(2,309,283)	(2,354,904)	(2,975,164)	(2,663,521)	(1,849,286)	(1,965,495)
<u>\$ 3,491,811</u>	<u>\$ 318,787</u>	<u>\$ 1,289,019</u>	<u>\$ 1,702,021</u>	<u>\$ 6,481,983</u>	<u>\$ 9,824,426</u>
<u><u>\$ 1,648,256</u></u>	<u><u>\$ (1,786,233)</u></u>	<u><u>\$ (449,289)</u></u>	<u><u>\$ 2,154,684</u></u>	<u><u>\$ (24,209)</u></u>	<u><u>\$ 145,197</u></u>
<u>19.16%</u>	<u>17.60%</u>	<u>20.03%</u>	<u>28.09%</u>	<u>18.31%</u>	<u>15.24%</u>

**CITY OF MASON CITY, IOWA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Property Taxes</u>	<u>Tax Increment</u>	<u>Ag Land Taxes</u>	<u>Monies & Credits</u>
2019	\$15,014,988	\$1,961,441	\$22,167	\$10,059
2018	14,006,599	1,318,034	20,241	8,734
2017	13,427,065	1,213,704	21,322	8,704
2016	13,415,743	1,474,317	24,393	8,707
2015	13,108,904	1,573,744	16,664	8,707
2014	12,774,262	1,415,513	17,911	8,060
2013	12,807,444	1,409,283	17,403	7,405
2012	12,329,153	1,500,976	17,243	6,635
2011	11,933,871	1,438,648	17,385	6,028
2010	11,227,096	1,113,291	17,898	6,034

<u>Fiscal Year</u>	<u>Hotel/ Motel Tax</u>	<u>Utility Property Tax Replacement</u>	<u>Local Option Sales Tax</u>	<u>Total Taxes</u>
2019	\$753,871	\$186,452	\$2,867,243	\$20,816,221
2018	696,889	152,673	3,047,432	19,250,602
2017	728,860	157,254	2,924,260	18,481,169
2016	624,796	158,272	3,850,232	19,557,640
2015	686,826	155,992	2,892,998	18,443,835
2014	581,732	160,367	2,551,976	17,509,821
2013	562,295	159,198	2,681,986	17,645,014
2012	544,623	156,531	2,836,036	17,391,197
2011	412,712	151,361	2,580,116	16,540,121
2010	449,699	174,130	2,460,515	15,448,663

(1) Includes General, Special Revenue and Debt Service Funds

**CITY OF MASON CITY, IOWA
 ASSESSED AND ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS**

Levy Year	Fiscal Year	Assessed Valuation			
		Residential Property	Commercial Property	Industrial Property	Agricultural Property
2018	2019	\$1,225,090,590	\$450,584,704	\$108,770,120	\$ 9,755,320
2017	2018	1,168,132,290	448,981,605	103,658,180	13,478,120
2016	2017	1,103,186,780	442,166,319	104,191,500	13,535,280
2015	2016	1,098,783,110	384,732,057	106,730,550	15,291,110
2014	2015	1,091,398,550	352,091,031	99,274,430	15,455,130
2013	2014	1,090,626,518	385,599,158	106,395,280	18,155,250
2012	2013	1,084,170,413	375,551,210	99,342,061	12,935,557
2011	2012	1,082,708,259	375,761,167	105,170,753	13,014,606
2010	2011	1,087,197,119	373,188,488	116,132,318	10,462,956
2009	2010	1,075,186,271	358,218,056	118,180,425	10,603,851

- (1) State mandated rollbacks have been applied to each class of property
- (2) Property in the City is reassessed each year. Property is assessed at actual value; therefore, the assessed values are equal to actual value. Tax rates are per \$1,000 of assessed value.

Source: City Assessor

<u>Utilities</u>	<u>Total</u>	<u>Total Taxable Valuation (1) (2)</u>	<u>Total Direct Tax Rate</u>
\$174,681,446	\$1,968,882,180	\$1,643,020,743	13.82774
156,987,665	1,891,237,860	1,326,806,601	13.70261
106,961,652	1,770,041,531	1,219,655,794	13.71268
70,558,190	1,673,095,017	1,145,774,966	13.51799
63,509,283	1,621,728,424	1,084,921,577	13.85102
63,978,505	1,664,754,711	1,132,555,552	13.02255
51,062,791	1,623,062,032	1,106,330,731	13.55111
58,902,940	1,635,557,725	1,096,817,538	13.56506
55,575,034	1,642,555,915	1,079,732,545	13.39427
39,183,481	1,601,372,084	1,026,972,722	12.73451

CITY OF MASON CITY, IOWA
PROPERTY TAX RATES -
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

REGULAR DISTRICTS

CITY OF MASON CITY				
<u>Fiscal Year</u>	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Retirement Millage</u>	<u>Total City Millage</u>
2019	8.48853	2.31311	3.02610	13.82774
2018	8.42780	2.47029	2.80452	13.70261
2017	8.41239	2.74350	2.55679	13.71268
2016	8.33064	2.65228	2.53507	13.51799
2015	8.37904	2.90537	2.56661	13.85102
2014	8.43261	2.86429	1.72565	13.02255
2013	8.43639	3.11309	2.00163	13.55111
2012	8.49471	2.97035	2.10000	13.56506
2011	8.67914	2.78243	1.93270	13.39427
2010	8.71062	2.10902	1.91487	12.73451

Source: Cerro Gordo County Auditor

Note: The City's general fund maximum property tax rate may only be \$8.10 per \$1,000 of valuation. The remaining portion of the operating rate and the rates for debt service and retirement are set based on each year's requirements.

