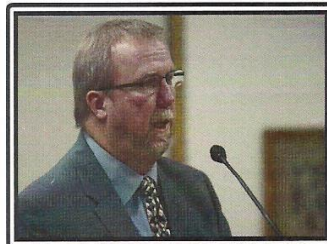




OPERATIONS & MAINTENANCE



In memory of
Kevin Jacobson, Finance Director
1996-2021

City of Mason City, IA

Annual Comprehensive Financial Report

Fiscal Year 2020-2021

**CITY OF MASON CITY, IOWA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021**

- Prepared By -

**The Department of Finance
Brent Hinson, Director**

**INTRODUCTORY
SECTION**

**CITY OF MASON CITY, IOWA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021**

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Table of Contents	i-iii
City Officials	iv
Organizational Chart	v
Transmittal Letter	vi-xiv
Certificate of Achievement	xv
	<u>Exhibit</u>
<u>FINANCIAL SECTION</u>	
Independent Auditor’s Report	1-2
Management’s Discussion and Analysis	3-14
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	1 15-16
Statement of Activities	2 17-18
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	3 19-20
Reconciliation of Balance Sheet of Government Funds to the Statement of Net Position	4 21
Statement of Revenues, Expenditures and Changes in Fund Balances	5 22-23
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities	6 24
General Fund – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual	7 25
Road Use Tax Fund – Statement of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual	8 26
Proprietary Funds:	
Statement of Net Position	9 27-30
Statement of Revenues, Expenses and Changes in Net Position	10 31-32
Statement of Cash Flows	11 33-36
Notes to Financial Statements	37-69
	<u>Schedule</u>
Required Supplementary Information:	
Schedule of Charges in Total OPEB Liability	1 70
Schedule of the City’s Proportionate Share of the Net Pension Liabilities – IPERS	2 71-72
Schedule of City Contributions – IPERS	3 73-74
Notes to Required Supplementary Information – Pension Liability – IPERS	75
Schedule of the City’s Proportionate Share of the Net Pension Liabilities – MFPRSI	4 76-77
Schedule of City Contributions – MFPRSI	5 78-79
Notes to Required Supplementary Information – Pension Liability – MFPRSI	80

**CITY OF MASON CITY, IOWA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021**

TABLE OF CONTENTS

	<u>Schedule</u>	
Supplementary Information:		
Nonmajor Governmental Funds:		
Combining Balance Sheet	1	81-84
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	2	85-88
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual:		
Special Revenue Funds:		
Unified TIF	3	89
Hotel/Motel Tax	4	90
Police Retirement	5	91
Fire Retirement	6	92
Employee Retirement	7	93
Library Trust	8	94
Medical Costs	9	95
Softball Improvement Trust	10	96
Youth Softball Complex Trust	11	97
City Administered Grants	12	98
Housing	13	99
Mason City Downtown	14	100
Debt Service Fund	15	101
Capital Projects Fund:		
Local Option Capital Improvement	16	102
River City Renaissance Fund	17	103
Permanent Fund:		
MacNider Museum Trust	18	104
Nonmajor Enterprise Funds:		
Combining Statement of Net Position	19	105-108
Combining Statement of Revenues, Expenses and Changes in Net Position	20	109-110
Combining Statement of Cash Flows	21	111-114
Internal Service Funds:		
Combining Statement of Net Position	22	115
Combining Statement of Revenues, Expenses and Changes in Net Position	23	116
Combining Statement of Cash Flows	24	117-118
Capital Assets Used in the Operation of Governmental Funds:		
Schedule by Source	25	119
Schedule by Function and Activity	26	120-121
Schedule of Changes by Function and Activity	27	122

**CITY OF MASON CITY, IOWA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021**

TABLE OF CONTENTS

STATISTICAL SECTION

Statistical Section		123
Net Position by Component	1	124-125
Change in Net Position	2	126-129
Fund Balances – Governmental Funds	3	130-131
Changes in Fund Balance – Governmental Funds	4	132-133
General Governmental Tax Revenues by Source	5	134
Assessed and Actual Value of Taxable Property	6	135-136
Property Tax Rates – Direct and Overlapping Governments	7	137-138
Principal Property Tax Payers	8	139-140
Property Tax Levies and Collections	9	141-142
Ratio of Outstanding Debt by Type	10	143-144
Ratio of Net General Obligation Bonded Debt to Assessed Value and Per Capita	11	145
Direct and Overlapping Governmental Activities Debt	12	146
Legal Debt Margin Information	13	147-148
Pledged Revenue Coverage - Sewer	14	149
Pledged Revenue Coverage - Water	15	150
Demographic Statistics	16	151
Principal Employers	17	152-153
Full-Time Equivalent City Employees by Function	18	154-155
Operating Indicators by Function/Program	19	156-157
Capital Asset Statistics by Function/Program	20	158-159

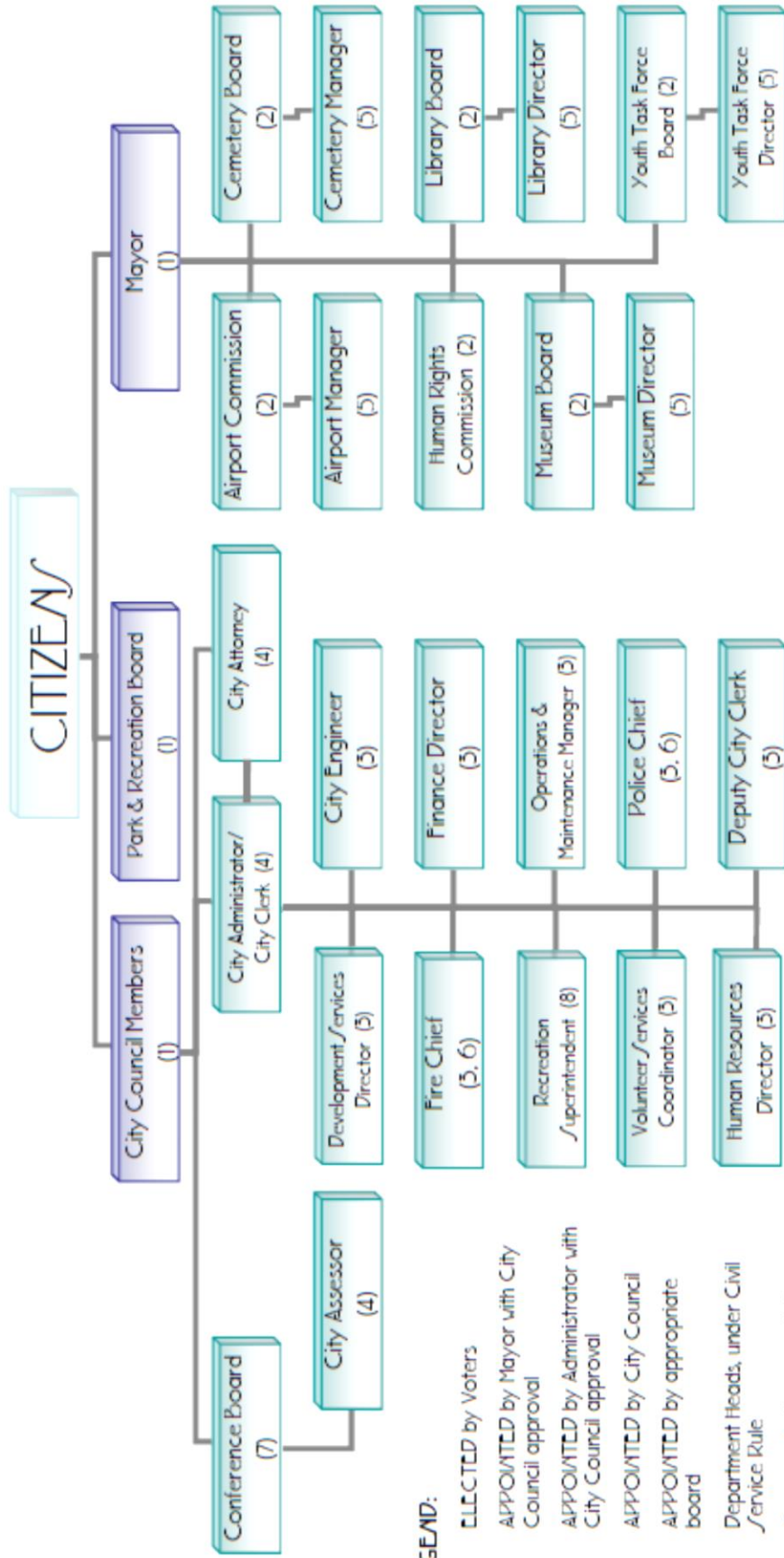
COMPLIANCE SECTION

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>		160-161
Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance		162-163
Schedule of Expenditures of Federal Awards		164-165
Notes to Schedule of Expenditures of Federal Awards		166
Schedule of Findings and Questioned Costs		167-171
Corrective Action Plan for Federal Audit Findings		172
Summary Schedule of Prior Audit Findings		173

**CITY OF MASON CITY, IOWA
CITY OFFICIALS
YEAR ENDED JUNE 30, 2021**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Bill Schickel	Mayor	2026
Paul Adams	Mayor Pro-Tem	2024
Tom Thoma	Council Member	2026
Will Symonds	Council Member	2026
Joshua Masson	Council Member	2024
John Lee	Council Member	2024
John Jaszewski	Council Member	2026
Aaron Burnett	City Administrator	2021
Diana Black	Deputy City Clerk	2021
Kevin Jacobson	Director of Finance/Treasurer	Through 5/7/2021
Brent Hinson	Finance Director/Deputy City Administrator	As of 8/9/2021
Randy Nielsen	City Attorney, Civil Law	2021
David Sims	Airport Manger	2021
Edith Blanchard	MacNider Museum Director	2021
Dana Shipley	City Assessor	2021
Russ Kramer	Band Director	2021
Tyler Anderson	Elmwood Cemetery Manager	2021
Steven Van Steenhuyse	Development Services Director	2021
Erik Bullinger	Fire Chief	2021
Perry Buffington	Human Resources Manager	2021
Mary Markwalter	Library Director	2021
William Stangler	Operations and Maintenance Manager	2021
William Stangler	Parks Superintendent	2021
Jeffrey Brinkley	Police Chief	2021
Mark Rahm	City Engineer	2021
Brian Pauly	Superintendent of Recreation & Golf	2021

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
(641)421-3600 / FAX (641)423-5369
WWW.MASONCITY.NET**

June 22, 2022

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

The Annual Comprehensive Financial Report of the City of Mason City, Iowa for the fiscal year ended June 30, 2021 (FY21) 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 annual comprehensive 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, 2020. 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, 2021, 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, and Inspections. 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 2,000-seat multi-use arena. The pavilion and arena have been completed and have already had a positive impact on downtown development. 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 recently completed just south of Southbridge Mall have brought new residents and vitality to the city center. The success of this project has led the developer to propose an additional 93-unit apartment building nearby.

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 27,388 per the 2020 U.S. Census. The city has a civilian labor force of 22,210 with a participation rate of 66.9%. Of individuals 25 to 64 in Mason City, Iowa, 13% have a bachelor's degree or higher, which compares with 32.9% in the nation. The median household income in Mason City is \$53,406 and the median house value (of owner occupied units) is \$112,500 (2020 ACS Estimates).

The local economy has begun to recover from the COVID pandemic. Efforts by local economic and community development partners rallied to support the business community, contributing to the recovery. As of 2022Q1, total employment for the City of Mason City, IA was 13,600. The non-seasonally adjusted unemployment rate for Mason City was 5.4% at its lowest point in June, 2021, but has steadily improved to 3.0% as of March, 2022. The city's unemployment rate was lower than the state rate of 3.3% and the national rate of 3.8. One year earlier, in March 2021, the unemployment rate in Mason City, Iowa was 4.7% (Iowa Workforce Development LAUS; not seasonally adjusted). The average worker in the City of Mason City, IA earned annual wages of \$54,343 as of 2020 (2020 ACS Estimates). Average annual wages per worker increased 3.9% in the region over the preceding four quarters. For comparison purposes, annual average wages were \$65,055 in the nation as of 2021Q4.

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 16.1% 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 2020 (the most recent available data), nominal GDP in Cerro Gordo County, Iowa contracted 1.9%. This follows growth of 1.5% in 2019. As of 2020, total GDP in Cerro Gordo County, Iowa was \$2,417,966,000.

Of the sectors in Cerro Gordo County, Iowa, Health Care and Social Assistance contributed the largest portion of GDP in 2020, \$416,808,000. The next-largest contributions came from Manufacturing (\$352,417,000); Finance and Insurance (\$200,069,000); and Retail Trade (\$190,240,000).

The largest industry sector in the City of Mason City, IA is Health Care and Social Assistance, employing 4,513 workers. The next-largest sectors in the region are Retail Trade (2,984 workers) and Manufacturing (2,353). 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 Health Care and Social Assistance (LQ = 1.61), Manufacturing (1.51), and Retail Trade (1.50).

Sectors in the City of Mason City, IA with the highest average wages per worker are Utilities (\$116,557), Management of Companies and Enterprises (\$82,290), and Information (\$78,302). Regional sectors with the best job growth (or most moderate job losses) over the last 5 years are Health Care and Social Assistance (+127 jobs), Construction (+109), and Transportation and Warehousing (+90).

Over the next 1 year, employment in the City of Mason City, IA is projected to contract by 95 jobs. The fastest growing sector in the region is expected to be Arts, Entertainment, and Recreation with a +2.2% year-over-year rate of growth. The strongest forecast by number of jobs over this period is expected for Accommodation and Food Services (+15 jobs), Other Services (except Public Administration) (+3), and Arts, Entertainment, and Recreation (+3).

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 3.57. This cluster employs 810 workers in the region with an average wage of \$60,517. Employment in the Food Mfg. cluster is projected to contract in the region about 0.6% per year over the next ten years.

The largest major occupation group in the City of Mason City, IA is Sales and Related Occupations, employing 2,183 workers. The next-largest occupation groups in the region are Office and Administrative Support Occupations (2,075 workers) and Transportation and Material Moving Occupations (1,948). 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 = 1.69), Production Occupations (1.43), and Healthcare Support Occupations (1.35).

Occupation groups in the City of Mason City, IA with the highest average wages per worker are Management Occupations (\$90,500), Computer and Mathematical Occupations (\$83,600), and Healthcare Practitioners and Technical Occupations (\$80,400). The unemployment rate in the region varied among the major groups from 1.3% among Healthcare Practitioners and Technical Occupations to 7.8% among Food Preparation and Serving Related Occupations.

Over the next 1 year, the fastest growing occupation group in the City of Mason City, IA is expected to be Food Preparation and Serving Related Occupations with a +0.8% year-over-year rate of growth. The strongest forecast by number of jobs over this period is expected for Food Preparation and Serving Related Occupations (+12 jobs) and Healthcare Support Occupations (+3). Over the same period, the highest separation demand (occupation demand due to retirements and workers moving from one occupation to another) is expected in Sales and Related Occupations (287 jobs) and Food Preparation and Serving Related Occupations (260).

Accomplishments for the past fiscal year include:

- Following success of the \$16 million, 133 unit apartment and townhome complex “The River” in downtown MC, the NIC worked with the City and Talon Development on “The River Phase 2”. The new 93 unit apartment complex will begin construction in 2022 on a former Brownfield Site. NIC and the City worked with the developer to secure a \$1.5m Brownfield Tax Credit to assist in the cleanup and construction. This will dramatically improve a neglected downtown property and continue to drive density and activity in the downtown core.
- The North Iowa Corridor also worked on multiple other housing development prospects, and has continued to make it a core focus for community growth. It began the process of founding the 501c3 North Iowa Corridor Housing Development Corporation to create an entity with an even more focused housing mission moving forward.
- MercyOne is continuing several multi-million dollar expansion and upgrade projects at their primary 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. Programs returned to the schools after being primarily virtual due to COVID.
- 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 at www.thisisnorthiowa.com.
- The NICEDC worked with 17 potential business leads, with total capital investment potential over \$550 million and potential for 275 new jobs. Primary sectors of opportunity have included bio-fuels, manufacturing, warehouse/distribution, and office.

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 7/1/20 – 6/30/21

The valuation of expanded industrial development totaled approximately \$806,182, while new or expanded commercial development totaled \$11,126,251 (these figures are based on construction value used to calculate permit fees).

FY21 saw several major commercial developments, redevelopments and additions. Major projects included a new Kwik Star gas/convenience store, with construction value of \$3,500,000. First Citizens Bank completed a major remodeling of their headquarters bank, valued at \$535,000. The Veteran's Administration began construction of a new clinic, valued at \$266,855.00. New retail and service businesses included a T-Mobile store (\$450,000), Domino's Pizza (\$100,000), and Dunham's Sports (\$950,000).

Other commercial and industrial ventures commenced or were completed in FY21 Bushel Boy Farms opened the first phase of a 330,000 tomato production greenhouse, valued at \$11,595,324, with an attached packaging facility. This building will triple 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 \$1,330,018 in loan funds, which have leveraged just over \$4.9 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. These events were impacted by the COVID-19 public health emergency, but the MSMC was able to hold some events online, and have maintained their place as the premier organization promoting downtown Mason City. 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, completed in November, 2019. Valued at \$14,500,000, this 2,000-seat arena (which can accommodate more than 3,000 for concerts) has been constructed within the walls of the former J. C. Penney department store. The Arena opened in late 2019 for hockey and other ice sports. Unfortunately, the COVID-19 pandemic led to cancellation of most other events. Regular scheduling of hockey and concerts has resumed. In addition, construction of a new indoor/outdoor Performing Arts Pavilion began in FY21, in the Federal Avenue Plaza. This venue will be open for performances in late 2021. The Arena and Pavilion are part of the "River City Renaissance" program, which anticipates construction of a new select-service hotel and conversion of The Music Man Square to a conference center (while maintaining the Meredith Willson Music Man museum and exhibits).

HOUSING

A 131-unit market rate apartment complex on land just south of Downtown, valued at \$16,000,000, was completed and opened for leasing in late 2020. New housing construction in FY20 included 7 new single-family dwellings. The number of single family/duplex dwelling units built is about the same as previous years. Six (6) single-family dwellings were demolished. After comparing the number of housing units built by the number demolished, there was a net housing gain in FY21 of one dwelling unit .