<u>CERRO GORDO COUNTY</u>			<u>MASON CITY COMMUNITY SCHOOL DISTRICT</u>				
<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total County Millage</u>	<u>Operating Millage</u>	<u>Debt Service Millage</u>	<u>Total School Millage</u>	<u>Other</u>	<u>Total Millage</u>
5.84710	.35224	6.19934	12.55267	1.64440	14.19707	3.00375	37.22790
5.84710	.35244	6.19934	12.64777	1.61588	14.26365	3.00375	37.16935
5.68836	.54478	6.23314	12.69734	1.43302	14.13036	3.00375	37.07993
5.68836	.56098	6.24934	12.51573	1.43507	13.95080	3.00375	36.72188
5.84151	.40783	6.24934	11.32710	1.87119	13.19829	3.00375	36.30240
5.83306	.40276	6.23582	11.04654	-	11.04654	3.00375	33.30866
5.81660	.41922	6.23582	13.31719	-	13.31719	3.00375	36.10787
5.81660	.43417	6.25077	15.11036	-	15.11036	3.00375	37.92994
5.81451	.45591	6.27042	15.11732	-	15.11732	3.00375	37.78576
5.82555	.46592	6.29147	13.61683	-	13.61683	3.00375	35.64656

CITY OF MASON CITY, IOWA
 PRINCIPAL PROPERTY TAX PAYERS
 CURRENT YEAR AND NINE YEARS AGO

<u>Taxpayer</u>	<u>2019</u>		
	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percent of Total Assessed Valuation</u>
Interstate Power Company	\$164,682,506	1	7.02%
Golden Grain Energy, LLC	21,175,360	2	0.90
MFF Mortgage Borrower 20, LLC	15,816,060	3	0.67
Lehigh Portland Cement Company.	15,498,690	4	0.66
AADG, Inc.	13,132,040	5	0.56
Wal-Mart Real Estate Business Trust	12,376,550	6	0.53
IPE 1031 Rev 161, LLC & Principal	11,319,980	7	0.48
Tierney Properties/Brick & Tile LLC	11,236,180	8	0.48
Mason City Shopping Center LP	10,857,450	9	0.46
Menards, Inc.	10,302,830	10	0.44
Armour Eckrich Meats, LLC.	-		-
Downtown Mall Associates	-		-
Mills Fleet Farm	-		-
Total	<u>\$286,397,646</u>		<u>12.20%</u>

Source: City Assessor

2010		
<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percent of Total Assessed Valuation</u>
\$ 34,905,366	1	2.18%
16,999,167	2	1.06
-	-	-
16,986,767	3	1.06
13,911,257	4	0.87
10,699,151	6	0.67
9,393,830	8	0.59
-	-	-
7,639,918	10	0.48
-	-	-
8,265,010	9	0.59
11,439,113	5	0.71
10,651,904	7	0.67
<u>\$140,891,483</u>		<u>8.88%</u>

**CITY OF MASON CITY
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

<u>Levy Year</u>	<u>For Fiscal Year Ended June 30,</u>	<u>Total Tax Levy</u>	<u>Collected Within the Fiscal Year of the Levy Amount</u>	<u>Percentage of Levy</u>	<u>Collections in Subsequent Years</u>
2018	2019	\$15,677,119	\$15,284,729	97.50%	\$ -
2017	2018	15,006,783	14,680,773	97.83	-
2016	2017	14,287,266	13,945,957	97.61	-
2015	2016	14,019,135	13,731,010	97.94	-
2014	2015	14,405,234	14,101,474	97.89	-
2013	2014	13,543,634	13,249,201	97.83	-
2012	2013	13,822,521	13,488,070	97.58	5,168
2011	2012	13,368,985	13,106,318	98.04	1,560
2010	2011	12,949,529	12,922,145	99.79	20,728
2009	2010	12,269,045	12,246,928	99.82	16,935

<u>Total Collections to Date</u>	
<u>Amount</u>	<u>Percentage of Levy</u>
\$15,284,729	97.50%
14,680,773	97.83
13,945,957	97.61
13,731,010	97.94
14,101,474	97.89
13,249,201	97.83
13,493,238	97.62
13,107,878	98.05
12,942,873	99.95
12,264,391	99.96