TRAFFIC

In 2021, 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 Downtown Traffic Signal Replacement Project involved the demolition of the existing system and the construction of a new traffic signal network along Delaware and Washington Avenues. The Project included all labor, materials and equipment necessary for removing existing traffic signals and bases, sawing and removing existing sidewalk, constructing new traffic signals and necessary accessories including, but not limited to, conduits, push buttons, controllers, battery back-ups, signal heads, and constructing PCC sidewalk. **(Project Accepted February 2, 2021)**

The 2020 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 5,418 feet and was performed on designated streets at various locations within the City. Also completed was the upgrade of 34 pedestrian sidewalk ramps to meet ADA compliance. **(Project Accepted January 5, 2021)**

The South Monroe Avenue Pedestrian Trail project included a Portland Cement Concrete (PCC) pedestrian trail extension. The location of the trail extension was on the west side of South Monroe Avenue between 7th Street SW and 6th Street SW. a total of 620' of new 8' wide PCC trail was placed. **(Project Accepted June 1, 2021)**

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, 2021 provided no instances 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, 2021.

<u>Revenues</u>	<u>Amount</u>	<u>Percent of Total</u>
Taxes	\$ 22,860,986	61.93%
Licenses and Permits	661,865	1.79
Intergovernmental	11,013,939	29.84
Service Revenues	658,621	1.78
Fines and Forfeitures	79,707	.22
Use of Monies and Properties	834,852	2.26
Special Assessments	17,133	.05
Miscellaneous	454,841	1.23
Refunds	140,673	.38
Contributions	<u>186,132</u>	<u>.52</u>
Total	<u>\$ 36,908,749</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, 2021.

<u>Expenditures</u>	<u>Amount</u>	<u>Percent of Total</u>
Public Safety	\$ 10,782,049	30.00%
Public Works	4,251,534	11.83
Health and Social Services	416,585	1.15
Culture and Recreation	3,243,916	9.03
Community & Economic Development	2,095,500	5.83
General Government	2,543,244	7.07
Capital Projects	7,078,173	19.69
Debt Service	<u>5,529,048</u>	<u>15.40</u>
Total	<u>\$ 35,940,049</u>	<u>100.00%</u>

GENERAL FUND BALANCE

The General Fund closed the FY21 with a fund balance of \$ 10,857,414 compared to \$7,070,256 on June 30, 2020. This was due to a \$3,787,158 increase of revenues over expenditures for FY21.

ENTERPRISE FUNDS

The Enterprise Funds of the City include the following:

1. Cemetery Fund - Operating revenues were \$127,219 in FY21, an increase of 13.7% from FY20. Operating expenses were \$434,923 in FY21, an increase of 10.3% from FY20. Net income was \$(46,316) in FY21, a 85.6 % decrease from FY20.
2. Waterworks Fund - Operating revenues were \$6,676,613 in FY21, an increase of 6.7% from FY20. Operating expenses were \$5,648,513 in FY21, an increase of 10.6% from FY20. Net income was \$524,730 in FY21, a 37.2% decrease from FY20.
3. Sewer Rental Fund - Operating revenues were \$4,711,144 in FY21, an increase of 2.1 % from FY20. Operating expenses were \$3,720,059 in FY21, a decrease of 0.2% from FY20. Net income was \$795,762 in FY21, a 25.6% increase from FY20.
4. Parking Lots Fund - Operating revenues were \$4,053 in FY21, a decrease of 15.6% from FY20. Operating expenses were \$120,784 in FY21, a decrease of 12.0% from FY20. Net income was \$178,152 in FY21, a 91.5% increase from FY20.
5. Storm Sewer Fund – Operating revenues were \$430,833 in FY21, an increase of 1.0% from FY20. Operating expenses were \$193,713 in FY21, an increase of 6.1% from FY20. Net income was \$271,849 in FY21, a 51.3% decrease from FY20.
6. Solid Waste Fund - Operating revenues were \$1,703,555 in FY21, an increase of 5.3% from FY20. Operating expenses were \$1,648,577 in FY21, an increase of 6.2% from FY20. Net income was \$59,841 in FY21, a 18.1% decrease from FY20.
7. Golf Course Fund - Operating revenues were \$449,909 in FY21, an increase of 15.4% from FY20. Operating expenses were \$524,127 in FY21, an increase of 13.2% from FY20. Net income was (\$19,859) in FY21, a 43.8% decrease from FY20.
8. Ambulance Fund - Operating revenues were \$2,305,742 in FY21, an increase of 7.1% from FY20. Operating expenses were \$2,444,876 in FY21, an increase of 12.2% from FY20. Net income was \$(101,976) in FY21, a 311.2% decrease from FY20.
9. RCR Arena Fund – Operating revenues were \$109,989 in FY21, an increase of 47.8% from FY20. Operating expenses were \$540,597 in FY21, an increase of 50% from FY20. Net income was \$(73,142) in FY21, an increase of 52% from FY20.

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.

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, 2021:

	Amount	Ratios	
		Debt to Assessed Value	Debt Per Capita
Net Bonded Debt	\$45,066,220	3.69%	\$1,648

The City issued \$6,845,000 of General Obligation bonds during the year to fund various public works, parks, utility-related projects.

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 2021, 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 2021, 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 "Aa2" 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 FY21 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. This was the thirty-fifth 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 annual comprehensive 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,



Brent D. Hinson
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, 2020

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, 2021, 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, 2021, 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 3 through 14 and pages 70 through 80 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 June 22, 2022 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.

Knowledge & Olson, P.C.

Charles City, Iowa

June 22, 2022

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, 2021 (FY21). 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-xiv of this report. Professional standards require the inclusion of certain comparative information in the Management's Discussion and Analysis (MD&A).

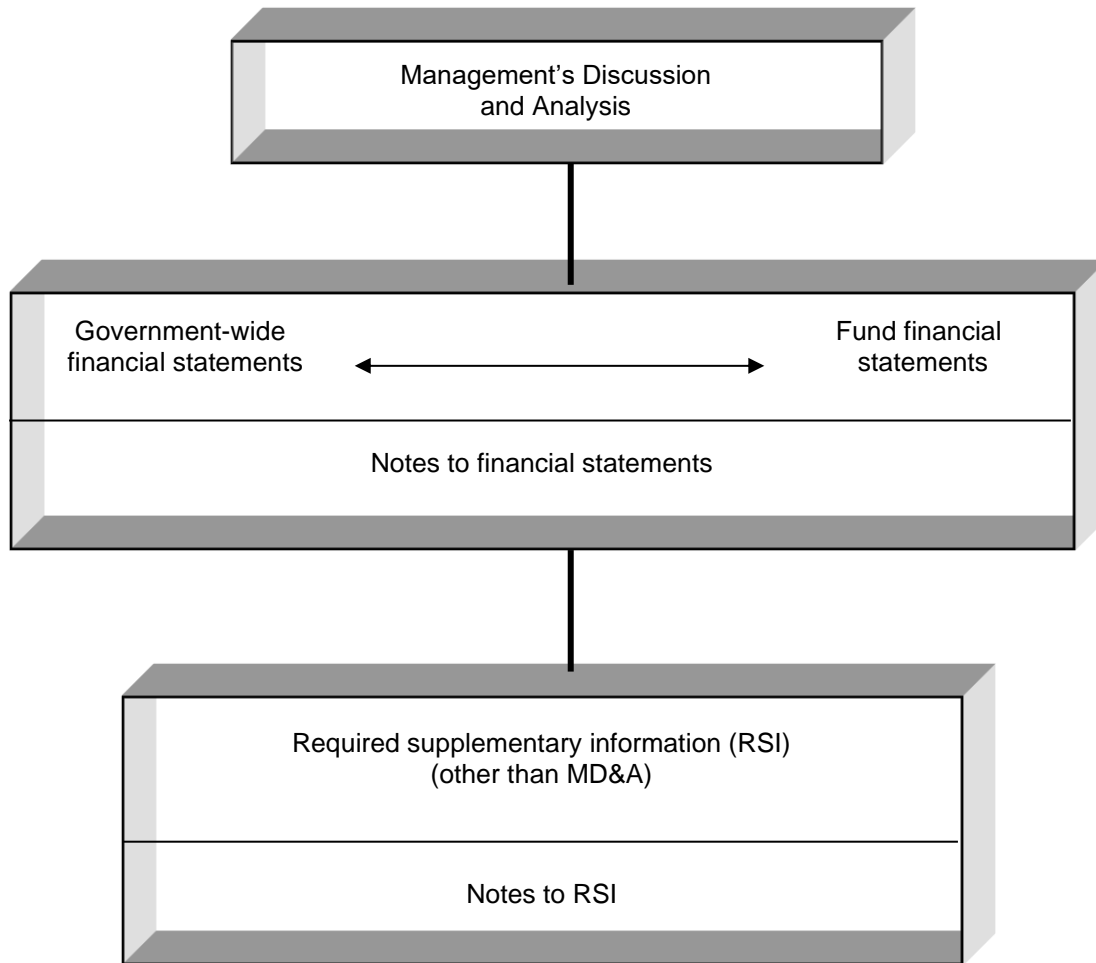
FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Mason City exceeded its liabilities and deferred inflows at the close of June 30, 2021 by \$149.13 million (net position). Normally, unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors. In this City's case, the unrestricted net position is \$648,613. By comparison, for the fiscal year ended June 30, 2020, assets and deferred outflows exceeded liabilities and deferred inflows by 142.70 million, of which a negative \$6,388,950 was unrestricted.
- The City's total net position increased by \$6,431,928 during the fiscal year ended June 30, 2021. Governmental activities increased by \$4,855,791 and business-type activities increased by \$1,576,137. The City continues to be able to report a positive balance in the business-type category of net position. For the government as a whole and its separate governmental activities, the City reports a negative net position. This negative net position is due to the River City Renaissance economic development project in which the City bonded approximately \$16.15 million investment in private business grants. An additional \$8.05 million was issued in early FY 2022 to finish the hotel/skywalk project for the overall River City Renaissance project.
- At the close of the current fiscal year, the City of Mason City's governmental funds reported combined ending fund balances of \$29.94 million, an increase of \$7.70 million as compared to the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8.66 million, or 43.62% of the total general fund expenditures.
- Total debt decreased by approximately \$1,169,001 (2.1%) during the current fiscal year. The City issued approximately \$6,625,000 of new bonds and retired approximately \$7,794,001 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 and liabilities, 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, cemetery, RCR-Arena 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 15-18 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 two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial 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 19-26 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 27-36 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 37-69 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 and deferred outflows of resources exceeded liabilities and deferred inflows by \$149,130,248 at the close of the most recent fiscal year.

By far the largest portion of the City of Mason City's net position (98.14%) 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, 2021 and June 30, 2020.

City of Mason City's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current & other assets	\$56,992,028	\$48,330,458	\$12,366,552	\$10,664,082	\$69,358,580	\$58,994,540
Capital assets	107,329,334	107,621,684	72,725,130	73,272,772	180,054,464	180,894,456
Total Assets	164,321,362	155,952,142	85,091,682	83,936,854	249,413,044	239,888,996
Deferred Outflows	4,735,538	3,585,314	1,203,716	1,265,459	5,939,254	4,850,773
Total Assets and Deferred Outflows of Resources	169,056,900	159,537,456	86,295,398	85,202,313	255,352,298	244,739,769
Long-term liabilities outstanding	54,688,101	50,958,799	17,311,385	18,265,957	71,999,486	69,224,756
Other liabilities	9,142,622	9,094,617	4,970,195	4,358,268	14,112,817	13,452,885
Total Liabilities	63,830,723	60,053,416	22,281,580	22,624,225	86,112,303	82,677,641
Deferred Inflows	19,561,755	18,675,409	547,992	688,399	20,109,747	19,363,808
Total Liabilities and Deferred Inflows of Resources	83,392,478	78,728,825	22,829,572	23,312,624	106,222,050	102,041,449
Net investment in capital assets	88,686,867	90,438,337	57,668,962	56,662,601	146,355,829	147,100,938
Restricted	2,125,806	1,986,332	-	-	2,125,806	1,986,332
Unrestricted	(5,148,251)	(11,616,038)	5,796,864	5,471,336	648,613	(6,388,950)
Total Net Position	85,664,422	80,808,631	63,465,826	61,889,689	149,130,248	143,512,478

A portion of the City of Mason City's net position (1.43%) represents resources that are subject to external restrictions on how they may be used. These amounts fluctuate annually based on the timing of restricted revenue and completion of the restricted projects or activities. Total restricted net position increased \$139,474 from the fiscal year ended June 30, 2020. The remaining \$648,613 balance of unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Mason City is able to report a positive balance in two of the three categories of net position for government wide as a whole. Governmental activities have a negative net position due to the River City Renaissance economic development projects, which have include a downtown ice arena, repurposing of Southbridge Mall to a family entertainment center, convention space, and a large new hotel. The City has issued debt to pay for these projects, and expects to repay this debt via Tax Increment Financing, Local Option Sales & Service Tax, and Hotel/Motel Tax, in addition to significant grants-in-aid from the State of Iowa.

The business-type activities have a positive unrestricted net position of \$5.80 million.

City of Mason City's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for service	\$1,431,472	\$1,425,161	\$16,577,706	\$15,675,134	\$18,009,178	\$17,100,295
Operating grants & contributions	9,115,987	5,176,790	73,500	643,684	9,189,487	5,820,474
Capital grants & contributions	3,261,853	1,260,562	82,866	-	3,344,719	1,260,562
General Revenues:						
Taxes	26,606,222	24,738,869	170,757	170,316	26,776,979	24,909,185
Investment Earnings	911,618	1,111,188	146,963	263,233	1,058,581	1,374,421
Miscellaneous	98,134	371,884	255,191	192,412	353,325	564,296
Total Revenues	41,425,286	34,084,454	17,306,983	16,944,779	58,732,269	51,029,233
Expenses:						
Public Safety	11,718,887	10,957,695	-	-	11,718,887	10,957,695
Public Works	11,367,141	10,312,487	-	-	11,367,141	10,312,487
Health & Social Services	515,411	411,439	-	-	515,411	411,439
Culture & Recreation	4,934,891	4,694,894	-	-	4,934,891	4,694,894
Community & Econ Development	3,912,220	17,929,749	-	-	3,912,220	17,929,749
General Government	2,991,173	3,383,662	-	-	2,991,173	3,383,662
Interest on debt	1,255,332	1,318,715	-	-	1,255,332	1,318,715
Water	-	-	5,790,532	5,220,900	5,790,532	5,220,900
Sewer	-	-	3,860,404	3,863,136	3,860,404	3,863,136
Other	-	-	5,954,350	5,150,639	5,954,350	5,150,639
Total Expenses	36,695,055	49,008,641	15,605,286	14,234,675	52,300,341	63,243,316
New Pos Incr (decr) before transfers						
	4,730,231	(14,924,187)	1,701,697	2,710,104	6,431,928	(12,214,083)
Transfers	125,560	597,808	(125,560)	(589,973)	-	7,835
Incr (decr) in net position	4,855,791	(14,326,379)	1,576,137	2,120,131	6,431,928	(12,206,248)
Net Position						
Prev. 7/1	80,808,631	95,135,010	61,889,689	59,769,558	142,698,320	154,904,568
Net Position						
FYE 6/30	85,664,422	80,808,631	63,465,826	61,889,689	149,130,248	142,698,320

Governmental Activities

Governmental revenues in the current year increased by \$7.34 million, or 21.5%. The City's overall property tax revenue increased \$845,000 due to increasing overall property valuations within the City. Local option sales tax revenue was up by nearly \$1 million due at least in part to economic recovery from the pandemic. Investment earnings were down \$316,000 from the previous fiscal year due to declining bank interest rates.

Governmental expenses decreased by \$12.4 million, or 25.1% from the prior fiscal year following completion of the River City Renaissance multi-purpose arena project in FY20. Wages and employee benefits, including costs of health care, increased slightly compared to the previous year. The City's net position for governmental activities improved by \$4.8 million during FY21.

Business-type Activities

Total net position increased by \$1.6 million for FY21. The business-type activities improvement is due in large part to continued positive margins in the City's utility funds due to regular review of user charges.

Charges for services for business-type activities increased \$902,400 from the prior year due to rate increases in Water, Sewer and Sanitation, as well as increased ambulance service revenues.

Operating expenses for business type activities decreased by 9.2%, primarily due to increase personnel and commodity expenses.

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 \$29,948,705, an increase of \$7,704,498 in comparison with the prior year. The increase is largely due to increased intergovernmental revenues for operations and capital projects.

Certain portions of the fund balance have been reserved to indicate the amount already committed and thus not available for new spending as follows: 1) \$833,531 is nonspendable for endowment principal and prepaid expenses; 2) \$17,410,054 is restricted for purposes such as streets, employee benefits, parks, museum, cemetery, tort liability and the River City Renaissance project; and 3) \$3,027,048 is assigned for purposes such as airport, museum, library and recreation. The City's unassigned fund balance for governmental activities as of June 30, 2021 is \$8,678,072.

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 \$8,658,060 out of a total fund balance of \$10,857,414. 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 43.6% of total General Fund expenditures, while total fund balance represents 54.7% of that same amount.

The General Fund balance increased by \$3,787,158. The major factors in this increase are as follows:

- Property Tax collections were greater than the prior year due to increased valuation for the General Fund.
- The City received additional State operating & capital grants during the fiscal year.
- Local Option Sales & Service Tax collections increased significantly, and 60% of this funding is available to the General Fund as approved by voters.

The City's General Fund revenue saw an overall increase of \$3.3 million, which includes an increase in property tax revenue of \$584,078. The other significant portions of the General Fund revenue increase are a \$5 million increase in intergovernmental revenues. General Fund expenditures increased by \$132,563, or approximately 0.7%.

The Road Use Tax Revenue collected by the State of Iowa and allocated to the City increased by \$1,725,530 or 45.3% from the previous fiscal year. Revenue is tied to vehicle registrations and the sale of fuel, which is then distributed through the approved revenue-sharing formula. The Road Use Tax Fund has a total fund balance of \$3,285,718. The net increase of \$2,610,260 is largely due to bond funds issued for capital projects that had not yet been completed at year-end.

The Debt Service Fund has a total fund balance of \$948,780. The net increase of \$146,411 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 Capital Fund has a total fund balance of \$1,178,547. This fund was created in FY 2019 and covers the cost of the RCR public-private partnership in the renovation of Southbridge Mall. The arena renovation was completed in the mall late December 2019. The second phase of the project involves a pavilion in the mall and a public-private partnership to build a hotel/skywalk close to this project. The pavilion has been completed and the skywalk and hotel are in the process of development.

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

- \$4,665,000 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.

The basic governmental fund financial statements can be found on pages 19-26.

Proprietary Funds

The City of Mason City's proprietary funds provide the same types 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 \$8,748,963. Water reported an increase in net position of \$524,730 and Sewer reported an increase of \$795,762. Several funds had rate increases including Water (1.00%), Sewer (2.66%) and Sanitation (2.90%). There were no other rate increases for all other business-type funds. Budgeted capital projects funded with Water and Sewer revenues were not completed in the fiscal year but will be completed in the next fiscal year. These dollars are held in the appropriate fund until the project progress prescribes their drawdown.