**CITY OF MASON CITY, IOWA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities			
	General Obligation		TIF Revenue	Settlement
	Bonds	Notes	Bonds	Note
2019	\$33,977,000	\$ -	\$ -	\$ -
2019	16,386,000	-	-	-
2018	16,665,000	-	-	-
2017	18,680,000	-	-	-
2016	20,675,000	-	-	-
2015	20,936,911	-	-	-
2014	23,066,557	-	-	-
2013	23,854,077	150,000	1,049,774	-
2011	25,339,320	295,000	1,233,400	-
2010	21,684,866	594,958	1,404,774	-

Fiscal Year	Business-Type Activities			
	General Obligation		Revenue	Capital
	Bonds	Notes	Bonds	Lease
2019	\$4,073,000	\$ -	\$11,381,000	\$ -
2018	4,454,000	-	12,904,000	-
2017	5,200,000	-	14,735,000	-
2016	5,818,000	-	16,512,000	-
2015	6,785,000	-	18,231,000	-
2014	4,883,090	36,000	20,061,480	-
2013	5,928,444	123,169	21,971,273	-
2012	6,100,923	205,085	23,821,018	-
2011	7,050,680	282,887	25,602,694	-
2010	6,840,134	356,890	27,146,278	-

<u>Total</u>
\$33,977,000
16,386,000
16,665,000
18,680,000
20,675,000
20,936,911
23,066,557
25,053,851
26,867,720
23,684,598

<u>Total</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$15,454,000	\$49,431,000	2.59%	1,824
17,358,000	33,744,000	3.67	1,232
19,935,000	36,600,000	3.25	1,337
22,330,000	41,010,000	3.23	1,498
25,016,000	45,691,000	3.45	1,627
24,980,570	45,917,481	3.59	1,635
28,022,886	51,089,443	4.41	1,819
30,127,026	55,180,877	5.09	1,965
32,936,261	59,803,981	6.14	2,130
34,343,302	58,027,900	5.37	1,989

CITY OF MASON CITY, IOWA
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED
VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

<u>Levy Year</u>	<u>Population(1)</u>	<u>Taxable Assessed Value (2)</u>	<u>Gross Bonded Debt</u>	<u>Less Debt Service Funds</u>
2019	27,093	\$1,643,020,743	\$38,050,000	\$702,475
2018	27,399	1,326,806,601	20,840,000	431,183
2017	27,366	1,219,655,794	21,865,000	266,664
2016	27,366	1,114,774,966	24,495,000	231,420
2015	28,079	1,084,921,577	27,460,000	202,580
2014	28,079	1,132,555,552	25,856,001	28,884
2013	28,079	1,089,127,619	29,118,278	(10,025)
2012	28,079	1,076,208,365	30,310,085	(8,624)
2011	28,079	1,079,732,545	32,967,887	(121,160)
2010	29,172	1,026,972,722	29,476,848	61,630

<u>Levy Year</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2019	\$37,347,525	2.27%	\$1,378
2019	20,408,817	1.54	745
2018	21,598,336	1.77	789
2017	24,263,580	2.18	887
2016	27,257,420	2.51	971
2015	25,827,117	2.28	920
2014	29,128,303	2.67	1,037
2013	30,318,709	2.82	1,080
2011	33,089,047	3.06	1,178
2010	29,415,218	2.86	1,008

Source:

- (1) U.S. Census Bureau
- (2) City Assessor

**CITY OF MASON CITY, IOWA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2019**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable To City Of Mason City</u>	<u>Amount Applicable To City Of Mason City</u>
Direct:			
City of Mason City (1)	\$33,977,000	100.00%	\$33,977,000
Overlapping (2):			
Mason City Community School District	\$23,948,065	89.74%	\$21,490,994
Cerro Gordo County	6,766,072	43.01%	2,910,088
North Iowa Area Community College	33,545,000	-	-
Total overlapping	<u>\$64,259,137</u>		<u>\$24,401,082</u>
Total	<u>\$98,236,137</u>		<u>\$58,378,082</u>

Source: Information provided by individual unit.

- (1) Excluding general obligation debt reported in the Enterprise Funds
- (2) Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Mason City. This process recognizes that, when considering the city's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident—and therefore responsible for repaying the debt of each overlapping government.

For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

**CITY OF MASON CITY, IOWA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Debt limit	\$117,362,685	\$92,960,477	\$86,235,690	\$83,345,118
Total net debt applicable to limit	<u>38,050,000</u>	<u>20,840,000</u>	<u>21,865,000</u>	<u>24,495,000</u>
Legal debt margin	<u>\$ 79,312,685</u>	<u>\$62,505,118</u>	<u>\$64,370,690</u>	<u>\$58,850,118</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>32.42%</u>	<u>22.42%</u>	<u>25.35%</u>	<u>29.39%</u>

Legal Debt Margin Calculation for Fiscal Year 2019

Actual assessed valuation:	
Real property	\$2,172,572,245
Utilities	<u>174,681,446</u>
Total actual assessed valuation	<u>\$2,347,253,691</u>
Debt limit - 5% of actual valuation	\$ 117,362,685
Total net debt applicable to limit	<u>38,050,000</u>
Legal debt margin	<u>\$ 79,312,685</u>

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$83,252,607	\$83,237,735	\$82,847,356	\$81,919,465	\$82,821,479	\$80,068,604
<u>27,460,000</u>	<u>25,820,000</u>	<u>28,995,000</u>	<u>31,154,774</u>	<u>33,918,400</u>	<u>30,524,732</u>
<u>\$55,792,607</u>	<u>\$57,417,735</u>	<u>\$53,852,356</u>	<u>\$50,764,691</u>	<u>\$48,903,079</u>	<u>\$49,543,872</u>
<u>32.98%</u>	<u>31.02%</u>	<u>34.99%</u>	<u>38.03%</u>	<u>40.95%</u>	<u>38.12%</u>

**CITY OF MASON CITY, IOWA
PLEDGED REVENUE COVERAGE - SEWER
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Operating Expenses (1)</u>	<u>Net Revenue Available for Debt Service</u>
2019	\$4,749,793	\$2,451,636	\$2,298,157
2018	4,786,771	2,305,877	2,480,894
2017	4,695,450	2,037,107	2,658,343
2016	4,370,454	1,971,813	2,398,641
2015	4,335,092	1,978,379	2,356,793
2014	4,195,815	1,910,662	2,285,153
2013	4,374,579	1,898,650	2,475,929
2012	4,442,947	1,954,110	2,488,837
2011	5,231,916	1,672,145	3,559,771
2010	4,405,338	2,014,228	2,391,110

<u>Fiscal Year</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2019	\$629,000	\$244,800	\$ 873,800	2.63
2018	609,000	280,770	889,770	2.79
2017	590,000	280,770	870,770	3.05
2016	571,000	297,000	868,000	2.76
2015	883,000	327,360	1,210,360	1.95
2014	851,000	355,725	1,206,725	1.89
2013	824,000	383,290	1,207,290	2.05
2012	793,000	409,590	1,202,590	2.07
2011	897,000	437,287	1,334,287	2.66
2010	867,000	413,322	1,280,322	1.86

(1) Total operating expenses exclusive of depreciation and amortization.

**CITY OF MASON CITY, IOWA
PLEGGED REVENUE COVERAGE - WATER
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Gross Revenues</u>	<u>Operating Expenses (1)</u>	<u>Net Revenue Available for Debt Service</u>
2019	\$5,971,626	\$3,803,926	\$2,167,700
2018	6,250,304	3,246,149	3,004,155
2017	5,992,973	3,376,976	2,615,997
2016	5,858,228	3,333,041	2,525,187
2015	5,706,729	3,114,612	2,592,117
2014	5,554,001	3,223,986	2,330,015
2013	5,751,609	3,161,914	2,589,695
2012	5,476,898	3,164,908	2,311,990
2011	5,337,691	3,263,510	2,074,181
2010	5,171,917	3,315,053	1,856,864

<u>Fiscal Year</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2019	\$ 894,000	\$ 83,020	\$ 977,020	2.28
2018	867,000	98,193	965,193	3.11
2017	1,187,000	141,638	1,328,638	1.97
2016	1,148,000	149,038	1,297,038	1.95
2015	1,109,000	196,048	1,305,048	1.99
2014	1,071,000	221,675	1,292,675	1.80
2013	1,038,000	366,230	1,404,230	1.84
2012	1,001,000	399,010	1,400,010	1.65
2011	970,000	430,760	1,400,760	1.48
2010	940,000	461,453	1,401,453	1.32

(1) Total operating expenses exclusive of depreciation and amortization.

**CITY OF MASON CITY, IOWA
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population(1)</u>	<u>Personal Income (in thousands)</u>	<u>Median Household Income (2)</u>	<u>Median Age (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)</u>
2019	27,093	\$1,280,767	\$47,273	42.70	3,593	2.6%
2018	27,399	1,238,243	45,193	42.60	3,639	2.9
2017	27,366	1,191,105	43,525	43.00	3,744	3.5
2016	27,366	1,149,618	42,009	41.90	3,737	3.7
2015	28,079	1,322,633	47,104	44.40	3,746	4.5
2014	28,079	1,277,511	45,497	43.80	3,725	4.8
2013	28,079	1,157,557	41,225	43.80	3,751	5.4
2012	28,079	1,082,586	38,555	43.30	3,796	6.5
2011	28,079	974,538	34,707	43.30	3,860	6.6
2010	29,172	1,080,618	37,043	42.10	3,909	7.9

Source: (1) U.S. Census Bureau decennial census
(2) Department of Economic Development, State Demographer
(3) Mason City Community School District
(4) Iowa Workforce Development