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

Actual general revenues exceeded the amended budget by \$3,355,905 and the significant items are summarized as follows:

- Property tax received was significantly above the amended budget.
- Other taxes received were \$876,294 above the amended budget, with the primary reason being higher-than-expected Local Option Sales & Service Tax collections.
- Intergovernmental revenues were less than budgeted due to project completion timeline changes.

Actual general expenditures were less than the amended budget by \$5,545,197 and the significant items are summarized as follows:

- The Public Safety function was under the amended budget by \$629,206, primarily due to loss of Police staff to law enforcement agencies elsewhere. The City has undertaken extra efforts to return the department to full staffing, and expects this savings to be short-term.
- The Culture & Recreation function was under the amended budget by \$356,563 in part due to the swimming pool being closed in the 2020 season due to the COVID pandemic.
- The General Government function was under the amended budget by \$426,381 in part due to capital outlays not being completed in FY21 as budgeted. These capital outlays are expected to be completed in FY22.
- The Capital Projects function was under the amended budget by \$4,032,153 due to project delays related to the private financing of the downtown hotel/convention center being constructed as part of the River City Renaissance initiative. These funds will be expended in FY22 and FY23.

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, 2021 amounts to \$180,054,464 (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:

- Construction of major street projects including the 12th Street NW reconstruction and the South Monroe RISE street/economic development project.
- Significant work was completed on airport projects including Taxiway A relocation and Taxiway lighting rehab.
- The River City Renaissance/Principal downtown performing arts pavilion was constructed.
- Sewer inflow and infiltration reduction work continues to update the sewer infrastructure, and major nutrient reduction activities continued at the wastewater treatment plant to work toward meeting new state guidelines.
- Stormwater/flood mitigation work continued in the City's Eastbrooke neighborhood and elsewhere around town.

City of Mason City's Capital Assets (Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$20,972,492	\$ 20,975,492	\$4,876,962	\$4,823,362	\$25,849,454	\$25,798,854
Buildings & Structures	12,301,521	13,057,196	9,749,241	10,168,531	22,050,762	23,225,727
Other Improvements	15,578,061	16,326,700	243,716	269,849	15,821,777	16,596,549
Machinery & Equipment	2,275,353	2,003,994	1,122,447	1,300,529	3,397,800	3,304,523
Vehicles	4,085,458	4,033,136	1,179,109	1,092,255	5,264,567	5,125,391
Infrastructure	42,464,186	43,355,604	48,821,248	50,561,406	91,285,434	93,917,010
Construction in Progress	9,652,263	7,869,562	6,732,407	5,056,840	16,384,670	12,926,402
Total	107,329,334	107,621,684	72,725,130	73,272,772	180,054,464	180,894,456

Additional information on the City of Mason City's capital assets can be found in note 6 on pages 50-51 of this report.

Long-Term Debt

The amount of debt outstanding at fiscal year-end was \$54.2 million as compared to \$55.4 million last fiscal year. Of this, \$46,015,000 is General Obligation (G.O.) debt backed by the full faith and credit of the City, and \$8,193,000 is revenue debt (State Revolving Fund loans) backed by water or sewer revenues, as appropriate. The City's method of repayment for its G.O. obligations is utilization of the debt service property tax levy, and funds from the Local Option Sales & Service, Water, Sewer, Storm Sewer, or tax increment financing funds, as appropriate for the issuance.

City of Mason City's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General Obligation	\$39,074,000	\$38,678,000	\$6,941,000	\$6,887,000	\$46,015,000	\$45,565,000
Revenue Bonds	-	-	8,193,000	9,812,001	8,193,000	9,812,001
Total	39,074,000	38,678,000	15,134,000	16,699,001	54,208,000	55,377,001

Moody's Investor Services continues to the rate of the City's General Obligation Bonds at Aa2. Prior to FY 19, the City was rated Aa3 by Moody's with the drop due to the additional debt issued for the River City Renaissance project and reduction of bond capacity available.

For more detailed information on the City's debt and amortization terms, please refer to Notes to the Financial Statements on page 60.

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 at June 30, 2021 is \$100,405,809 and the City of Mason City total is currently at \$46,015,000 or 45.3% of its outstanding General Obligation Debt. As a comparison, the legal debt limit was \$96,908,456 and Mason City had issued \$45,565,000 or 47.0% 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 60-62 of this report.

Economic Factors and Next Year's Budget and Rates

- The national average unemployment for June 2021 is 5.9%, reflecting the effects of COVID 19 recovery. The unemployment level for June 2020 was 11.2%. Cerro Gordo County's rate for June 2021 is 5.4%, and the state's rate is 4.5%.
- The average worker in Mason City earned annual wages of \$54,343 as of 2020 (2020 ACS estimates). Annual wages per worker increased 3.9% in the region over the preceding four quarters. For comparison purposes, annual average wages for the nation were \$65,055 for this time period.
- Retail sales in Cerro Gordo County were \$796.8 million for FY21, up from from \$725.8 million in FY20 and \$699.1 million in FY19.
- The reported valuation of building permits for FY21 was approximately \$47.2 million. This compares with an amount of \$71.5 million for FY20 and \$63.9 million for FY19.

Next Year's Budget and Rates

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. To retain and attract good employees in a tight labor market, the City conducted and has implemented an updated compensation plan, which was fully implemented as of the end of FY21.

From FY2004-present, the City's tax base (taxable valuation) has grown by around 2.5% annually, on average. This tax base growth has varied over time, as new development and City Assessor revaluations impact these numbers. The largest percentage growth in any single fiscal year in this time period was growth of 6.49% in FY09, and the lowest percentage growth was a reduction in tax base of 0.26% in FY21. Factors outside the City's control, including mandated State of Iowa property tax rollbacks for business, industrial, and multiresidential properties play a significant role in what is taxable. By comparison, the 100% assessed valuations for Mason City increased by 3.2% on average for the same time period.

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, sewer and sanitation being projected for FY22. The proposed \$25.4 million River City Renaissance Project has \$8 million in bonding left and consists of a hotel, convention area, skywalk and will continue with construction in FY22 & FY23. The arena was completed in December 2019. 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 and sewer charges for FY22. 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 \$917,808 and the Net Pension Liability is \$23,181,043. The increase in NPL is also shown as a decrease in Unrestricted Net Position balance for FY21.

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 Brent Hinson, Deputy City Administrator/ 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, 2021

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	
Assets:				
Current Assets:				
Cash	\$ 14,205,876	\$ 3,872,375	\$ 18,078,251	\$ 240,963
Investments	18,633,207	8,196,129	26,829,336	-
Receivables:				
Property taxes	294,000	2,987	296,987	-
Succeeding year property tax	17,191,579	182,804	17,374,383	-
Special assessments-current	136,469	18,987	155,456	-
Succeeding year special assessments	15,380	-	15,380	-
Accounts (net)	27,033	2,285,385	2,312,418	30,936
Accrued interest	8,179	3,609	11,788	-
Internal balances	3,805,987	(3,805,987)	-	-
Due from other governments	1,872,413	-	1,872,413	-
Prepaid insurance	200,149	67,226	267,375	-
Prepaid expenses	-	-	-	5,060
Inventory	<u>58,367</u>	<u>443,342</u>	<u>501,709</u>	<u>-</u>
Total current assets	<u>\$ 56,448,639</u>	<u>\$ 11,266,857</u>	<u>\$ 67,715,496</u>	<u>\$ 276,959</u>
Noncurrent assets:				
Restricted assets:				
Cash	\$ 42,927	\$ (401,433)	\$ (358,506)	\$ 100,425
Investments	499,995	1,500,000	1,999,995	-
Receivables	467	1,128	1,595	-
Capital assets:				
Land and construction in Progress	30,624,755	11,609,369	42,234,124	-
Other capital assets net of depreciation	<u>76,704,579</u>	<u>61,115,761</u>	<u>137,820,340</u>	<u>13,699</u>
Total noncurrent assets	<u>\$107,872,723</u>	<u>\$ 73,824,825</u>	<u>\$181,697,548</u>	<u>\$ 114,124</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Pension related deferred outflows	<u>\$ 4,735,538</u>	<u>\$ 1,203,716</u>	<u>\$ 5,939,254</u>	<u>\$ 43,396</u>
Total assets and deferred outflows of resources	<u>\$169,056,900</u>	<u>\$ 86,295,398</u>	<u>\$255,352,298</u>	<u>\$ 434,479</u>

(continued)

CITY OF MASON CITY, IOWA
STATEMENT OF NET POSITION
JUNE 30, 2021

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ 1,871,494	\$ 545,874	\$ 2,417,368	\$ 5,721
Salaries payable	772,984	277,425	1,050,409	10,879
Contracts payable	1,301,933	344,548	1,646,481	-
Compensated absences payable	1,340,137	423,868	1,764,005	4,798
Accrued interest payable	91,236	23,082	114,318	-
Due to other governments	838	28,518	29,356	-
Due to customers	-	86,452	86,452	-
Prepaid interments	-	20,906	20,906	-
Unearned revenue	-	10,522	10,522	93,024
Current portion of long-term debt:				
Bonds payable	<u>3,764,000</u>	<u>3,209,000</u>	<u>6,973,000</u>	<u>-</u>
Total current liabilities	<u>\$ 9,142,622</u>	<u>\$ 4,970,195</u>	<u>\$ 14,112,817</u>	<u>\$ 114,422</u>
Noncurrent liabilities:				
Bonds payable	\$36,053,467	\$ 11,847,168	\$ 47,900,635	\$ -
Total OPEB liability	628,380	289,428	917,808	-
Net pension liability	<u>18,006,254</u>	<u>5,174,789</u>	<u>23,181,043</u>	<u>185,830</u>
Total noncurrent liabilities	<u>\$54,688,101</u>	<u>\$ 17,311,385</u>	<u>\$ 71,999,486</u>	<u>\$ 185,830</u>
DEFERRED INFLOWS OF RESOURCES:				
Succeeding year property taxes	\$17,259,048	\$ 182,804	\$ 17,441,852	\$ -
Succeeding year special assessments	16,536	-	16,536	-
OPEB related deferred inflows	557,820	244,248	802,068	-
Pension related deferred inflows	<u>1,728,351</u>	<u>120,940</u>	<u>1,849,291</u>	<u>23,424</u>
Total deferred inflows of resources	<u>\$19,561,755</u>	<u>\$ 547,992</u>	<u>\$ 20,109,747</u>	<u>\$ 23,424</u>
Total liabilities and deferred inflows of resources	<u>\$83,392,478</u>	<u>\$ 22,829,572</u>	<u>\$ 106,222,050</u>	<u>\$ 323,676</u>
NETPOSITION:				
Net investment in capital assets	\$88,686,867	\$ 57,668,962	\$ 146,355,829	\$ 13,699
Restricted for:				
Nonexpendable:				
Museum funding	633,638	-	633,638	-
Perpetual care	543,389	-	543,389	-
Expendable:				
Bond retirement	948,779	-	948,779	-
Housing Authority	-	-	-	22,586
Unrestricted	<u>(5,148,251)</u>	<u>5,796,864</u>	<u>648,613</u>	<u>74,518</u>
Total net position	<u>\$85,664,422</u>	<u>\$ 63,465,826</u>	<u>\$ 149,130,248</u>	<u>\$ 110,803</u>

See Notes to Financial Statements.

**CITY OF MASON CITY, IOWA
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
Public safety	\$11,718,887	\$ 507,259	\$ 589,153
Public works	11,367,141	134,103	5,046,091
Health and social services	515,411	-	388,621
Culture and recreation	4,934,891	399,362	362,309
Community and economic development	3,912,220	86,560	2,779,813
General government	2,991,173	304,188	-
Interest on long-term debt	<u>1,255,332</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$36,695,055</u>	<u>\$ 1,431,472</u>	<u>\$9,115,987</u>
Business-type activities:			
Cemetery	\$ 444,609	\$ 127,219	\$ -
Water	5,790,532	6,676,613	-
Sewer	3,860,404	4,732,656	-
Parking lots	121,032	41,190	-
Storm sewer	230,236	430,833	73,500
Solid waste	1,650,409	1,703,555	-
Golf course	524,476	449,909	-
Ambulance	2,442,905	2,305,741	-
RCR Arena	<u>540,683</u>	<u>109,990</u>	<u>-</u>
Total business-type activities	<u>\$15,605,286</u>	<u>\$16,577,706</u>	<u>\$ 73,500</u>
Total primary government	<u>\$52,300,341</u>	<u>\$18,009,178</u>	<u>\$9,189,487</u>
Component unit:			
Mason City Housing Authority	<u>\$ 2,078,887</u>	<u>\$ 8,470</u>	<u>\$2,052,467</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			Component Unit
	Primary Government			
Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
\$ -	\$ (10,622,475)	\$ -	\$ (10,622,475)	\$ -
2,545,983	(3,640,964)	-	(3,640,964)	-
-	(176,790)	-	(176,790)	-
170,331	(4,002,889)	-	(4,002,889)	-
545,539	(500,308)	-	(500,308)	-
-	(2,686,985)	-	(2,686,985)	-
-	(1,255,332)	-	(1,255,332)	-
<u>\$ 3,261,853</u>	<u>\$ (22,885,743)</u>	<u>\$ -</u>	<u>\$ (22,885,743)</u>	<u>\$ -</u>
\$ -	\$ -	\$ (317,390)	\$ (317,390)	\$ -
-	-	886,081	886,081	-
82,866	-	955,118	955,118	-
-	-	(79,842)	(79,842)	-
-	-	274,097	274,097	-
-	-	53,146	53,146	-
-	-	(74,567)	(74,567)	-
-	-	(137,164)	(137,164)	-
-	-	(430,693)	(430,693)	-
<u>\$ 82,866</u>	<u>\$ -</u>	<u>\$ 1,128,786</u>	<u>\$ 1,128,786</u>	<u>\$ -</u>
<u>\$ 3,344,719</u>	<u>\$ (22,885,743)</u>	<u>\$ 1,128,786</u>	<u>\$ (21,756,957)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (17,950)</u>
	\$ 17,476,483	\$ 170,757	\$ 17,647,240	\$ -
	2,034,793	-	2,034,793	-
	6,222,261	-	6,222,261	-
	587,833	-	587,833	-
	23,901	-	23,901	-
	235,844	-	235,844	-
	25,107	-	25,107	-
	911,618	146,963	1,058,581	956
	98,134	255,191	353,325	144
	-	-	-	5,155
	<u>125,560</u>	<u>(125,560)</u>	<u>-</u>	<u>-</u>
	<u>\$ 27,741,534</u>	<u>\$ 447,351</u>	<u>\$ 28,188,885</u>	<u>\$ 6,255</u>
	\$ 4,855,791	\$ 1,576,137	\$ 6,431,928	\$ (11,695)
	<u>80,808,631</u>	<u>61,889,689</u>	<u>142,698,320</u>	<u>122,498</u>
	<u>\$ 85,664,422</u>	<u>\$ 63,465,826</u>	<u>\$ 149,130,248</u>	<u>\$ 110,803</u>

See Notes to Financial Statements.

**CITY OF MASON CITY, IOWA
GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2021**

	<u>General</u>	<u>Road Use Tax</u>	<u>Debt Service</u>	<u>River City Renaissance</u>
ASSETS:				
Cash	\$ 6,789,188	\$1,800,816	\$ -	\$ 991,452
Investments	5,154,225	2,000,000	250,000	600,231
Receivables:				
Property taxes	166,206	610	56,722	-
Succeeding year property taxes	10,397,776	-	3,220,132	-
Other taxes	3,027	-	-	-
Accrued interest	1,920	-	75	-
Special assessments - current	45,651	77,639	-	-
Succeeding year special assessments	2,997	12,383	-	-
Accounts (net)	8,245	18,788	-	-
Due from other funds	200,823	-	947,264	-
Due from state government	1,013,390	439,235	-	-
Due from federal government	214,998	-	-	-
Prepaid insurance	182,465	17,430	-	-
Restricted assets:				
Cash	-	-	-	-
Investments	-	-	-	-
Accrued interest	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$24,180,911</u>	<u>\$4,366,901</u>	<u>\$ 4,474,193</u>	<u>\$ 1,591,683</u>
LIABILITIES:				
Accounts payable	\$ 421,697	\$ 204,724	\$ -	\$ 175,249
Salaries payable	691,064	71,568	-	-
Contracts payable	324,594	685,673	-	237,887
Accrued vacation payable	1,220,293	106,115	-	-
Due to other funds	200,099	720	305,281	-
Due to state government	<u>505</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>\$ 2,858,252</u>	<u>\$1,068,800</u>	<u>\$ 305,281</u>	<u>\$ 413,136</u>
DEFERRED INFLOWS OF RESOURCES:				
Succeeding year property taxes	\$10,465,245	\$ -	\$ 3,220,132	\$ -
Succeeding year special assessments	<u>-</u>	<u>12,383</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>\$10,465,245</u>	<u>\$ 12,383</u>	<u>\$ 3,220,132</u>	<u>\$ -</u>
Total liabilities and deferred inflows of resources	<u>\$13,323,497</u>	<u>\$1,081,183</u>	<u>\$ 3,525,413</u>	<u>\$ 413,136</u>
FUND BALANCES:				
Nonspendable	\$ 182,464	\$ 17,429	\$ -	\$ -
Restricted	783,614	3,268,289	948,780	1,178,547
Assigned	1,233,276	-	-	-
Unassigned	<u>8,658,060</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>\$10,857,414</u>	<u>\$3,285,718</u>	<u>\$ 948,780</u>	<u>\$ 1,178,547</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$24,180,911</u>	<u>\$4,366,901</u>	<u>\$ 4,474,193</u>	<u>\$ 1,591,683</u>

<u>Other Governmental</u>	<u>Total</u>
\$ 4,528,058	\$ 14,109,514
8,692,685	16,697,141
48,697	272,235
2,273,671	15,891,579
-	3,027
5,280	7,275
13,179	136,469
-	15,380
-	27,033
33,449	1,181,536
183,434	1,636,059
21,356	236,354
-	199,895
42,927	42,927
499,995	499,995
<u>467</u>	<u>467</u>
<u>\$ 16,343,198</u>	<u>\$ 50,956,886</u>
\$ 215,339	\$ 1,017,009
-	762,632
53,779	1,301,933
-	1,326,408
121,830	627,930
<u>333</u>	<u>838</u>
<u>\$ 391,281</u>	<u>\$ 5,036,750</u>
\$ 2,273,671	\$(15,959,048)
-	<u>12,383</u>
<u>\$ 2,273,671</u>	<u>\$ 15,971,431</u>
<u>\$ 2664,952</u>	<u>\$ 21,008,181</u>
\$ 633,638	\$ 833,531
11,230,824	17,410,054
1,793,772	3,027,048
<u>20,012</u>	<u>8,678,072</u>
<u>\$ 13,678,246</u>	<u>\$ 29,948,705</u>
<u>\$ 16,343,198</u>	<u>\$ 50,956,886</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, 2021**