**CITY OF MASON CITY, IOWA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

<u>Employer</u>	<u>2019</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percent of Total City Employment</u>
Mercy One North Iowa	2,633	1	18.03%
Curries Manufacturing Company	740	2	5.07
Mason City Schools	616	3	4.22
Principal Financial Group	360	4	2.47
Cargill Kitchens Solutions	325	5	2.23
Good Shepard	325	6	2.23
City of Mason City	255	7	1.75
Smithfield	250	8	1.71
Cerro Gordo County	245	9	1.68
Masonite Wood Doors (Graham)	229	10	1.57
Hy-Vee Food Stores	-	-	-
Kraft Foods	-	-	-
Woodharbor Molding & Millwork	-	-	-
Walmart Stores	-	-	-
Armour Eckrich Meats, LLC	-	-	-
Total	<u>5,978</u>		<u>40.96%</u>

Source: North Iowa Corridor Economic Development Corporation
Mason City Chamber of Commerce
Iowa Workforce Development

<u>2009</u>		
<u>Employees</u>	<u>Rank</u>	<u>Percent of Total City Employment</u>
2,600	1	16.86%
993	2	6.44
556	3	3.61
550	4	3.57
-	-	-
300	9	1.95
-	-	-
-	-	-
-	-	-
-	-	-
530	5	3.44
450	6	2.92
400	7	2.59
373	8	2.42
270	10	1.75
<u>7,022</u>		<u>45.55%</u>

**CITY OF MASON CITY, IOWA
FULL-TIME EQUIVALENT CITY EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Public safety:					
Police - sworn	47	46	46	50	47
Police - civilian	5	5	5	5	5
Fire - sworn	44	46	44	44	44
Fire - civilian	1	1	2	2	2
Building Inspection	1	1	1	1	1
Plumbing/Electrical Inspection	2	2	2	2	2
Public works:					
Airport	5	5	5	5	5
Street	22	20	23	21	21
Arborist	4	4	1	1	1
Engineer	7	7	7	7	7
Health and social services:					
Youth Task Force	4	4	4	3	3
Health	1	1	1	1	1
Human Rights	-	-	-	-	-
Culture and recreation:					
Parks	6	6	6	6	6
Recreation	4	4	4	4	4
Library	15	15	14	15	17
Museum	7	7	7	6	7
Community and economic development:					
Neighborhood Services	3	3	3	4	4
Growth Development and Planning	4	4	4	3	3
Transit	16	16	16	16	17
General government:					
Administrator	2	2	2	2	2
Mayor	-	-	-	-	-
Finance	10	10	10	10	10
Clerk	1	1	1	1	1
City Hall	-	-	-	-	-
Personnel/Safety	2	2	2	2	2
Business-type activities:					
Water	18	18	18	18	18
Sewer	15	15	15	15	15
Sanitation	12	12	12	12	11
Cemetery	3	3	3	3	3
Golf course	3	3	3	3	2
Total	<u>264</u>	<u>263</u>	<u>261</u>	<u>262</u>	<u>262</u>

Source: City Finance Department

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
45	45	45	48	48
5	5	5	5	5
44	45	44	44	44
2	2	2	2	2
1	1	2	3	3
2	2	2	2	2
5	5	5	5	5
19	20	21	21	20
1	1	1	1	1
6	6	7	7	7
5	5	4	3	4
1	1	1	1	1
-	1	3	3	3
6	6	6	6	6
4	5	3	3	3
17	17	18	18	14
7	7	7	7	7
3	3	3	2	2
3	3	3	3	3
18	16	14	16	17
2	2	3	2	2
-	-	-	-	-
10	10	11	11	11
1	1	1	1	1
-	1	1	1	1
2	2	2	2	2
18	18	18	19	19
15	15	14	16	16
12	12	10	12	12
3	3	3	3	3
<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
<u>259</u>	<u>262</u>	<u>261</u>	<u>269</u>	<u>266</u>

**CITY OF MASON CITY, IOWA
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Police:					
Physical arrests	2,021	2,673	3,110	3,032	2,904
Parking violations	4,978	3,589	2,414	2,101	2,596
Traffic violations	3,387	3,442	3,568	2,675	3,497
Fire:					
Fire calls answered	671	1,072	1,109	676	609
Ambulance calls answered	5,214	4,847	4,771	4,962	5,068
Inspections	553	224	645	1,735	1,113
Highways and streets:					
Street resurfacing (miles)	-	1.38	-	-	0.79
Potholes repaired	6,000	6,000	6,000	5,550	5,300
Sanitation:					
Refuse collected (tons/day)	35.80	30.63	30.76	30.08	31.93
Recyclables collected (tons/day)	3.76	3.82	3.95	4.21	4.43
Culture and recreation:					
Aquatic Center admissions	28,305	31,337	31,984	35,799	32,791
Water:					
New connections	17	27	29	32	39
Water main breaks	18	17	12	8	11
Average daily consumption (thousands of gallons)	4,174	4,365	4,336	4,249	4,528
Wastewater:					
Average daily sewage treatment (thousands of gallons)	8,702	6,801	7,995	6,747	6,311

Source: Various city departments

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
3,260	3,428	3,082	2,779	2,295
3,078	2,288	2,678	4,432	4,161
3,497	5,210	5,366	5,311	2,043
811	795	839	793	731
4,528	4,430	4,434	4,057	3,755
708	1,103	1,961	1,690	1,411
1.20	1.63	0.37	2.68	2.40
6,000	5,900	5,500	5,400	5,300
31.29	31.99	29.00	31.94	32.60
4.53	4.90	4.82	4.84	4.86
31,199	37,817	42,811	42,179	33,616
38	32	26	31	15
33	11	21	17	17
4,542	4,542	4,828	5,300	5,324
5,499	5,499	6,712	6,810	6,689

**CITY OF MASON CITY, IOWA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS**

<u>Function</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Public safety:					
Police stations	1	1	1	1	1
Fire stations	1	1	1	1	1
Public works:					
Street miles:					
Paved	153.37	153.37	153.16	152.49	152.32
Unpaved	40.93	40.93	40.93	40.93	40.93
Streetlights	1,818	1,788	1,784	1,770	1,770
Culture and recreation:					
Parks	41	41	41	41	41
Acreage	639	639	639	639	639
Playgrounds	23	12	12	12	12
Baseball/softball diamonds	12	12	12	12	12
Golf courses	1	1	1	1	1
Swimming pools	1	1	1	1	1
Tennis courts	7	7	7	7	7
Pickleball courts	6	6	6	-	-
Business-type activities:					
Sewer miles:					
Storm	50.16	50.14	50.12	49.35	49.01
Sanitary	165.44	165.32	165.18	164.99	164.57
Cemetery:					
Facilities	1	1	1	1	1
Acreage	74.12	74.12	74.12	74.12	74.12

Source: Various city departments

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
1	1	1	1	1
1	1	1	1	1
152.32	152.49	152.39	152.33	152.33
40.93	41.12	41.12	41.12	41.12
1,768	1,767	1,765	1,761	1,761
41	41	41	41	41
639	639	639	639	639
12	12	12	12	12
12	12	12	12	12
1	1	1	1	1
1	1	1	1	1
7	7	7	7	7
-	-	-	-	-
48.46	48.46	48.46	48.13	48.13
164.57	164.57	164.57	164.53	164.53
1	1	1	1	1
74.12	74.12	74.12	74.12	74.12

**COMPLIANCE
SECTION**



Kronlage & Olson, P.C.

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and
Members of the City Council
City of Mason City, Iowa

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Mason City, Iowa, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Mason City, Iowa's basic financial statements and have issued our report thereon dated December 20, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Mason City, Iowa's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Mason City, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Mason 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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 have not been identified. We did identify a certain deficiency in internal control described as item II-A-19 in Part II of the accompanying Schedule of Findings and Questioned Costs, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Mason City, Iowa's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2019 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 Mason City, Iowa's Response to Findings

The City of Mason City, Iowa's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City of Mason City, Iowa's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 the City of Mason City, Iowa, during the course of our audit.

Kronlage & Olson, P.C.

Charles City, Iowa

December 20, 2019



Kronlage & Olson, P.C.

Certified Public Accountants

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

To the Honorable Mayor and
Members of the City Council
City of Mason City, Iowa

Report on Compliance for Each Major Federal Program

We have audited the City of Mason City, Iowa's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Mason City, Iowa's major federal programs for the year ended June 30, 2019. The City of Mason City, Iowa's major federal programs are identified in the Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Mason City, Iowa's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Mason City, Iowa's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Mason City, Iowa complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of the City of Mason City, Iowa is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Mason City, Iowa's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Mason City, Iowa's internal control over compliance.

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

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

The City of Mason City, Iowa's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City of Mason City, Iowa's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Kronlage & Olson, P.C.

Charles City, Iowa

December 20, 2019

CITY OF MASON CITY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
DIRECT:			
<u>Department of Justice</u>			
Bullet Proof Vest Program	16.607	2017	\$ 1,878
Criminal Justice and Mental Health	16.745	2017-MO-BX-0041	16,249
			<u>\$ 18,127</u>
<u>Department of Transportation</u>			
Airport Improvement Program	20.106	3-19-0059-44-2019	\$ 20,123
Airport Improvement Program	20.106	3-19-0059-43-2017	3,313
Passenger Facility Charge		12-03-C-00-MCW	35,155
			<u>\$ 58,591</u>
Total Direct			<u>\$ 76,718</u>
INDIRECT:			
<u>Department of the Interior</u>			
<u>State Historical Society of Iowa</u>			
Historic Preservation Fund Grants-in-aid	15.904	2019-08	<u>\$ -</u>
<u>Department of Justice</u>			
<u>Iowa Department of Justice</u>			
Federal Violence Against Women Act	16.588	VW-19-07-CJ-012	<u>\$ 27,896</u>
<u>Governor's Office of Drug Control Policy</u>			
<u>Edward Byrne Memorial</u>			
Justice Assistance Grant Program	16.738	16-JAG-250154	\$ 52,761
Anti-Heroin Task Force	16.710	18-COPS-Heroin-04	-
Methamphetamine Drug Hot Spots Grant	16.710	17-CAMP-14	1,200
			<u>\$ 53,962</u>
Total Department of Justice			<u>\$ 81,858</u>
<u>Department of Transportation</u>			
<u>Iowa Department of Transportation</u>			
<u>Highway Planning and Construction</u>			
<u>Federal Aid Agreement-12th Street</u>			
NW Bridge	20.205	STP-U-4822(634) -70-17	\$ 580,000
<u>Federal Aid Agreement-Kentucky Avenue</u>			
Widening	20.205	STP-U-4822(633) -70-17	-
<u>Formula Grants for Other than Urbanized Areas</u>			
Capital Assistance	20.509	19268	70,411
Operating Assistance	20.509	2016-018-482-19	518,074
Operating Assistance	20.509	2016-018-482-18	-
Total Department of Transportation			<u>\$1,168,485</u>