Fund balances—total governmental funds		\$ 29,948,705
Amounts reported for governmental activities in the statement of net position are different because:		
Inventories used in governmental activities recorded under the purchases method of accounting are not reported as current assets.		58,367
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		107,329,334
Internal service funds, net position		2,864,492
Long-term liabilities, including bonds payable, are not due and payable in current period and, therefore, are not reported in the funds:		
Bonds payable	\$ (39,074,000)	
Bond premium	743,467	
Total OPEB liability	(557,820)	
Net pension liability	<u>(18,006,254)</u>	(56,894,607)
Accrued interest on long-term debt		(91,236)
Pension and OPED related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:		
Deferred outflows of resources	\$ 4,735,538	
Deferred inflows of resources	<u>(2,286,171)</u>	<u>2,449,367</u>
Net position of governmental activities		<u>\$ 85,664,422</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, 2021**

	<u>General</u>	<u>Road Use Tax</u>	<u>Debt Service</u>	<u>River City Renaissance</u>
REVENUES:				
Property taxes	\$ 10,166,073	\$ -	\$ 3,678,588	\$ -
TIF revenues	-	-	-	-
Other taxes	4,024,352	-	-	-
Licenses and permits	661,865	-	-	-
Intergovernmental	5,193,932	5,530,885	-	146,872
Charges for services	626,521	18,887	-	-
Fines and forfeitures	79,707	-	-	-
Use of money and property	310,049	1,619	3,314	5,088
Special assessments	-	-	-	-
Miscellaneous	448,533	6,308	-	140,000
Refunds	<u>673</u>	<u>140,000</u>	<u>-</u>	<u>-</u>
 Total revenues	 <u>\$ 21,511,705</u>	 <u>\$ 5,697,699</u>	 <u>\$ 3,681,902</u>	 <u>\$ 291,960</u>
 EXPENDITURES:				
Operating:				
Public safety	\$ 9,151,333	\$ -	\$ -	\$ -
Public works	1,097,177	3,094,198	-	-
Health & social services	406,225	-	-	-
Culture & recreation	2,978,456	-	-	-
Community & economic development	1,330,255	-	-	1,492,700
General government	1,835,488	-	-	-
Capital projects	3,048,065	4,022,776	-	-
Debt service:				
Principal retirement	-	-	4,269,000	-
Interest	-	-	1,185,055	-
Contractual	<u>-</u>	<u>-</u>	<u>74,993</u>	<u>-</u>
 Total expenditures	 <u>\$ 19,846,999</u>	 <u>\$ 7,116,974</u>	 <u>\$ 5,529,048</u>	 <u>\$ 1,492,700</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>\$ 1,664,706</u>	 <u>\$ (1,419,275)</u>	 <u>\$ (1,847,146)</u>	 <u>\$ (1,200,740)</u>
 Other financing sources (uses):				
Issuance of general obligation bonds	\$ 1,519,626	\$ 2,935,637	\$ 209,737	\$ -
Premium/(discount) on general obligation bonds	-	-	124,873	-
Transfers in	3,290,869	1,298,800	1,673,847	-
Transfers out	<u>(2,688,043)</u>	<u>(204,902)</u>	<u>(14,900)</u>	<u>-</u>
 Total other financing sources (uses)	 <u>\$ 2,122,452</u>	 <u>\$ 4,029,535</u>	 <u>\$ 1,993,557</u>	 <u>\$ -</u>
 Net change in fund balance	 <u>\$ 3,787,158</u>	 <u>\$ 2,610,260</u>	 <u>\$ 146,411</u>	 <u>\$ (1,200,740)</u>
 Fund balance (deficit) beginning of year	 <u>7,070,256</u>	 <u>675,458</u>	 <u>802,369</u>	 <u>2,379,287</u>
 Fund balance (deficit) end of year	 <u>\$ 10,857,414</u>	 <u>\$ 3,285,718</u>	 <u>\$ 948,780</u>	 <u>\$ 1,178,547</u>

<u>Other Governmental</u>	<u>Total</u>
\$ 2,385,712	\$ 16,230,373
2,034,793	2,034,793
3,060,371	7,084,723
-	661,865
289,122	11,160,811
27,359	672,767
-	79,707
533,333	853,403
17,133	17,133
296,294	891,135
<u>-</u>	<u>140,673</u>
<u>\$ 8,644,117</u>	<u>\$ 39,827,383</u>
\$ 1,630,716	\$ 10,782,049
60,297	4,251,672
10,360	416,585
341,235	3,319,691
765,245	3,588,200
707,755	2,543,243
574,103	7,644,944
-	4,269,000
-	1,185,055
<u>-</u>	<u>74,993</u>
<u>\$ 4,089,712</u>	<u>\$ 38,075,432</u>
<u>\$ 4,554,405</u>	<u>\$ 1,751,951</u>
\$ -	\$ 4,665,000
-	124,873
328,019	6,591,535
<u>(2,521,016)</u>	<u>(5,428,861)</u>
<u>\$ (2,192,997)</u>	<u>\$ 5,952,547</u>
\$ 2,361,409	\$ 7,704,498
<u>11,316,837</u>	<u>22,244,207</u>
<u>\$ 13,678,246</u>	<u>\$ 29,948,705</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, 2021**

Net change in fund balances—total governmental funds \$ 7,704,498

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

General inventories net change 6,614

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. (913,899)

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	\$ 7,025,705	
Depreciation expense	<u>(7,303,926)</u>	(278,221)

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	\$ 4,269,000	
Issuance of debt	(4,789,873)	
Amortization of bond premium	51,753	
Pension expense	(2,326,655)	
Other post-employment benefits	<u>(3,128)</u>	(2,798,903)

Accrued interest on long-term debt 4,716

OPEB deferred inflows 12,090

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. 999,002

Internal service funds net change 119,894

Change in net position—governmental activities \$ 4,855,791

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, 2021

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget Positive (Negative)</u>
REVENUES:				
Property taxes	\$ 7,723,825	\$ 6,614,317	\$ 10,166,073	\$ 3,551,756
Other taxes	3,150,388	3,148,058	4,024,352	876,294
Licenses and permits	563,975	563,975	661,865	97,890
Intergovernmental	6,084,537	6,084,537	5,193,932	(890,605)
Charges for services	839,457	839,457	626,521	(212,936)
Fines and forfeitures	-	-	79,707	79,707
Use of money and property	400,900	400,900	310,049	(90,851)
Miscellaneous	154,160	504,556	448,533	(56,023)
Refunds	-	-	673	673
Total revenues	<u>\$ 18,917,242</u>	<u>\$ 18,155,800</u>	<u>\$ 21,511,705</u>	<u>\$ 3,355,905</u>
EXPENDITURES:				
Operating:				
Public safety	\$ 9,621,825	\$ 9,780,539	\$ 9,151,333	\$ 629,206
Public works	1,177,473	1,177,473	1,097,177	80,296
Health & social services	384,891	413,511	406,225	7,286
Culture & recreation	3,301,019	3,335,019	2,978,456	356,563
Community & economic development	1,133,821	1,393,117	1,330,255	62,862
General government	2,182,369	2,262,319	1,835,488	426,831
Capital Projects	<u>6,591,548</u>	<u>7,080,218</u>	<u>3,048,065</u>	<u>4,032,153</u>
Total expenditures	<u>\$ 24,392,946</u>	<u>\$ 25,442,196</u>	<u>\$ 19,846,999</u>	<u>\$ 5,545,197</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,475,704)</u>	<u>\$ (7,286,396)</u>	<u>\$ 1,664,706</u>	<u>\$ 8,951,102</u>
Other financing sources (uses):				
Issuance of general obligation bonds	\$ 1,519,626	\$ 1,519,626	\$ 1,519,626	\$ -
Transfers in	1,699,602	1,699,602	3,290,869	1,591,267
Transfers out	<u>(164,500)</u>	<u>(164,500)</u>	<u>(2,688,043)</u>	<u>(2,524,502)</u>
Total other financing sources (uses)	<u>\$ 3,054,728</u>	<u>\$ 3,054,728</u>	<u>\$ 2,122,452</u>	<u>\$ (932,276)</u>
Net change in fund balance	\$ (2,420,976)	\$ (4,231,668)	\$ 3,787,158	\$ 8,018,826
Fund balance (deficit) beginning of year	-	-	7,070,256	7,070,256
Fund balance (deficit) end of year	<u>\$ (2,420,976)</u>	<u>\$ (4,231,668)</u>	<u>\$ 10,857,414</u>	<u>\$ 15,089,082</u>

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, 2021

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Positive (Negative)
REVENUES:				
Intergovernmental:				
Road use tax allocation	\$ 4,570,078	\$ 4,570,078	\$ 5,530,885	\$ 960,807
Charges for service	-	-	18,887	18,887
Use of money and property	-	-	1,619	1,619
Miscellaneous	105,000	105,000	6,308	(98,692)
Refund	-	-	140,000	140,000
Total Revenues	<u>\$ 4,675,078</u>	<u>\$ 4,675,078</u>	<u>\$ 5,697,699</u>	<u>\$ 1,022,621</u>
EXPENDITURES:				
Operating:				
Public works:				
Personal services	\$ 1,791,995	\$ 1,791,995	\$ 1,861,507	\$ (69,512)
Contractual	645,948	655,948	769,454	(113,506)
Commodities	451,230	471,230	463,237	7,993
Total public works	<u>\$ 2,889,173</u>	<u>\$ 2,919,173</u>	<u>\$ 3,094,198</u>	<u>\$ (175,025)</u>
Capital projects	4,735,004	5,169,907	4,022,776	1,147,131
Total expenditures	<u>\$ 7,624,177</u>	<u>\$ 8,089,080</u>	<u>\$ 7,116,974</u>	<u>\$ 972,106</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,949,099)</u>	<u>\$ (3,414,002)</u>	<u>\$ (1,419,275)</u>	<u>\$ 1,994,727</u>
Other financing sources (uses):				
Issuance of general obligation bonds	\$ -	\$ -	\$ 2,935,637	\$ 2,935,637
Transfers in	995,000	995,000	1,298,800	303,800
Transfers out	(30,000)	(30,000)	(204,902)	(174,902)
Total other financing sources (uses)	<u>\$ 965,000</u>	<u>\$ 965,000</u>	<u>\$ 4,029,535</u>	<u>\$ 3,064,535</u>
Net change in fund balance	<u>\$ (1,984,099)</u>	<u>\$ (2,449,002)</u>	<u>\$ 2,610,260</u>	<u>\$ 5,059,262</u>
Fund balance (deficit) beginning of year	<u>1,984,099</u>	<u>1,984,099</u>	<u>675,458</u>	<u>(1,038,641)</u>
Fund balance (deficit) end of year	<u>\$ -</u>	<u>\$ (464,903)</u>	<u>\$ 3,285,718</u>	<u>\$ 3,750,621</u>

See Notes to Financial Statements.

**CITY OF MASON CITY, IOWA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2021**

	<u>Waterworks</u>	<u>Sewer Rental</u>	<u>Ambulance</u>	<u>Other</u>
ASSETS:				
Current assets:				
Cash	\$ 2,576,762	\$ 584,841	\$ 284,563	\$ 426,208
Investments	2,350,000	1,950,000	575,000	3,321,129
Receivables:				
Property Taxes	-	-	-	2,987
Succeeding year property taxes	-	-	-	182,804
Special assessments – current	-	18,987	-	-
Accounts (net)	907,483	546,382	572,393	259,127
Accrued interest	1,001	824	279	1,505
Inventory	279,575	51,391	91,120	21,256
Due from other funds	-	717,026	67	(28,226)
Prepaid insurance	24,214	36,647	2,350	4,015
Total current assets	<u>\$ 6,139,035</u>	<u>\$ 3,906,098</u>	<u>\$1,525,772</u>	<u>\$ 4,190,805</u>
Noncurrent assets:				
Restricted assets:				
Cash	\$ (72,276)	\$ (329,157)	\$ -	\$ -
Investments	800,000	700,000	-	-
Accrued interest	642	486	-	-
Due from Other Funds-Sinking	980,962	748,422	-	-
Total restricted assets	<u>\$ 1,709,328</u>	<u>\$ 1,119,751</u>	<u>\$ -</u>	<u>\$ -</u>
Property, plant and equipment:				
Land	\$ 167,220	\$ 369,809	\$ -	\$ 4,339,933
Buildings	15,883,403	-	425,272	1,142,965
Equipment	1,638,050	1,599,608	703,303	790,395
Distribution system	37,051,703	-	-	-
Meters	2,890,871	-	-	-
Plant and improvements	-	35,057,839	-	-
Sewer lines and lifts	-	19,416,967	-	6,232,172
Improvements	-	-	-	3,371,974
Vehicles	485,550	737,922	1,356,967	1,059,772
Construction in progress	521,382	4,994,724	-	1,216,301
Total property, plant and equipment	<u>\$ 58,638,179</u>	<u>\$ 62,176,869</u>	<u>\$2,485,542</u>	<u>\$18,153,512</u>
Less accumulated depreciation	<u>(27,487,373)</u>	<u>(30,961,402)</u>	<u>(1,767,727)</u>	<u>(8,512,470)</u>
Net property, plant and equipment	<u>\$ 31,150,806</u>	<u>\$ 31,215,467</u>	<u>\$ 717,815</u>	<u>\$ 9,641,042</u>
Total noncurrent assets	<u>\$ 32,860,134</u>	<u>\$ 32,335,218</u>	<u>\$ 717,815</u>	<u>\$ 9,641,042</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Pension related deferred outflows	<u>\$ 274,717</u>	<u>\$ 210,349</u>	<u>\$ 480,829</u>	<u>\$ 237,821</u>
Total assets and deferred outflows of resources	<u>\$ 39,273,886</u>	<u>\$ 36,451,665</u>	<u>\$2,724,416</u>	<u>\$14,069,668</u>

<u>Total</u>	<u>Governmental Activities- Internal Service</u>
\$ 3,872,374	\$ 96,360
8,196,129	1,936,066
2,987	18,738
182,804	1,300,000
18,987	-
2,285,385	-
3,609	904
443,342	-
688,867	300,281
<u>67,226</u>	<u>254</u>
<u>\$ 15,761,710</u>	<u>\$3,652,603</u>
\$ (401,433)	\$ -
1,500,000	-
1,128	-
<u>1,729,384</u>	<u>-</u>
<u>\$ 2,829,079</u>	<u>\$ -</u>
\$ 4,876,962	\$ -
17,451,640	-
4,731,356	163,588
37,051,703	-
2,890,871	-
35,057,839	-
25,649,139	-
3,371,974	21,546
3,640,211	145,751
<u>6,732,407</u>	<u>-</u>
\$ 141,454,102	\$ 330,885
<u>(68,728,972)</u>	<u>(148,745)</u>
<u>\$ 72,725,130</u>	<u>\$ 182,140</u>
<u>\$ 75,554,209</u>	<u>\$ 182,140</u>
<u>\$ 1,203,716</u>	<u>\$ -</u>
<u>\$ 92,519,635</u>	<u>\$3,834,743</u>

(continued)

**CITY OF MASON CITY, IOWA
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 AS OF JUNE 30, 2021**

	<u>Waterworks</u>	<u>Sewer Rental</u>	<u>Ambulance</u>	<u>Other</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ 208,917	\$ 60,987	\$ 52,479	\$ 223,491
Salaries payable	81,745	59,469	58,758	77,453
Contracts payable	6,013	101,297	-	237,238
Compensated absences payable	92,180	104,642	128,296	98,750
Accrued interest payable	8,789	11,692	37	2,564
Due to other funds	1,487,057	1,039,604	-	745,477
Due to state government	25,280	-	-	3,238
Due to customers	86,452	-	-	-
General obligation bonds	855,000	390,000	36,000	260,000
Revenue bonds	976,000	692,000	-	-
Prepaid interments	-	-	-	20,906
Unearned revenue	-	-	-	<u>10,522</u>
Total current liabilities	<u>\$ 3,827,433</u>	<u>\$ 2,459,691</u>	<u>\$ 275,570</u>	<u>\$ 1,679,639</u>
Long-term debt:				
General obligation bonds	\$ 3,190,000	\$ 1,030,001	\$ -	\$ 1,180,000
Revenue bonds	1,003,030	5,444,137	-	-
Net OPEB obligation	91,596	58,764	48,258	90,810
Net pension liability	<u>1,117,144</u>	<u>790,130</u>	<u>2,223,804</u>	<u>1,043,711</u>
Total long-term debt	<u>\$ 5,401,770</u>	<u>\$ 7,323,032</u>	<u>\$ 2,272,062</u>	<u>\$ 2,314,521</u>
DEFERRED INFLOWS OF RESOURCES:				
Succeeding year property taxes	\$ -	\$ -	\$ -	\$ 182,804
OPEB related deferred inflows	110,829	71,663	61,756	-
Pension related deferred inflows	<u>41,108</u>	<u>31,476</u>	<u>12,770</u>	<u>35,586</u>
Total deferred inflows of resources	<u>\$ 151,937</u>	<u>\$ 103,139</u>	<u>\$ 74,526</u>	<u>\$ 218,390</u>
 Total liabilities and deferred inflows of resources	 <u>\$ 9,381,140</u>	 <u>\$ 9,885,862</u>	 <u>\$ 2,622,158</u>	 <u>\$ 4,212,550</u>
NET POSITION:				
Net investment in capital assets	\$ 25,126,776	\$ 23,659,329	\$ 681,815	\$ 8,201,042
Unrestricted	<u>4,765,970</u>	<u>2,906,474</u>	<u>(579,557)</u>	<u>1,656,076</u>
 Total net assets	 <u>\$ 29,892,746</u>	 <u>\$ 26,565,803</u>	 <u>\$ 102,258</u>	 <u>\$ 9,857,118</u>

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

Net position of business-type activities

<u>Total</u>	<u>Governmental Activities- Internal Service</u>
\$ 545,874	\$ 854,485
277,425	10,352
344,548	-
423,868	13,729
23,082	-
3,272,138	-
28,518	-
86,452	-
1,541,000	-
1,668,000	-
20,906	-
<u>10,522</u>	<u>4,153</u>
<u>\$ 8,242,333</u>	<u>\$ 882,719</u>
\$ 5,400,001	\$ -
6,447,167	-
289,428	-
<u>5,174,789</u>	<u>-</u>
<u>\$17,311,385</u>	<u>\$ -</u>
\$ 182,804	\$1,300,000
244,248	-
<u>120,940</u>	<u>-</u>
<u>\$ 547,992</u>	<u>\$1,300,000</u>
<u>\$26,101,710</u>	<u>\$2,182,719</u>
\$57,668,962	\$ 182,140
<u>8,748,963</u>	<u>1,469,884</u>
\$66,417,925	<u>\$1,652,024</u>
<u>(2,952,099)</u>	
<u>\$63,465,826</u>	