CITY OF MASON CITY, IOWA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2019

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
INDIRECT: (continued)			
National Endowment for the Arts <u>Iowa Arts Council</u> Cultural Leadership	45.025	201911-6667	\$ 15,000
Department of Health and Human Services Projects of Regional and National Significance	93.243	5H79SM062812-03	\$ 41,848
Projects of Regional and National Significance	93.243	1H79SM081452-01	<u>81,380</u>
Total Department of Health and Human Services			<u>\$ 123,228</u>
Department of Homeland Security <u>Iowa Homeland Security</u> Disaster Grants - Public Assistance	97.036	DR 4289	\$ 134,899
Disaster Grants - Public Assistance	97.036	DR 4386	<u>133,948</u>
Total Department of Homeland Security			<u>\$ 268,847</u>
Total Indirect			<u>\$1,657,418</u>
Total Expenditures of Federal Awards			<u>\$1,734,136</u>

CITY OF MASON CITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Mason City under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Mason City, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City of Mason City.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the accrual or modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate - City of Mason City has elected to not use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

CITY OF MASON CITY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Part I: Summary of the Independent Auditors' Results:

- (a) Unmodified opinions were issued on the financial statements prepared in accordance with accounting principles generally accepted in the United States of America.
- (b) The audit did not disclose any noncompliance which is material to the financial statements.
- (c) One material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (d) The audit disclosed no material weakness in internal control over major federal programs.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major programs.
- (f) The audit disclosed no audit findings that are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major programs tested were:
 - CFDA Number 20.509 - Formula Grants for Other Than Urbanized Areas
 - CFDA Number 97.036 - Disaster Grants - Public Assistance
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) The City did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

INSTANCES OF NONCOMPLIANCE:

There were no prior year or current year instances of noncompliance noted.

INTERNAL CONTROL DEFICIENCY:

II-A-19 Financial Statement Classification and Valuation - It was noted that the City's financial statements required several material adjusting journal entries to properly classify and value the financial statement amounts. A system of internal control includes the controls over the preparation of the financial statements.

Recommendation - There has been significant improvement in the initial determination of the financial statement classifications and amounts by the finance department. Additional instruction and supervision should be given by their direct supervisor. In addition, the finance supervisor should review work on a regular basis to determine the correct classification and valuation of amounts in the financial statements.

Response - We will be providing additional guidance and supervision to assist with financial statement preparation, including the proper classification and valuation

Conclusion - Response accepted.

CITY OF MASON CITY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NONCOMPLIANCE:

There were no prior year or current year instances of noncompliance noted.

INTERNAL CONTROL DEFICIENCY:

No material weaknesses in internal control over compliance were noted.

Part IV: Findings Related to Required Statutory Reporting:

IV-A-19 Official Depositories - A resolution naming official depositories has been adopted by the City Council.

IV-B-19 Certified Budget - Disbursements before amendment exceeded amounts budgeted. Chapter 384.20 of the Code of Iowa states in part that public monies not be expended or encumbered except under an annual or continuing appropriation. Disbursements after amendment during the year ended June 30, 2019, did not exceed the amended amounts budgeted.

Recommendation - The budget should have been amended in accordance with Chapter 384.14 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response - We will monitor expenses and amend the budget prior to exceeding the budget.

Conclusion - Response accepted.

IV-C-19 Questionable Disbursements - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.