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, 2021**

	<u>Waterworks</u>	<u>Sewer Rental</u>	<u>Ambulance</u>	<u>Other</u>
Operating revenues:				
Charges for services	\$ 6,676,613	\$ 4,711,144	\$2,305,742	\$2,825,558
Health insurance contributions	-	-	-	-
Total operating revenues	<u>\$ 6,676,613</u>	<u>\$ 4,711,144</u>	<u>\$2,305,742</u>	<u>\$2,825,558</u>
Operating expenses:				
Business-type activities:				
Personal services	\$ 2,082,324	\$ 1,447,121	\$1,675,068	\$1,784,639
Contractual	1,118,736	684,673	409,848	972,084
Commodities	719,597	228,797	156,419	342,411
Other	21,362	25,581	18,858	13,721
Depreciation	1,703,585	1,325,799	184,683	349,866
Amortization	2,909	8,088	-	-
Total operating expenses	<u>\$ 5,648,513</u>	<u>\$ 3,720,059</u>	<u>\$2,444,876</u>	<u>\$3,462,721</u>
Operating income (loss)	<u>\$ 1,028,100</u>	<u>\$ 991,085</u>	<u>\$ (139,134)</u>	<u>\$ (637,163)</u>
Nonoperating revenues (expenses):				
Property taxes	\$ -	\$ -	\$ -	\$ 170,757
Intergovernmental	-	-	-	73,500
Fines and forfeitures	-	-	-	37,137
Use of money and property	39,290	10,606	1,259	95,808
Special assessments	7,593	-	-	13,919
Miscellaneous	2,045	128,561	31,762	92,823
Interest	(137,298)	(138,356)	(863)	(36,523)
Gain(Loss) on disposal of assets	-	1,000	5,000	(9,173)
Total nonoperating revenue (expense)	<u>\$ (88,370)</u>	<u>\$ 1,811</u>	<u>\$ 37,158</u>	<u>\$ 438,248</u>
Income (loss) before contributions and transfers	<u>\$ 939,730</u>	<u>\$ 992,896</u>	<u>\$ (101,976)</u>	<u>\$ (198,915)</u>
Contributions and transfers:				
Transfers in	\$ -	\$ -	\$ -	\$ 589,440
Transfers out	(415,000)	(280,000)	-	(20,000)
Capital contributions	-	82,866	-	-
Total contributions and transfers	<u>\$ (415,000)</u>	<u>\$ (197,134)</u>	<u>\$ -</u>	<u>\$ 569,440</u>
Change in net position	\$ 524,730	\$ 795,762	\$ (101,976)	\$ 370,525
Net position beginning of year	<u>29,368,016</u>	<u>25,770,041</u>	<u>204,234</u>	<u>9,486,593</u>
Net position end of year	<u>\$ 29,892,746</u>	<u>\$ 26,565,803</u>	<u>\$ 102,258</u>	<u>\$9,857,118</u>

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

Change in net position of business-type activities

<u>Total</u>	<u>Governmental Activities- Internal Service</u>
\$16,519,057	\$ 308,542
-	<u>3,843,337</u>
<u>\$16,519,057</u>	<u>\$ 4,151,879</u>
\$ 6,989,152	\$ 4,126,316
3,185,341	9,910
1,447,224	31,947
79,522	-
3,563,933	22,532
<u>10,997</u>	<u>-</u>
<u>\$15,276,169</u>	<u>\$ 4,190,705</u>
<u>\$ 1,242,888</u>	<u>\$ (38,826)</u>
\$ 170,757	\$ 1,246,110
73,500	-
37,137	-
146,963	58,215
21,512	-
255,191	-
(313,040)	-
<u>(3,173)</u>	<u>-</u>
<u>\$ 388,847</u>	<u>\$ 1,304,325</u>
<u>\$ 1,631,735</u>	<u>\$ 1,265,499</u>
\$ 589,440	\$ 145,886
(715,000)	(1,183,000)
<u>82,866</u>	<u>-</u>
<u>\$ (42,694)</u>	<u>\$ (1,037,114)</u>
\$ 1,589,041	\$ 228,385
	<u>1,423,639</u>
	<u>\$ 1,652,024</u>
<u>(12,904)</u>	
<u>\$ 1,576,137</u>	

See Notes to Financial Statements.

**CITY OF MASON CITY, IOWA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2021**

	<u>Waterworks</u>	<u>Sewer Rental</u>	<u>Ambulance</u>
Cash flows from operating activities:			
Cash received from interfund charges	\$ -	\$ -	\$ -
Cash received from employees and others	-	-	-
Cash received from customers	6,764,812	4,706,850	2,484,051
Cash paid to employees for services	(1,946,531)	(1,353,843)	(1,146,051)
Cash paid to other suppliers of goods or services	(1,885,773)	(981,847)	(876,722)
Cash paid for health and life insurance	-	-	-
Cash received for miscellaneous items	<u>2,045</u>	<u>129,561</u>	<u>36,762</u>
Net cash provided (used) by operating activities	<u>\$ 2,934,553</u>	<u>\$ 2,500,721</u>	<u>\$ 498,040</u>
Cash flows from non-capital financing activities:			
Proceeds from property tax levy	\$ -	\$ -	\$ -
Proceeds from special assessments	7,593	-	-
Intergovernmental proceeds	-	-	-
Transfers in	-	-	-
Transfers out	(415,000)	(280,000)	-
Advance to (from) other funds	<u>-</u>	<u>(989,820)</u>	<u>-</u>
Net cash provided (used) by non-capital financing activities	<u>\$ (407,407)</u>	<u>\$ (1,269,820)</u>	<u>\$ -</u>
Cash flows from capital and related financing activities:			
Net acquisition of capital assets	\$ (109,928)	\$ (1,138,732)	\$ (20,771)
Proceeds from bonds	935,000	585,000	-
Principal payments	(1,813,000)	(996,000)	(36,000)
Interest payments	<u>(139,392)</u>	<u>(139,738)</u>	<u>(900)</u>
Net cash provided (used) for capital and related financing activities	<u>\$ (1,127,320)</u>	<u>\$ (1,689,470)</u>	<u>\$ (57,671)</u>
Cash flows from investing activities:			
Proceeds from sale of investments	\$ 7,845,000	\$ 6,625,000	\$ 300,000
Purchase of investments	(8,245,000)	(6,150,000)	(850,000)
Interest received	23,978	25,941	406
Rent received	<u>27,164</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>\$ (348,858)</u>	<u>\$ 500,941</u>	<u>\$ (549,594)</u>
Net increase (decrease) in cash	\$ 1,050,968	\$ 42,372	\$ (109,225)
Cash beginning of year	<u>1,453,518</u>	<u>213,312</u>	<u>393,788</u>
Cash end of year	<u>\$ 2,504,486</u>	<u>\$ 255,684</u>	<u>\$ 284,563</u>
Cash – Current asset	\$ 2,576,762	\$ 584,841	\$ 284,563
Cash – Restricted asset	<u>(72,276)</u>	<u>(329,157)</u>	<u>-</u>
Cash end of year	<u>\$ 2,504,486</u>	<u>\$ 255,684</u>	<u>\$ 284,563</u>
Noncash capital, investing and financing activities:			
Decrease in fair value of investments	<u>\$ -</u>	<u>\$ 82,866</u>	<u>\$ -</u>

<u>Other</u>	<u>Total</u>	<u>Governmental Activities- Internal Service</u>
\$ -	\$ -	\$ 3,315,195
-	-	641,105
2,860,953	16,816,666	-
(1,663,606)	(6,110,031)	(232,532)
1,121,505	(4,865,847)	(175,627)
-	-	(3,990,606)
<u>129,960</u>	<u>298,328</u>	<u>-</u>
<u>\$ 205,802</u>	<u>\$ 6,139,116</u>	<u>\$ (442,465)</u>
\$ 173,195	\$ 173,195	\$ 1,245,361
13,919	21,512	-
73,500	73,500	-
589,440	589,440	145,886
(20,000)	(715,000)	(1,183,000)
<u>856,242</u>	<u>(133,578)</u>	<u>-</u>
<u>\$ 1,686,296</u>	<u>\$ 9,069</u>	<u>\$ 208,247</u>
\$ (579,499)	\$(1,848,930)	\$ (45,104)
-	1,520,000	-
(240,000)	(3,085,000)	-
<u>(37,000)</u>	<u>(317,030)</u>	<u>-</u>
<u>\$ (856,499)</u>	<u>\$(3,730,960)</u>	<u>\$ (45,104)</u>
\$ 3,970,000	\$ 18,740,000	\$ 2,775,000
(6,020,000)	(21,265,000)	(2,705,000)
83,077	133,402	19,214
<u>21,733</u>	<u>48,897</u>	<u>-</u>
<u>\$(1,945,190)</u>	<u>\$(2,342,701)</u>	<u>\$ 89,214</u>
\$ (909,591)	\$ 74,524	\$ (190,108)
<u>1,335,799</u>	<u>3,396,417</u>	<u>286,468</u>
<u>\$ 426,208</u>	<u>\$ 3,470,941</u>	<u>\$ 96,360</u>
\$ 426,208	\$ 3,872,374	\$ 96,360
-	(401,433)	-
<u>\$ 426,208</u>	<u>\$ 3,470,941</u>	<u>\$ 96,360</u>
<u>\$ -</u>	<u>\$ 82,866</u>	<u>\$ -</u>

(continued)

**CITY OF MASON CITY, IOWA
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2021**

	<u>Waterworks</u>	<u>Sewer Rental</u>	<u>Ambulance</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$1,028,100	\$ 991,085	\$ (139,134)
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation and amortization expense	1,706,494	1,333,887	184,683
Miscellaneous income	2,045	129,561	36,762
Change in assets and liabilities:			
(Increase) decrease in receivables	(69,678)	(5,429)	21,043
(Increase) decrease in inventory	(19,047)	(9,315)	(19,656)
(Increase) decrease in due from other funds	80,000	-	49,000
(Increase) decrease in prepaid insurance	(2,895)	(4,925)	127
(Increase) decrease in deferred outflows	(7,741)	(25,108)	79,938
Increase (decrease) in accounts & contracts payable	71,444	2,336	5,442
Increase (decrease) in salaries payable	5,043	5,904	3,713
Increase (decrease) in accrued compensated absences	4,343	(15,387)	8,267
Increase (decrease) in due to other funds	-	-	-
Increase (decrease) in due to state government	1,203	-	-
Increase (decrease) in due to customers	1,094	-	-
Increase (decrease) in prepaid interments	-	-	-
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in total OPEB liability	7,344	4,286	14,810
Increase (decrease) in net pension liability	170,473	130,530	266,156
Increase (decrease) in deferred inflows	<u>(43,669)</u>	<u>(36,704)</u>	<u>(13,111)</u>
Net cash provided (used) by operating activities	<u>\$2,934,553</u>	<u>\$2,500,721</u>	<u>\$ 498,040</u>

<u>Other</u>	<u>Total</u>	<u>Governmental Activities- Internal Service</u>
\$(637,163)	\$1,242,888	\$ (38,826)
349,866	3,574,930	22,532
129,960	298,328	-
12,316	(41,748)	-
(10,801)	(58,819)	-
218,863	347,863	(300,281)
850	(6,843)	(149)
15,573	62,662	-
113,386	192,608	5,485
6,173	20,833	855
6,940	4,163	1,000
(83,726)	(83,726)	(133,222)
118	1,321	-
-	1,094	-
(8,570)	(8,570)	-
(400)	(400)	141
3,897	30,337	-
147,578	714,737	-
(59,058)	(152,542)	-
<u>\$ 205,802</u>	<u>\$6,139,116</u>	<u>\$ (442,465)</u>

See Notes to Financial Statements.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(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.

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.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(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.

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:

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(2) Summary of Significant Accounting Policies – continued

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.

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.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(2) Summary of Significant Accounting Policies – continued

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 type:

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.

(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.

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.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(2) Summary of Significant Accounting Policies – continued

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.

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, 2021 and 2020, \$2,981 and \$12,916 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, 2021

(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, 2021, the governmental and proprietary funds had allowances for uncollectible customer accounts totaling \$53,029 and \$762,401 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, 2021, were due by July 1, 2020, with the first half installment being delinquent after September 30, 2020, and the second half installment being delinquent after March 31, 2021. 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 2021 levy certified on March 15, 2021, based on 2020 assessed valuations. As the levy is intended for use in the fiscal year ended June 30, 2022, 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.

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.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(2) Summary of Significant Accounting Policies – continued

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.

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.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(2) Summary of Significant Accounting Policies – continued

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. Net pension liability attributable to governmental activities will be paid primarily from the General Fund.

Total OPEB Liability - For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the City's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Deferred Inflows of Resources - Deferred inflows of resources represent an acquisition of net position 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.

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.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(2) Summary of Significant Accounting Policies – continued

(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; and Cemetery Perpetual Care permanent fund. 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 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.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(2) Summary of Significant Accounting Policies – continued

The following table presented on a budgetary basis demonstrates the statutory compliance with the annual fiscal year 2021 budget:

	Original Certified <u>Budget</u>	Budget Amendment	Final Certified <u>Budget</u>	Actual <u>Expenditures</u>
Public Safety	\$ 11,671,141	\$ 516,464	\$12,187,605	\$10,782,049
Public Works	4,133,531	692,600	4,826,131	4,251,672
Health and Social Services	396,578	28,620	425,198	416,585
Culture and Recreation	4,018,850	283,130	4,301,980	3,319,691
Community and Economic Development	4,103,020	264,296	4,367,316	3,588,200
General Government	6,554,005	88,340	6,642,345	2,543,243
Debt Service	7,027,428	1,187,400	8,214,828	5,529,048
Capital Projects	23,985,888	-	23,985,888	7,644,944
Business-Type	<u>17,255,929</u>	<u>845,363</u>	<u>18,101,292</u>	<u>15,592,382</u>
Total	<u>\$ 79,146,370</u>	<u>\$ 3,906,213</u>	<u>\$83,052,583</u>	<u>\$53,667,814</u>

The fiscal year 2021 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, 2021 unbilled utility receivables for the Waterworks, Sewer Rental, Solid Waste and Storm Sewer Funds were included in accounts receivable and totaled \$623,463, \$384,053, \$126,614 and \$36,391, respectively.

(3) Cash, Cash Equivalents and Investments

The City's deposits at June 30, 2021 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.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(3) Cash, Cash Equivalents and Investments - continued

The fair value of the City's investments at June 30, 2021 are as follows:

	<u>Fair Value</u>
U.S. Government securities	\$ 4,345,302
Mutual Funds	<u>997,451</u>
	\$ 5,342,753
Deposits classified as investments:	
Iowa Public Agency Investment Trust	140,302
Nonnegotiable certificates of deposit	<u>13,214,081</u>
Total Investments	<u>\$18,697,136</u>
Reconciliation to Exhibit 1:	
Unrestricted investments	\$16,697,141
Restricted investments	<u>1,999,995</u>
Total Investments	<u>\$18,697,136</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.

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, 2021:

<u>Security Description</u>	<u>Fair Value</u>	<u>Investment Maturity (in Years)</u>			
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More than 10</u>
US Government Securities:					
FNMA	\$2,745,754	\$ -	\$ -	\$ -	\$2,745,754
FHLB	49,224	-	-	-	49,224
FHLMC	397,140	-	-	-	397,140
GNMA	<u>1,153,184</u>	-	-	-	<u>1,153,184</u>
Total	<u>\$4,345,302</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$4,345,302</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.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(3) Cash, Cash Equivalents and Investments – continued

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, 2021, 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, 2021 as they are held by financial institutions in the name of the City.

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, 2021: 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, 2021 consisted of the following amounts:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Governmental:		
General	\$ 200,823	\$ 200,099
Road use tax	-	720
Debt service	947,264	305,281
River City Renaissance	-	-
Nonmajor funds	33,449	121,830
Internal Service funds	<u>300,281</u>	<u>-</u>
Total governmental	<u>\$1,481,817</u>	<u>\$ 627,930</u>
Business-Type:		
Waterworks	\$ 980,962	\$1,487,057
Sewer rental	1,465,448	1,039,604
Ambulance	67	-
Nonmajor funds	<u>(28,226)</u>	<u>745,477</u>
Total business-type	<u>\$2,418,251</u>	<u>\$3,272,138</u>
Total due to/from other funds	<u>\$3,900,068</u>	<u>\$3,900,068</u>

The City's interfund receivables and payables eliminated what would have been negative cash balances in various funds in the amount of \$1,212,207. 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, 2021**

(5) Interfund Transfers

Transfers in and out for the year ended June 30, 2021 were:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers out</u>
Governmental:		
General	\$3,290,869	\$2,688,043
Road use tax	1,298,800	204,902
Debt service	1,673,847	14,900
River City Renaissance	-	-
Nonmajor funds	328,019	2,521,016
Internal Service funds	<u>145,886</u>	<u>1,183,000</u>
Total governmental	<u>\$6,737,421</u>	<u>\$6,611,861</u>
Business-Type:		
Waterworks	\$ -	\$ 415,000
Sewer rental	-	280,000
Ambulance	-	-
Nonmajor funds	<u>589,440</u>	<u>20,000</u>
Total business-type	<u>\$ 589,440</u>	<u>\$ 715,000</u>
Total transfers	<u>\$7,326,861</u>	<u>\$7,326,861</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, 2021

(6) Capital Assets

Capital asset activity for the year ended June 30, 2021 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	\$ -	\$ 3,000	\$ 20,972,492
Construction in progress	<u>7,869,562</u>	<u>5,412,678</u>	<u>3,629,977</u>	<u>9,652,263</u>
Total capital assets, not being depreciated	<u>\$ 28,845,054</u>	<u>\$ 5,412,678</u>	<u>\$3,632,977</u>	<u>\$ 30,624,755</u>
Capital assets, being depreciated:				
Buildings	\$ 26,240,903	\$ 145,781	\$ 41,779	\$ 26,344,905
Improvements	34,446,739	765,056	-	35,211,795
Equipment	7,080,769	706,477	290,762	7,496,484
Vehicles	11,525,937	891,446	578,358	11,839,025
Infrastructure	<u>98,936,900</u>	<u>2,779,348</u>	<u>-</u>	<u>101,716,248</u>
Total capital assets, being depreciated	<u>\$ 178,231,248</u>	<u>\$ 5,288,108</u>	<u>\$ 910,899</u>	<u>\$182,608,457</u>
Less accumulated depreciation for:				
Buildings	\$ 13,183,707	\$ 901,456	\$ 41,779	\$ 14,043,384
Improvements	18,120,039	1,513,695	-	19,633,734
Equipment	5,076,775	404,970	260,614	5,221,131
Vehicles	7,492,801	835,571	574,805	7,753,567
Infrastructure	<u>55,581,296</u>	<u>3,670,766</u>	<u>-</u>	<u>59,252,062</u>
Total accumulated depreciation	<u>\$ 99,454,618</u>	<u>\$ 7,326,458</u>	<u>\$ 877,198</u>	<u>\$105,903,878</u>
Total capital assets, being depreciated, net	<u>\$ 78,776,630</u>	<u>\$(2,038,350)</u>	<u>\$ 33,701</u>	<u>\$ 76,704,579</u>
Governmental activities capital assets, net	<u>\$ 107,621,684</u>	<u>\$ 3,374,328</u>	<u>\$3,666,678</u>	<u>\$107,329,334</u>

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

Governmental activities:	
Public safety	\$ 650,016
Public works	5,280,410
Health and social services	-
Culture and recreation	1,099,604
Community and economic development	126,411
General government	147,485
Internal service funds depreciation is charged to various functions based on their usage of assets	<u>22,532</u>
Total depreciation expense—governmental activities	<u>\$ 7,326,458</u>

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(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	\$ 53,600	\$ -	\$ 4,876,962
Construction in progress	<u>5,056,840</u>	<u>6,114,136</u>	<u>4,438,569</u>	<u>6,732,407</u>
Total capital assets not being depreciated	<u>\$ 9,880,202</u>	<u>\$ 6,167,736</u>	<u>\$ 4,438,569</u>	<u>\$ 11,609,369</u>
Capital assets, being depreciated:				
Buildings	\$ 17,451,640	\$ -	\$ -	\$ 17,451,640
Improvements	3,371,974	-	-	3,371,974
Equipment	4,723,899	103,685	96,228	4,731,356
Vehicles	3,567,061	326,926	253,776	3,640,211
Meters, plant, sewer lines and distribution system	<u>99,870,222</u>	<u>865,687</u>	<u>86,357</u>	<u>100,649,552</u>
Total capital assets, being depreciated	<u>\$ 128,984,796</u>	<u>\$ 1,296,298</u>	<u>\$ 436,361</u>	<u>\$ 129,844,733</u>
Less accumulated depreciation for:				
Buildings	\$ 7,283,109	\$ 419,290	\$ -	\$ 7,702,399
Improvements	3,102,125	26,133	-	3,128,258
Equipment	3,423,370	273,313	87,774	3,608,909
Vehicles	2,474,806	239,352	253,056	2,461,102
Meters, plant, sewer lines and distribution system	<u>49,308,816</u>	<u>2,605,845</u>	<u>86,357</u>	<u>51,828,304</u>
Total accumulated depreciation	<u>\$ 65,592,226</u>	<u>\$ 3,563,933</u>	<u>\$ 427,187</u>	<u>\$ 68,728,972</u>
Total capital assets, being depreciated, net	<u>\$ 63,392,570</u>	<u>\$ (2,267,635)</u>	<u>\$ 9,174</u>	<u>\$ 61,115,761</u>
Business-type activities capital assets, net	<u>\$ 73,272,772</u>	<u>\$ 3,900,101</u>	<u>\$ 4,447,743</u>	<u>\$ 72,725,130</u>

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

Business-type activities:	
Waterworks	\$ 1,703,585
Sewer rental	1,325,799
Ambulance	184,683
Other business-type funds	<u>349,866</u>
Total depreciation expense—business-type activities	<u>\$ 3,563,933</u>

**CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

(7) Pension and Retirement Systems

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

Net pension liability	\$ 23,181,043
Pension assets	-
Deferred outflows of resources related to pensions	5,939,254
Deferred inflows of resources related to pensions	1,849,291
Pension expenses/expenditures for the period associated with the net pension liability	4,042,362

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.

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.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(7) Pension and Retirement Systems - continued

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 2021, 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, 2021 totaled \$886,649.

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the City reported a liability of \$8,150,105 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the City's collective proportion was .116835% which was an increase of .0023814% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the City recognized pension expense of \$1,250,413. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,004	\$ 193,178
Changes in assumptions	418,342	-
Net difference between projected and actual earnings on pension plan investments	458,166	-
Changes in proportion and differences between City contributions and proportionate share of contributions	233,075	106,882
City contributions after the measurement date	<u>886,649</u>	<u>-</u>
Total	<u>\$ 2,005,236</u>	<u>\$ 300,060</u>

**CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

(7) Pension and Retirement Systems - continued

\$886,649 reported as deferred outflows of resources related to pensions resulting from the City contributions after the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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 <u>June 30,</u>	<u>Total</u>
2022	\$ 151,690
2023	222,292
2024	190,263
2025	265,606
2026	<u>(11,323)</u>
Total	<u>\$ 818,527</u>

There were no non-employer contributing entities to IPERS.

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

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, 2020 valuation were based on the results of actuarial experience study dated March 24, 2017 and a demographic assumption dated June 28, 2018

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Health Annuitant Tables with MP-2017 generational adjustments.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(7) Pension and Retirement Systems - continued

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%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	<u>100.0%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. 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.

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.

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
City's proportionate share Of net pension liability	\$13,589,612	\$8,150,105	\$ 3,589,161

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.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(7) Pension and Retirement Systems - continued

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

Plan Description – MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of 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.

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.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(7) Pension and Retirement Systems – continued

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

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

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2021.

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

The City's contributions to MFPRSI for the year ended June 30, 2021 totaled \$1,522,755.

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

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2021.

Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021, the City reported a liability of \$15,030,937 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 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, 2020, the City's proportion was .01884520% which was a decrease of .00067927% from its proportions measured as of June 30, 2019.

For the year ended June 30, 2021, the City recognized pension expense of \$2,791,949. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 413,269	\$ 81,649
Changes in assumptions	372,334	17,933
Net difference between projected and actual earnings on pension plan investments	2,211,229	-
Changes in proportion and differences between City contributions and proportionate share of contributions	(585,569)	-
City contributions after the measurement date	<u>1,522,755</u>	<u>-</u>
Total	<u>\$ 3,934,018</u>	<u>\$ 99,582</u>

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(7) Pension and Retirement Systems - continued

\$1,522,755 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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	Total
<u>June 30,</u>	<u> </u>
2022	\$ 463,854
2023	739,242
2024	665,541
2025	454,801
2026	<u>(11,758)</u>
Total	<u>\$ 2,311,680</u>

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

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period 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.

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:

Asset Class	Long-Term Expected Real Rate of Return
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

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(7) Pension and Retirement Systems - continued

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 <u>(6.50%)</u>	Discount Rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
<i>City's proportionate share of net pension liability</i>	\$ 23,054,532	\$ 15,030,937	\$8,384,850

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, 2021.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(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>
2.80% General Obligation bond payable, issued 8/31/11	\$ 65,000	\$ -
1.50% to 1.70% General Obligation bond payable, issued 8/7/12	155,000	100,000
2.00% to 2.25% Taxable General Obligation bond payable, issued 9/17/14	630,000	1,160,000
2.00% General Obligation bond payable, issued 9/29/15	425,000	-
1.25% to 1.375% General Obligation bond payable, issued 09/21/16	684,000	36,000
2.00% General Obligation bond payable, issued 08/01/17	1,525,000	-
3.00% General Obligation bond payable, issued 09/15/18	4,375,000	240,000
4.00% General Obligation Refunding bond, issued 04/16/19	3,625,000	-
3.00 to 3.75% General Obligation Urban Renewal bond payable, issued 04/16/19	15,450,000	-
2.00% General Obligation bond payable, issued 9/4/19	1,750,000	3,445,000
2.00 to 2.90% General Obligation Urban Renewal bond payable, issued 9/4/19	5,725,000	-
1.00% General Obligation bond payable, issued 9/2/20	4,665,000	1,960,000
1.75% Water Revenue Capital Loan note payable, issued 2/26/03, callable 6/01/13 at par	-	1,982,000
3.00% Sewer Revenue bond payable, issued 8/15/08	<u>-</u>	<u>6,211,000</u>
Totals	<u>\$ 39,074,000</u>	<u>\$15,134,000</u>

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(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 \$46,015,000 of general obligation bonds outstanding as of June 30, 2021. Unmatured general obligation bonds to be paid by governmental funds totaled \$39,074,000. General obligation bonds to be paid by enterprise revenue and, therefore, included as Enterprise Fund obligations totaled \$6,941,000.

During the year ended June 30, 2021, the City issued \$6,845,000 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 \$8,193,000 of revenue bonds outstanding as of June 30, 2021, 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 \$2,073,003. The City has reserved \$2,829,079 as of June 30, 2021. The combined principal and interest paid for the current year and total customer net revenues were \$1,790,710 and \$5,248,661, respectively, amounting to approximately 34.11% 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, 2021, there were no tax increment financing bonds outstanding.

A summary of long-term liability activity for the year ended June 30, 2021, was as follows:

	<u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2021</u>	<u>Due Within One Year</u>
Governmental Activities:					
Bonds Payable	\$38,678,000	\$ 4,665,000	\$4,269,000	\$39,074,000	\$3,764,000
Net premium/(discount)	670,347	124,873	51,753	743,467	-
Total OPEB liability	625,252	3,128	-	628,380	-
Net pension liability	<u>15,254,200</u>	<u>2,752,054</u>	-	<u>18,006,254</u>	-
Total	<u>\$55,227,799</u>	<u>\$ 7,545,055</u>	<u>\$4,320,753</u>	<u>\$58,452,101</u>	<u>\$3,764,000</u>
Business type activities:					
Bonds payable	\$16,699,001	\$ 1,960,000	\$3,525,001	\$15,134,000	\$3,209,000
Net premium/(discount)	(88,830)	10,997	-	(77,833)	-
Total OPEB liability	272,589	16,839	-	289,428	-
Net pension liability	<u>4,458,197</u>	<u>716,592</u>	-	<u>5,174,789</u>	-
Total	<u>\$21,340,957</u>	<u>\$ 2,704,428</u>	<u>\$3,525,001</u>	<u>\$20,520,384</u>	<u>\$3,209,000</u>

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(9) Long-Term Liabilities - continued

At June 30, 2021, 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>\$2,017,778,837</u>
Debt limit – 5% of total valuation	\$ 100,888,941
Debt applicable to debt limit:	
General obligation bonded debt outstanding	<u>46,015,000</u>
Legal debt margin	<u>\$ 54,873,941</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
	2022	\$ 3,764,000	\$ 1,090,363	\$ 1,541,000	\$ 122,050	\$ 5,305,000
2023	3,600,000	998,595	1,480,000	95,000	5,080,000	1,093,595
2024	2,910,000	909,495	1,225,000	68,900	4,135,000	978,395
2025	2,805,000	835,083	745,000	46,450	3,550,000	881,533
2026	3,030,000	760,083	770,000	35,150	3,800,000	795,233
2027-2031	12,680,000	2,595,268	1,180,000	47,400	13,860,000	2,642,668
2032-2036	6,855,000	1,310,271	-	-	6,855,000	1,310,271
2037-2039	<u>3,430,000</u>	<u>195,423</u>	-	-	<u>3,430,000</u>	<u>195,423</u>
	<u>\$ 39,074,000</u>	<u>\$ 8,694,581</u>	<u>\$ 6,941,000</u>	<u>\$ 414,950</u>	<u>\$ 46,015,000</u>	<u>\$ 9,109,531</u>

June 30,	Governmental Revenue Obligation		Business-type Activities Revenue Obligation		Revenue Obligation Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
	2022	\$ -	\$ -	\$ 1,668,000	\$ 245,790	\$ 1,668,000
2023	-	-	1,721,000	195,750	1,721,000	195,750
2024	-	-	738,000	144,120	738,000	144,120
2025	-	-	762,000	121,980	762,000	121,980
2026	-	-	787,000	99,120	787,000	99,120
2027-2031	-	-	2,517,000	152,640	2,517,000	152,640
2032-2036	-	-	-	-	-	-
2037-2040	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,193,000</u>	<u>\$ 959,400</u>	<u>\$ 8,193,000</u>	<u>\$ 959,400</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, 2021, there were no series of Industrial Revenue Bonds outstanding.

**CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021**

(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 \$4,493,989 for the year ended June 30, 2021 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, 2021 is \$773,800 for claims incurred but not reported at that date. Changes in the fund's claims liability amount in fiscal 2021 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	\$ 707,800	\$3,871,651	\$3,805,651	\$773,800
Prior year	792,100	3,381,524	3,465,824	707,800

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, 2021**

(12) Deficit Fund Balances/Net Position

The basic financial statements include individual fund deficits as follows:

Special Revenue Fund:	
Softball Improvement	\$ 1,343
Enterprise Fund:	
RCR Arena	150,303

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, 2021, the City had one terminated employee 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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	9
Active employees	<u>222</u>
Total	<u>231</u>

Total OPEB Liability – The City’s total OPEB liability of \$917,808 was measured as of July 1, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2020 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, 2021

(14) Other Postemployment Benefits - continued

Rate of inflation (effective June 30, 2019)	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, 2019)	3.15% per year Municipal Bond 20-year AA
Healthcare cost trend rate (effective June 30, 2019)	6.00% claim cost trend per year

Discount Rate – The discount rate used to measure the total OPEB liability was 3.15% 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, 2020 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	\$ 885,700
Changes for the year:	
Service cost	59,075
Interest	29,302
Recognition of deferred Inflows/Outflows	(38,711)
Benefit payments	<u>(17,558)</u>
Net changes	<u>32,108</u>
Total OPEB liability end of year	<u>\$ 917,808</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 (2.15%) or 1% higher (4.15%) than the current discount rate.

	1% Decrease <u>(2.15%)</u>	Healthcare Cost Trend Rate <u>(3.15%)</u>	1% Increase <u>(4.15%)</u>
Total OPEB Liability	\$1,013,522	\$ 917,808	\$ 831,871

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, 2021

(14) Other Postemployment Benefits - continued

	1% Decrease <u>(6.0%)</u>	Healthcare Cost Trend Rate <u>(6.0%)</u>	1% Increase <u>(7.0%)</u>
Total OPEB Liability	\$ 790,668	\$ 917,808	\$1,070,017

OPEB Expense and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the City recognized OPEB expense of \$17,622. At June 30, 2021, the City reported deferred inflows of resources related to OPEB from the following resources:

	<u>Deferred Inflows Of Resources</u>
Differences between expected and actual experience	\$ (230,524)
Changes in assumptions	<u>(571,544)</u>
Total	<u>\$ (802,068)</u>

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

Year ending	<u>Amount</u>
<u>June 30,</u>	
2021	\$ (72,467)
2022	(72,467)
2023	(72,467)
2024	(72,467)
2025	(72,467)
Thereafter	<u>(439,733)</u>
	<u>\$ (802,068)</u>

(15) Commitments

At June 30, 2021, the following construction and purchase commitments had been made:

The City has entered into various contracts totaling approximately \$11,991,291 for street construction projects, water and sewer improvements, sanitation vehicle upgrade, River City Renaissance projects, park repairs, equipment upgrades, and facility repairs for the police department. As of June 30, 2021, approximate costs of \$3,514,932 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 \$1,736,958 during the year ended June 30, 2021 of which \$1,553,754 was competitively bid.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(17) Fund Balances

The details for the City's fund balance for the year ended June 30, 2021 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 Expenses	\$ -	\$ -	\$ -	\$ -	\$ 633,638	\$ 633,638
Prepaid expenses	<u>182,464</u>	<u>17,429</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>199,893</u>
Total nonspendable	<u>\$ 182,464</u>	<u>\$ 17,429</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 633,638</u>	<u>\$ 833,531</u>
Restricted for:						
Streets & road construction	\$ -	\$ 3,268,289	\$ -	\$ -	\$ -	\$ 3,268,289
Employee benefits	-	-	-	-	6,290,039	6,290,039
Economic dev. Projects	-	-	-	-	1,541,039	1,541,039
Grant qualified expenses	-	-	-	-	3,212	3,212
Street & park improvements	-	-	-	-	2,354,648	2,354,648
River City Renaissance	-	-	-	1,178,547	-	1,178,547
Museum funding	-	-	-	-	436,822	436,822
Cemetery perpetual care	-	-	-	-	605,064	605,064
Debt service	-	-	948,780	-	-	948,780
Tort liability	<u>783,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>783,614</u>
Total restricted	<u>\$ 783,614</u>	<u>\$ 3,268,289</u>	<u>\$ 948,780</u>	<u>\$ 1,178,547</u>	<u>\$ 11,230,824</u>	<u>\$ 17,410,054</u>
Assigned for:						
Airport	\$ 1,069,304	\$ -	\$ -	\$ -	\$ -	\$ 1,069,304
Park & Recreation	163,972	-	-	-	-	163,972
Museum	-	-	-	-	1,094,522	1,094,522
Library	-	-	-	-	616,973	616,973
Youth softball complex	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,277</u>	<u>82,277</u>
Total assigned	<u>\$ 1,233,276</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,793,772</u>	<u>\$ 3,027,048</u>
Unassigned	8,658,060	-	-	-	20,012	8,678,072
Total fund balances	<u>\$10,857,414</u>	<u>\$ 3,285,718</u>	<u>\$ 948,780</u>	<u>\$ 1,178,547</u>	<u>\$ 13,678,246</u>	<u>\$ 29,948,705</u>

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(18) Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through June 22, 2022, the date the financial statements were available to be issued.

The City awarded contracts after June 30 for the following projects:

River City Renaissance projects	\$ 156,678
Street projects	2,367,935
Water projects	812,110
General	898,466
Sanitation	1,482,428
Park and Recreation projects	1,116,128
Police department projects	143,516
Fire	768,544
Ambulance	218,208
Sewer	<u>1,205,490</u>
Total	<u>\$9,169,503</u>

(19) 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, 2021, the City abated \$742,550 of property tax under the urban renewal and economic development projects.

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

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

Statement No. 87, Leases, will be effective for the fiscal year June 30, 2022. The objective of this Statement is to better meet the information needs of financial statements users by improving accounting and financial reporting for leases by governments.

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, will be effective for fiscal year June 30, 2022. The objectives of this statement are to enhance the - 88 - relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period.

CITY OF MASON CITY, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

(20) New Governmental Accounting Standards Board (GASB) Standards - continued

Statement No. 91, Conduit Debt Obligations, will be effective for fiscal year June 30, 2023. The primary objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

Statement No. 92, Omnibus 2020, will be effective for the fiscal year ended June 30, 2022. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.