IV-D-19 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

CITY OF MASON CITY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Part IV: Other Findings Related to Required Statutory Reporting:

IV-E-19 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Jeff Brinkley, Housing Commission, City of Mason City, Police Chief	Buy Money	\$ 275
Mike McKelvey, Youth Task Force, Mason City Police Department,	Buy Money	275
Tony Johnson, Plumbing Appeals & Exam Board, Johnson Heating/AC, President	Repairs	393
Jonathan Heinz, Science & Technology Advisory Board, Metalcraft, CEO	Books	597
Jay Leaman, Electrical Examiners & Appeals Board, The Electricians, Owner	Electrical Repairs	750
Steve Clausen, Plumbing Appeals and Exam Board, Clausen Plumbing, Owner	Plumbing Repairs	1,419
Craig MacDougall, Plumbing Appeals & Exam Board, Hank's Plumbing, Owner	Plumbing Repairs	1,462
Robin Anderson, Youth Task Force, Mason City Chamber of Commerce, Director	Repairs & Supplies	2,597
Matt Brick, Plumbing Appeals and Exam Board, Brick Furniture, Owner		2,607
Les Seltun, MacNider Museum Board and North IA Diversity Appreciation Team, Control Print Creative, Owner	Printing Services	3,616
Mike Daley, Building Advisory and Appeals Board, Daley Plumbing, Owner	Plumbing Repairs	4,552
Troy Elwood, Plumbing Appeals and Exam Board, Larry Elwood Construction, Owner	Various Repairs	5,263
Mark Ebeling, North Iowa Corridor Economic Development Corp Board, City of Clear Lake, Council Member	Utilities	5,753

CITY OF MASON CITY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Part IV: Other Findings Related to Required Statutory Reporting: (continued)

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Diane Fischels, North Iowa Corridor Economic Development Corp Board Mercy Medical Center, COO	Linen Service	7,437
Mark Ewy, Housing Advisory & Appeals Board, Custom Auto Body & Self-employed	Various Repairs	12,386
Dennis Reidel, Library Board, Overhead Door of Mason City President, CEO, CFO	Various Repairs	18,445
Emily Ginneberge, North Iowa Diversity Appreciation Team, Main Street Mason City, Executive Director	Agency Funding	30,000
Sandra Servantez, Library Board, Midwest North Iowa Janitorial Services, Inc., Office Manager	Janitorial Services	79,665
Christy Marchand, North Iowa Corridor Economic Development Corp Board, Golden Grain, CFO	Tax Rebate	84,666
Cheryl Hubbard, Building Advisory & Appeals Board, Henkel Construction, Construction Project Manager	Construction Services	1,079,372
Nate Carney, North Iowa Corridor Economic Development Corp, Dean Snyder Construction, Director of Business Development	Construction Services	1,523,715

In accordance with Chapter 362.5(10) of the Code of Iowa, the first seven transactions do not appear to represent a conflict of interest since the transactions were less than \$1,500 during the fiscal year.

All or significant amounts of the payments to Mainstreet Mason City, Henkel Construction, Dean Snyder Construction, Midwest North Iowa Janitorial Services, and Golden Grain Energy were competitively bid, or part of a development agreement and, therefore, do not represent a conflict of interest. The remaining items may represent conflicts of interest. The City should consult legal counsel to determine the disposition of this matter.

Response - We will do this.

Conclusion - Response accepted.

CITY OF MASON CITY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

Part IV: Other Findings Related to Required Statutory Reporting: (continued)

IV-F-19 Related Party Purchase Discrepancies - City purchasing policy requires department heads to obtain competitive bids (to include publication of a request for bids, description of the item being sought and a public opening and award of bids) for all annual cumulative purchase from a City employee, official or member of a board or commission exceeding \$1,500. Department heads are not aware of this policy and are not complying with the policy.

Recommendation - The policy should be reviewed to determine if this is the policy that the City actually wishes to enforce. The policy requires department heads to know the extent of purchases from a related party and would essentially require publication and taking of bids for purchases of minimal amounts.

Response - We are presently reviewing the policy to determine the extent of restrictions desired by the council.

Conclusion - Response accepted.

IV-G-19 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

IV-H-19 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.

IV-I-19 Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-J-19 Revenue Bonds - No instances of noncompliance with water or sewer revenue note provisions were noted.

IV-K-19 Annual Urban Renewal Report - The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

IV-L-19 Financial Condition - At June 30, 2019, the City had deficit balances in the following funds:

Special Revenue Fund:	
Southside TIF	\$ 27,296
Street Construction	174,903
Medical Costs	106,721
Softball Improvement	5,626

Recommendation - The City should investigate alternatives to eliminate these deficits to return these funds to a sound financial position.

Response - The City will review available resources to return these funds to a sound financial position.

Conclusion - Response accepted.

CITY OF MASON CITY, IOWA
Corrective Action Plan for Federal Audit Findings
Year Ended June 30, 2019

<u>Comment Number</u>	<u>Comment Title</u>	<u>Corrective Action Planned</u>	<u>Contact Person Title, Phone Number</u>	<u>Anticipated Date of Completion</u>
NONE				

CITY OF MASON CITY, IOWA
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019

FINANCIAL STATEMENTS

Finding 2018-001: Financial Statement Classification and Valuation

Condition - Material adjusting journal entries were required to properly classify and value financial statement amounts.

Recommendation - Additional instruction and supervision by the Director of Finance would reduce the number and amount of misstatements.

Current Status - Additional oversight was provided this year, but additional supervision and oversight is required.

This page intentionally left blank