Statement No. 93, Replacement of Interbank Offered Rates, will be effective for the fiscal year ended June 30, 2022. The objective of this statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, will be effective for the fiscal year ended June 30, 2023. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. The primary objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Statement No. 96, Subscription -Based Information Technology Agreements, will be effective for the fiscal year ended June 30, 2023. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, will be effective for the fiscal year ended June 30, 2022. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

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 Three Years Required Supplementary Information		
	<u>2021</u>	<u>2020</u>	<u>2019</u>
Service cost	\$ 59,075	\$ 59,088	\$ 98,310
Interest cost	29,302	28,268	57,792
Difference between expected and actual experiences	-	-	-
Changes in assumptions	-	(571,544)	-
Demographic change	-	(207,010)	-
Recognition of deferred inflows/outflows	(38,711)	(35,604)	(54,723)
Benefit payments	<u>(17,558)</u>	<u>(19,466)</u>	<u>(35,561)</u>
Net change in OPEB liability	<u>32,108</u>	<u>(746,268)</u>	<u>65,818</u>
Total OPEB liability beginning of year*	<u>885,700</u>	<u>1,631,968</u>	<u>1,472,163</u>
Total OPEB liability end of year	<u>\$ 917,808</u>	<u>\$ 885,700</u>	<u>\$ 1,537,981</u>
Covered employee payroll	\$16,264,823	\$15,968,169	\$ 16,015,839
Total OPEB liability as a percentage of covered payroll	5.642%	5.547%	9.6029%

*Beginning Total OPEB Liability reset to GASB 75 defined beginning value as of the valuation date. The Net-OPEB-Obligation as of 6/30/19, is per the FY19 audited financial statement. This would be the rolled forward value if FY19 was rolled forward. The difference between this and the OPEB determined by the 7/1/19 valuation is used as an adjustment to the Measurement Date of OPEB and amortized over future years per GASB requirements.

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, 2021	3.15%
Year ended June 30, 2020	3.15%
Year ended June 30, 2019	3.72%

There are no assets accumulated in a trust that meets the criteria of GASB codification D22.101 or P52.101 to pay related benefits, for the OPEB plan.

CITY OF MASON CITY
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST SEVEN FISCAL YEARS*
(IN THOUSANDS)
JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>
City's proportion of the net pension liability (asset)	0.116835%	0.118461%	0.114490%
City's proportionate share of the net pension liability	\$ 6,810	\$6,906	\$7,243
City's covered payroll	\$ 9,208	\$8,602	\$8,197
City's proportionate share of the net pension liability as a percentage of its covered payroll	73.95%	75.00%	84.20%
Plan fiduciary net position as a percentage of the total pension liability	82.90%	85.45%	83.62%

* 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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.110763%	0.112157%	0.115203%	0.116249%
\$7,312	\$6,994	\$5,727	\$4,704
\$7,976	\$7,941	\$7,763	\$7,763
89.20%	87.69%	72.12%	60.60%
82.21%	81.82%	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, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 886	\$ 869	\$ 857	\$ 768
Contributions in relation to the statutorily required contribution	<u>(886)</u>	<u>(869)</u>	<u>(857)</u>	<u>(768)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 9,393	\$ 9,208	\$9,076	\$8,602
Contributions as percentage of covered payroll	9.44%	9.44%	9.44%	8.93%

See notes to required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<u>732</u>	<u>\$ 712</u>	<u>\$ 709</u>	<u>\$ 693</u>	<u>\$ 670</u>	<u>\$ 649</u>
<u>(732)</u>	<u>(712)</u>	<u>(709)</u>	<u>(693)</u>	<u>(670)</u>	<u>(649)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$8,197</u>	<u>\$7,976</u>	<u>\$ 7,941</u>	<u>\$7,763</u>	<u>\$7,730</u>	<u>\$8,048</u>
8.93%	8.93%	8.93%	8.93%	8.67%	8.07%

CITY OF MASON CITY, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
JUNE 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

- Decreased the inflation assumption from 3.25% 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
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
LAST SEVEN FISCAL YEARS*
(IN THOUSANDS)
JUNE 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net pension liability (asset)	0.01884520%	0.01952447%	0.02014773%	0.02030274%
City's proportionate share of the net pension liability	\$ 12,361	\$ 11,625	\$ 11,816	\$ 11,907
City's covered payroll	\$ 5,987	\$ 5,910	\$ 5,857	\$ 5,748
City's proportionate share of the net pension liability as a percentage of its covered payroll	206.46%	196.70%	201.74%	207.15%
Plan fiduciary net position as a percentage of the total pension liability	76.47%	79.94%	81.07%	80.60%

*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>2017</u>	<u>2016</u>	<u>2015</u>
0.02039407%	0.02083745%	0.02005486%
\$12,752	\$9,789	\$7,270
\$ 5,528	\$4,833	\$5,120
230.68%	202.55%	141.99%
78.20%	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, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 1,522	\$1,461	\$1,538	\$ 1,504	\$ 1,490
Contributions in relation to the statutorily required contribution	<u>(1,522)</u>	<u>(1,461)</u>	<u>(1,538)</u>	<u>(1,504)</u>	<u>(1,490)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 6,025	\$5,987	\$5,910	\$ 5,857	\$ 5,748
Contributions as percentage of covered payroll	25.31%	24.40%	26.02%	25.68%	25.92%

See notes to required supplementary information.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 1,535	\$ 1,462	\$ 1,542	\$ 1,297	\$ 1,235
<u>(1,535)</u>	<u>(1,462)</u>	<u>(1,542)</u>	<u>(1,297)</u>	<u>(1,235)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 5,528	\$ 4,833	\$ 5,120	\$ 4,965	\$ 4,987
27.77%	30.11%	30.12%	26.12%	24.76%

CITY OF MASON CITY, IOWA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – PENSION LIABILITY
MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA
JUNE 30, 2021

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 2018.

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, 2021**

	Special Revenue Funds			
	Unified TIF	Hotel/ Motel Tax	Medical Costs	Police Retirement
ASSETS:				
Cash	\$ 767,762	\$172,939	\$ 444,489	\$ 500,355
Investments	500,000	-	25,000	2,532,490
Receivables:				
Property taxes	7,500	-	4,324	13,555
Succeeding year property taxes	-	-	300,000	819,225
Accrued interest	262	-	14	1,783
Special assessments – current	13,179	-	-	-
Succeeding year special assessments	-	-	-	-
Accounts (net)	-	-	-	-
Due from other funds	-	-	-	-
Due from state government	-	-	-	-
Due from federal government	-	-	-	-
Prepaid insurance	-	-	-	-
Restricted assets:				
Cash	-	-	-	-
Investments	-	-	-	-
Accrued interest	-	-	-	-
Total assets	<u>\$ 1,288,703</u>	<u>\$172,939</u>	<u>\$ 773,827</u>	<u>\$3,867,408</u>
LIABILITIES:				
Accounts payable	\$ 1,110	\$164,940	\$ 12,006	\$ -
Salaries Payable	-	-	-	-
Contracts payable	-	-	-	-
Accrued compensated absences	-	-	-	-
Due to other funds	-	-	-	-
Due to state government	-	-	-	-
Total liabilities	<u>\$ 1,110</u>	<u>\$164,940</u>	<u>\$ 12,006</u>	<u>\$ -</u>
DEFERRED INFLOWS OF RESOURCES:				
Deferred property tax	\$ -	\$ -	\$ 300,000	\$ 819,225
Deferred special assessments	-	-	-	-
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 819,225</u>
Total liabilities and deferred inflows of resources	<u>\$ 1,110</u>	<u>\$164,940</u>	<u>\$ 312,006</u>	<u>\$ 819,225</u>
FUND BALANCES:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	1,287,593	7,999	461,821	3,048,183
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balance	<u>\$ 1,287,593</u>	<u>\$ 7,999</u>	<u>\$ 461,821</u>	<u>\$3,048,183</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,288,703</u>	<u>\$172,939</u>	<u>\$ 773,827</u>	<u>\$3,867,408</u>

(continued)

Special Revenue Funds

<u>Fire Retirement</u>	<u>Employee Retirement</u>	<u>Library Trust</u>	<u>MacNider Museum Foundation</u>	<u>Other Special Revenue</u>
\$ 382,524	\$ 131,449	\$ 234,074	\$ 35,544	\$ 471,512
2,242,968	-	385,249	1,058,978	23,000
8,683	13,168	-	-	1,467
521,950	632,496	-	-	-
1,243	-	227	-	7
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	21,356
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 3,157,368</u>	<u>\$ 777,113</u>	<u>\$ 619,550</u>	<u>\$ 1,094,522</u>	<u>\$ 517,342</u>
\$ -	\$ -	\$ 2,577	\$ -	\$ 8,006
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	150,056
-	-	-	-	333
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,577</u>	<u>\$ -</u>	<u>\$ 158,395</u>
\$ 521,950	\$ 632,496	\$ -	\$ -	\$ -
-	-	-	-	-
<u>\$ 521,950</u>	<u>\$ 632,496</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 521,950	\$ 632,496	\$ 2,577	\$ -	\$ 158,395
\$ -	\$ -	\$ -	\$ -	\$ -
2,635,418	144,617	-	-	256,658
-	-	616,973	1,094,522	82,277
-	-	-	-	20,012
<u>\$ 2,635,418</u>	<u>\$ 144,617</u>	<u>\$ 616,973</u>	<u>\$ 1,094,522</u>	<u>\$ 358,947</u>
<u>\$ 3,157,368</u>	<u>\$ 777,113</u>	<u>\$ 619,550</u>	<u>\$ 1,094,522</u>	<u>\$ 517,342</u>

**CITY OF MASON CITY, IOWA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2021**

	<u>Special Revenue Funds</u>	<u>Capital Improvement</u>		
	<u>Total Special Revenue</u>	<u>Local Option Capital Improvement</u>	<u>Street Construction</u>	<u>Total Capital Projects</u>
ASSETS:				
Cash	\$ 3,140,648	\$ 943,032	\$ -	\$ 943,032
Investments	6,767,685	1,300,000	-	1,300,000
Receivables:				
Property taxes	48,697	-	-	-
Succeeding year property taxes	2,273,671	-	-	-
Accrued interest	3,536	662	-	662
Special assessments – current	13,179	-	-	-
Succeeding year special assessments	-	-	-	-
Accounts (net)	-	-	-	-
Due from other funds	-	-	-	-
Due from state government	-	183,434	-	183,434
Due from federal government	21,356	-	-	-
Prepaid insurance	-	-	-	-
Restricted assets:				
Cash	-	-	-	-
Investment	-	-	-	-
Accrued interest	-	-	-	-
Total assets	<u>\$ 12,268,772</u>	<u>\$ 2,427,128</u>	<u>\$ -</u>	<u>\$ 2,427,128</u>
LIABILITIES:				
Accounts payable	\$ 188,639	\$ 26,700	\$ -	\$ 26,700
Salaries Payable	-	-	-	-
Contracts payable	-	53,779	-	53,779
Accrued compensated absences	-	-	-	-
Due to other funds	150,056	-	-	-
Due to state government	333	-	-	-
Total Liabilities	<u>\$ 339,028</u>	<u>\$ 80,479</u>	<u>\$ -</u>	<u>\$ 80,479</u>
DEFERRED INFLOWS OF RESOURCES:				
Succeeding year property tax	\$ 2,273,671	\$ -	\$ -	\$ -
Succeeding year special assessments	-	-	-	-
Total deferred inflows of resources	<u>\$ 2,273,671</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total liabilities and deferred inflows of resources	<u>\$ 2,612,699</u>	<u>\$ 80,479</u>	<u>\$ -</u>	<u>\$ 80,479</u>
FUND BALANCES:				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	7,842,289	2,346,649	-	2,346,649
Assigned	1,793,772	-	-	-
Unassigned	20,012	-	-	-
Total fund balances	<u>\$ 9,656,073</u>	<u>\$ 2,346,649</u>	<u>\$ -</u>	<u>\$ 2,346,649</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,268,772</u>	<u>\$ 2,427,128</u>	<u>\$ -</u>	<u>\$ 2,427,128</u>

<u>Permanent Funds</u>			
<u>Cemetery Perpetual Care</u>	<u>MacNider Museum Trust</u>	<u>Total Permanent</u>	<u>Total Nonmajor Governmental</u>
\$ -	\$ 444,378	\$ 444,378	\$ 4,528,058
-	625,000	625,000	8,692,685
-	-	-	48,697
-	-	-	2,273,671
-	1,082	1,082	5,280
-	-	-	13,179
-	-	-	-
-	-	-	-
33,449	-	33,449	33,449
-	-	-	183,434
-	-	-	21,356
-	-	-	-
42,927	-	42,927	42,927
499,995	-	499,995	499,995
467	-	467	467
<u>\$ 576,838</u>	<u>\$1,070,460</u>	<u>\$1,647,298</u>	<u>\$ 16,343,198</u>
\$ -	\$ -	\$ -	\$ 215,339
-	-	-	-
-	-	-	53,779
-	-	-	-
(28,226)	-	(28,226)	121,830
-	-	-	333
<u>\$ (28,226)</u>	<u>\$ -</u>	<u>\$ (28,226)</u>	<u>\$ 391,281</u>
\$ -	\$ -	\$ -	\$ 2,273,671
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,273,671</u>
<u>\$ (28,226)</u>	<u>\$ -</u>	<u>\$ (28,226)</u>	<u>\$ (2,664,952)</u>
\$ -	\$ 633,638	\$ 633,638	\$ 633,638
605,064	436,822	1,041,886	11,230,824
-	-	-	1,793,772
-	-	-	20,012
<u>\$ 605,064</u>	<u>\$1,070,460</u>	<u>\$1,675,524</u>	<u>\$ 13,678,246</u>
<u>\$ 576,838</u>	<u>\$1,070,460</u>	<u>\$1,647,298</u>	<u>\$ 16,343,198</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, 2021**

	Special Revenue Funds			
	Unified TIF	Hotel/ Motel Tax	Medical Costs	Police Retirement
REVENUES:				
Property taxes	\$ -	\$ -	\$ 404,778	\$ 838,070
TIF revenues	1,680,898	-	-	-
Other taxes	-	556,583	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Use of money and property	4,046	-	443	139,179
Special assessments	17,333	-	-	-
Contributions	-	-	-	-
Refund	-	-	-	-
Total revenues	<u>\$1,702,077</u>	<u>\$ 556,583</u>	<u>\$ 405,221</u>	<u>\$ 977,249</u>
EXPENDITURES:				
Operating:				
Public safety	\$ -	\$ -	\$ 105,744	\$ 758,201
Public works	-	-	-	-
Health & social services	-	-	-	-
Culture & recreation	-	-	-	-
Community & economic development	607,592	-	-	-
General government	-	544,525	-	-
Capital projects	-	-	-	-
Total expenditures	<u>\$ 607,592</u>	<u>\$ 544,525</u>	<u>\$ 105,744</u>	<u>\$ 758,201</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$1,094,485</u>	<u>\$ 12,058</u>	<u>\$ 299,477</u>	<u>\$ 219,048</u>
Other financing sources (uses):				
Proceeds from general obligation bonds	\$ -	\$ -	\$ -	\$ -
Transfers in	-	-	-	-
Transfers out	(404,720)	(135,000)	-	-
Total other financing sources (uses)	<u>\$ (404,720)</u>	<u>\$ (135,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 689,765	\$(122,942)	\$ 299,477	\$ 219,048
Fund balance (deficit) beginning of year	<u>597,828</u>	<u>130,941</u>	<u>162,344</u>	<u>2,829,135</u>
Fund balance (deficit) end of year	<u>\$1,287,593</u>	<u>\$ 7,999</u>	<u>\$ 461,821</u>	<u>\$ 3,048,183</u>

(continued)

Special Revenue Funds

<u>Fire Retirement</u>	<u>Employee Retirement</u>	<u>Library Trust</u>	<u>MacNider Museum Foundation</u>	<u>Other Special Revenue</u>
\$ 550,557	\$ 592,308	\$ -	\$ -	\$ -
-	-	-	-	353,895
-	14,884	-	-	-
-	-	-	-	289,122
-	-	148	-	13,065
54,062	-	(1,657)	296,009	27,788
-	-	-	-	-
-	-	-	-	-
-	-	21,279	64,853	100,000
<u>\$ 604,619</u>	<u>\$ 607,192</u>	<u>\$ 19,770</u>	<u>\$ 360,862</u>	<u>\$ 783,870</u>
\$ 581,393	\$ 185,378	\$ -	\$ -	\$ -
-	60,159	-	-	-
-	10,360	-	-	-
-	117,095	12,702	103,514	32,149
-	49,392	-	-	108,261
-	163,231	-	-	-
-	-	1,254	-	6,078
<u>\$ 581,393</u>	<u>\$ 585,615</u>	<u>\$ 13,956</u>	<u>\$ 103,514</u>	<u>\$ 146,488</u>
<u>\$ 23,226</u>	<u>\$ 21,577</u>	<u>\$ 5,814</u>	<u>\$ 257,348</u>	<u>\$ 637,382</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	153,116
-	-	-	-	(482,759)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$(329,643)</u>
\$ 23,226	\$ 21,577	\$ 5,814	\$ 257,348	\$ 307,739
<u>2,612,192</u>	<u>123,040</u>	<u>611,159</u>	<u>837,174</u>	<u>51,208</u>
<u>\$2,635,418</u>	<u>\$ 144,617</u>	<u>\$616,973</u>	<u>\$1,094,522</u>	<u>\$ 358,947</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, 2021**

	<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	\$ 2,385,713	\$ -	\$ -
TIF revenues	2,034,793	-	-
Other taxes	571,467	2,488,904	-
Intergovernmental	289,122	-	-
Charges for services	13,213	-	-
Use of money and property	519,870	3,861	-
Special assessments	17,133	-	-
Contributions	186,132	-	-
Refund	-	-	-
Total revenues	<u>\$ 6,017,443</u>	<u>\$2,492,765</u>	<u>\$ -</u>
EXPENDITURES:			
Operating:			
Public safety	\$ 1,630,716	\$ -	\$ -
Public works	60,159	138	-
Health & social services	10,360	-	-
Culture & recreation	265,460	-	-
Community & economic development	765,245	-	-
General government	707,756	-	-
Capital projects	<u>7,332</u>	<u>566,771</u>	<u>-</u>
Total expenditures	<u>\$ 3,447,028</u>	<u>\$ 566,909</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,570,415</u>	<u>\$1,925,856</u>	<u>\$ -</u>
Other financing sources (uses):			
Proceeds from general obligation bonds	\$ -	\$ -	\$ -
Transfers in	153,116	-	174,903
Transfers out	<u>(1,022,479)</u>	<u>(1,478,871)</u>	<u>-</u>
Total other financing sources (uses)	<u>\$ (869,363)</u>	<u>\$(1,478,871)</u>	<u>\$ 174,903</u>
Net change in fund balances	\$ 1,701,052	\$ 466,985	\$ 174,903
Fund balance (deficit) beginning of year	<u>7,955,021</u>	<u>1,899,664</u>	<u>(174,903)</u>
Fund balance (deficit) end of year	<u>\$ 9,656,073</u>	<u>\$2,346,649</u>	<u>\$ -</u>

SCHEDULE 2
(continued)

<u>Total Capital Projects</u>	<u>Permanent Funds</u>			<u>Total Nonmajor Governmental</u>
	<u>Cemetery Perpetual Care</u>	<u>MacNider Museum Trust</u>	<u>Total Permanent</u>	
\$ -	\$ -	\$ -	\$ -	\$ 2,385,713
-	-	-	-	2,034,793
2,488,904	-	-	-	3,060,371
-	-	-	-	289,122
-	14,146	-	14,146	27,359
3,861	-	9,602	9,602	533,333
-	-	-	-	17,133
-	-	110,162	110,162	296,294
-	-	-	-	-
<u>\$ 2,492,765</u>	<u>\$ 14,146</u>	<u>\$ 119,764</u>	<u>\$ 133,910</u>	<u>\$ 8,644,118</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,630,716
138	-	-	-	60,297
-	-	-	-	10,360
-	-	75,775	75,775	341,235
-	-	-	-	765,245
-	-	-	-	707,756
566,771	-	-	-	574,103
<u>\$ 566,909</u>	<u>\$ -</u>	<u>\$ 75,775</u>	<u>\$ 75,775</u>	<u>\$ 4,089,712</u>
<u>\$ 1,925,856</u>	<u>\$ 14,146</u>	<u>\$ 43,989</u>	<u>\$ 58,135</u>	<u>\$ 4,554,406</u>
\$ -	\$ -	\$ -	\$ -	\$ -
174,903	-	-	-	328,019
<u>(1,478,871)</u>	<u>-</u>	<u>(19,666)</u>	<u>(19,666)</u>	<u>(2,521,016)</u>
<u>\$(1,303,968)</u>	<u>\$ -</u>	<u>\$ (19,666)</u>	<u>\$ (19,666)</u>	<u>\$(2,192,997)</u>
\$ 621,888	\$ 14,146	\$ 24,323	\$ 38,469	\$ 2,361,409
<u>1,724,761</u>	<u>590,918</u>	<u>1,046,137</u>	<u>1,637,055</u>	<u>11,316,837</u>
<u>\$ 2,346,649</u>	<u>\$605,064</u>	<u>\$1,070,460</u>	<u>\$1,675,524</u>	<u>\$13,678,246</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 30,2021**

	<u>Final Budget</u>	<u>Actual</u>	Variance With Budget Positive (Negative)
REVENUES:			
TIF revenues	\$ 1,684,035	\$ 1,680,898	\$ (3,137)
Use of money & property	-	4,046	4,046
Special assessments	-	<u>17,133</u>	<u>17,133</u>
Total revenues	<u>\$ 1,684,035</u>	<u>\$ 1,702,077</u>	<u>\$ 18,042</u>
EXPENDITURES:			
Operating:			
Community & economic development:			
Contractual	\$ 1,934,105	\$ 607,592	\$ 1,326,513
Total community & economic development	<u>1,934,105</u>	<u>607,592</u>	<u>1,326,513</u>
Total expenditures	<u>\$ 1,934,105</u>	<u>\$ 607,592</u>	<u>\$ 1,326,513</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (250,070)</u>	<u>\$ 1,094,485</u>	<u>\$ 1,344,555</u>
Other financing sources (uses):			
Issuance of bonds	\$ 1,000,000	\$ -	\$(1,000,000)
Transfers out	<u>(504,720)</u>	<u>(404,720)</u>	<u>100,000</u>
Total other financing sources (uses)	<u>\$ 495,280</u>	<u>\$ (404,720)</u>	<u>\$ (900,000)</u>
Net change in fund balance	\$ 245,210	\$ 689,765	\$ 444,555
Fund balance (deficit) beginning of year	-	<u>597,828</u>	<u>597,828</u>
Fund balance (deficit) end of year	<u>\$ 245,210</u>	<u>\$ 1,287,593</u>	<u>\$ 1,042,383</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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
Other taxes	\$ 632,000	\$ 556,583	\$ (75,417)
Total revenues	<u>\$ 632,000</u>	<u>\$ 556,583</u>	<u>\$ (75,417)</u>
EXPENDITURES:			
Operating:			
Community & economic development:			
Contractual	\$ 302,000	\$ -	\$ 302,000
Other	<u>260,000</u>	<u>-</u>	<u>260,000</u>
Total community & economic development	<u>\$ 562,000</u>	<u>\$ -</u>	<u>\$ 562,000</u>
General government:			
Contractual	\$ -	\$ 280,000	\$(280,000)
Other	<u>-</u>	<u>264,525</u>	<u>(264,525)</u>
Total general government	<u>\$ -</u>	<u>\$ 544,525</u>	<u>\$(544,525)</u>
Total expenditures	<u>\$ 562,000</u>	<u>\$ 544,525</u>	<u>\$ 17,475</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 70,000</u>	<u>\$ 12,058</u>	<u>\$ (57,942)</u>
Other financing sources (uses):			
Transfers out	<u>\$(135,000)</u>	<u>\$(135,000)</u>	<u>\$ -</u>
Total other financing sources	<u>\$(135,000)</u>	<u>\$(135,000)</u>	<u>\$ -</u>
Net change in fund balance	\$ (65,000)	\$(122,942)	\$ (57,942)
Fund balance (deficit) beginning of year	<u>-</u>	<u>130,941</u>	<u>130,941</u>
Fund balance (deficit) end of year	<u>\$ (65,000)</u>	<u>\$ 7,999</u>	<u>\$ 72,999</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, 2021

	<u>Final Budget</u>	<u>Actual</u>	Variance With Budget Positive (Negative)
REVENUES:			
Property taxes	\$ 786,634	\$ 838,070	\$ 51,436
Other taxes	19,212	-	(19,212)
Intergovernmental	28,284	-	(28,284)
Use of money and property:			
Interest on investments	<u>40,000</u>	<u>139,179</u>	<u>99,179</u>
Total revenues	<u>\$ 874,130</u>	<u>\$ 977,249</u>	<u>\$ 103,119</u>
EXPENDITURES:			
Operating:			
Public safety:			
Pension contributions	\$ 873,630	\$ 758,201	\$ 115,429
Commodities	<u>500</u>	<u>-</u>	<u>500</u>
Total expenditures	<u>\$ 874,130</u>	<u>\$ 758,201</u>	<u>\$ 115,929</u>
Net change in fund balance	\$ -	\$ 219,048	\$ 219,048
Fund balance (deficit) beginning of year	<u>-</u>	<u>2,829,135</u>	<u>2,829,135</u>
Fund balance (deficit) end of year	<u><u>\$ -</u></u>	<u><u>\$3,048,183</u></u>	<u><u>\$3,048,183</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, 2021

	<u>Final Budget</u>	<u>Actual</u>	Variance With Budget Positive (Negative)
REVENUES:			
Property taxes	\$ 516,537	\$ 550,557	\$ 34,020
Other taxes	12,616	-	(12,616)
Intergovernmental	18,572	-	(18,572)
Use of money and property:			
Interest on investment	<u>30,000</u>	<u>54,062</u>	<u>24,062</u>
Total revenues	<u>\$ 577,725</u>	<u>\$ 604,619</u>	<u>\$ 26,894</u>
EXPENDITURES:			
Operating:			
Public safety:			
Pension contributions	\$ 577,225	\$ 581,393	\$ (4,168)
Commodities	<u>500</u>	<u>-</u>	<u>500</u>
Total expenditures	<u>\$ 577,725</u>	<u>\$ 581,393</u>	<u>\$ (3,668)</u>
Net change in fund balance	\$ -	\$ 23,226	\$ 23,226
Fund balance (deficit) beginning of year	<u>-</u>	<u>2,612,192</u>	<u>2,612,192</u>
Fund balance (deficit) end of year	<u>\$ -</u>	<u>\$ 2,635,418</u>	<u>\$ 2,635,418</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, 2021

	<u>Final Budget</u>	<u>Actual</u>	Variance With Budget Positive (Negative)
REVENUES:			
Property taxes	\$ 589,843	\$ 592,308	\$ 2,465
Other city taxes	14,400	14,884	484
Intergovernmental	<u>21,208</u>	<u>-</u>	<u>(21,208)</u>
Total revenues	<u>\$ 625,451</u>	<u>\$ 607,192</u>	<u>\$(18,259)</u>
EXPENDITURES:			
Operating:			
Public safety	\$ 197,246	\$ 185,378	\$ 11,868
Public works	62,246	60,159	2,087
Health & social services	10,937	10,360	577
Culture & recreation	128,946	117,095	11,851
Community & economic development	41,440	49,392	(7,952)
General government	<u>184,636</u>	<u>163,231</u>	<u>21,405</u>
Total expenditures	<u>\$ 625,451</u>	<u>\$ 585,615</u>	<u>\$ 39,836</u>
Net change in fund balance	\$ -	\$ 21,577	\$ 21,577
Fund balance (deficit) beginning of year	<u>-</u>	<u>123,040</u>	<u>123,040</u>
Fund balance (deficit) end of year	<u><u>\$ -</u></u>	<u><u>\$ 144,617</u></u>	<u><u>\$ 144,617</u></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, 2021

	<u>Final Budget</u>	<u>Actual</u>	Variance With Budget Positive (Negative)
REVENUES:			
Charges for service	\$ 2,500	\$ 148	\$ (2,352)
Use of money and property	2,000	(1,657)	(3,657)
Miscellaneous	<u>59,500</u>	<u>21,279</u>	<u>(38,221)</u>
Total revenues	<u>\$ 64,000</u>	<u>\$ 19,770</u>	<u>\$ (44,230)</u>
EXPENDITURES:			
Operating:			
Culture & recreation:			
Contractual	\$ 52,000	\$ 5,979	\$ 46,021
Commodities	<u>7,000</u>	<u>6,723</u>	<u>277</u>
Total culture & recreation	<u>\$ 59,000</u>	<u>\$ 12,702</u>	<u>\$ 46,298</u>
Capital projects	<u>5,000</u>	<u>1,254</u>	<u>3,746</u>
Total expenditures	<u>\$ 64,000</u>	<u>\$ 13,956</u>	<u>\$ 50,044</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 5,814</u>	<u>\$ 5,814</u>
Other financing sources (uses):			
Transfers out	<u>\$ 55,204</u>	<u>\$ -</u>	<u>\$ 55,204</u>
Total other financing sources (uses)	<u>\$ (55,204)</u>	<u>\$ -</u>	<u>\$ 55,204</u>
Net change in fund balance	\$ (55,204)	\$ 5,814	\$ 61,018
Fund balance (deficit) beginning of year	<u>-</u>	<u>611,159</u>	<u>611,159</u>
Fund balance (deficit) end of year	<u>\$ (55,204)</u>	<u>\$ 616,973</u>	<u>\$ 672,177</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, 2021

	<u>Final Budget</u>	<u>Actual</u>	Variance With Budget Positive (Negative)
REVENUES:			
Property taxes	\$ 376,903	\$ 404,778	\$ 27,875
Intergovernmental	13,563	-	(13,563)
Use of money and property		443	443
Miscellaneous	<u>9,534</u>	<u>-</u>	<u>(9,534)</u>
Total revenues	<u>\$ 400,000</u>	<u>\$ 405,221</u>	<u>\$ 5,221</u>
EXPENDITURES:			
Current:			
Public safety:			
Contractual	<u>\$ 400,000</u>	<u>\$ 105,744</u>	<u>\$ 294,256</u>
Net change in fund balance	\$ -	\$ 299,477	\$ 299,477
Fund balance (deficit) beginning of year	<u>-</u>	<u>162,344</u>	<u>162,344</u>
Fund balance (deficit) end of year	<u><u>\$ -</u></u>	<u><u>\$ 461,821</u></u>	<u><u>\$ 461,821</u></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, 2021

	<u>Final Budget</u>	<u>Actual</u>	Variance With Budget Positive (Negative)
REVENUES:			
Charges for services	\$ 18,200	\$ 1,370	\$(16,830)
Use of money and property	<u>-</u>	<u>5,881</u>	<u>5,881</u>
Total revenues	<u>\$ 18,200</u>	<u>\$ 7,251</u>	<u>\$(10,949)</u>
EXPENDITURES:			
Operating:			
Culture & recreational:			
Personal service	\$ 2,000	\$ -	\$ 2,000
Contractual	1,200	-	1,200
Commodities	<u>14,000</u>	<u>12,529</u>	<u>1,471</u>
Total culture & recreation	<u>\$ 17,200</u>	<u>\$ 12,529</u>	<u>\$ 4,671</u>
Capital projects	<u>1,000</u>	<u>5,099</u>	<u>(4,099)</u>
Total expenditures	<u>\$ 18,200</u>	<u>\$ 17,628</u>	<u>\$ 572</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$(10,377)</u>	<u>\$(10,377)</u>
Other financing sources (uses):			
Transfers in	<u>\$ -</u>	<u>\$ 8,956</u>	<u>\$ 8,956</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 8,956</u>	<u>\$ 8,956</u>
Net change in fund balance	\$ -	\$ (1,421)	\$ (1,421)
Fund balance (deficit) beginning of year	<u>-</u>	<u>79</u>	<u>79</u>
Fund balance (deficit) end of year	<u>\$ -</u>	<u>\$ (1,342)</u>	<u>\$ (1,342)</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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 37,000	\$ 11,696	\$(25,304)
Use of money and property	<u>-</u>	<u>21,907</u>	<u>21,907</u>
Total revenues	<u>\$ 37,000</u>	<u>\$ 33,603</u>	<u>\$ (3,397)</u>
EXPENDITURES:			
Operating:			
Culture & recreation:			
Contractual	\$ 4,900	\$ 6,652	\$ (1,752)
Commodities	<u>25,600</u>	<u>12,968</u>	<u>12,632</u>
Total culture & recreation	<u>\$ 30,500</u>	<u>\$ 19,620</u>	<u>\$ 10,880</u>
Capital projects	<u>6,500</u>	<u>979</u>	<u>5,521</u>
Total expenditures	<u>\$ 37,000</u>	<u>\$ 20,599</u>	<u>\$ 16,401</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 13,004</u>	<u>\$ 13,004</u>
Other financing sources (uses):			
Transfers out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balance	\$ -	\$ 13,004	\$ 13,004
Fund balance (deficit) beginning of year	<u>-</u>	<u>69,273</u>	<u>69,273</u>
Fund balance (deficit) end of year	<u><u>\$ -</u></u>	<u><u>\$ 82,277</u></u>	<u><u>\$ 82,277</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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental:			
Federal assistance	\$ 212,377	\$ 130,452	\$ (81,925)
Miscellaneous	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>
Total revenues	<u>\$ 222,377</u>	<u>\$ 130,452</u>	<u>\$ (91,925)</u>
EXPENDITURES:			
Operating:			
Community & economic development:			
Personal service	\$ 6,923	\$ 2,141	\$ 4,782
Contractual	90,556	8,890	81,666
Commodities	13,000		13,000
Other	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total community & economic development program	\$ 120,479	\$ 11,031	\$ 109,448
Total expenditures	<u>\$ 120,479</u>	<u>\$ 11,031</u>	<u>\$ 109,448</u>
Excess (deficiency) of revenue over (under) expenditures	<u>\$ 101,898</u>	<u>\$ 119,421</u>	<u>\$ 17,523</u>
Other financing sources (uses):			
Transfers in	\$ -	\$ 19,447	\$ 19,447
Transfers out	<u>(101,898)</u>	<u>-</u>	<u>101,898</u>
Total other financing sources (uses):	<u>\$ (101,898)</u>	<u>\$ 19,447</u>	<u>\$ 121,345</u>
Net change in fund balance	\$ -	\$ 138,868	\$ 138,868
Fund balance (deficit) beginning of year	<u>-</u>	<u>(117,512)</u>	<u>(117,512)</u>
Fund balance (deficit) end of year	<u><u>\$ -</u></u>	<u><u>\$ 21,356</u></u>	<u><u>\$ 21,356</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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental:			
Federal assistance	\$ 165,875	\$ 41,270	\$ (124,605)
Total Revenue	<u>\$ 165,875</u>	<u>\$ 41,270</u>	<u>\$ (124,605)</u>
EXPENDITURES:			
Operating:			
Community & economic development:			
Personal service	\$ 10,375	\$ -	\$ 10,375
Contractual	<u>155,500</u>	<u>58,588</u>	<u>96,912</u>
Total community & economic development program	<u>\$ 165,875</u>	<u>\$ 58,588</u>	<u>\$ 107,287</u>
Total expenditures	<u>\$ 165,875</u>	<u>\$ 58,588</u>	<u>\$ 107,287</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (17,318)	\$ (17,318)
Other financing sources (uses):			
Transfers in	\$ -	\$ 11,887	\$ 11,887
Total other financing sources (uses):	\$ -	\$ 11,887	\$ 11,887
Net change in fund balance	\$ -	\$ (5,430)	\$ (5,430)
Fund balance (deficit) beginning of year	-	5,430	5,430
Fund balance (deficit) end of year	<u>\$ -</u>	<u>\$ -</u>	<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, 2021

	<u>Final Budget</u>	<u>Actual</u>	Variance With Budget Positive (Negative)
REVENUES:			
TIF revenues	\$ 334,000	\$ 336,363	\$ 2,363
Intergovernmental	-	117,399	117,399
Contributions	<u>-</u>	<u>100,000</u>	<u>100,000</u>
Total revenues	<u>\$ 334,000</u>	<u>\$ 553,762</u>	<u>\$ 219,762</u>
EXPENDITURES:			
Operating:			
Community & economic development:			
Personal services	\$ 150,000	\$ -	\$ 150,000
Contractual	<u>-</u>	<u>38,642</u>	<u>(38,642)</u>
Total expenditures	<u>\$ 150,000</u>	<u>\$ 38,642</u>	<u>\$ (111,358)</u>
Excess of revenues over expenditures	<u>\$ 184,000</u>	<u>\$ 515,120</u>	<u>\$ 331,120</u>
Other financing sources (uses):			
Transfer out	<u>\$(184,000)</u>	<u>\$(434,056)</u>	<u>\$(250,056)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 81,064</u>	<u>\$ 81,064</u>
Fund balance (deficit) beginning of year	<u>-</u>	<u>162,164</u>	<u>162,164</u>
Fund balance (deficit) end of year	<u><u>\$ -</u></u>	<u><u>\$ 243,228</u></u>	<u><u>\$ 243,228</u></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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
Property tax	\$ 3,457,937	\$ 3,678,588	\$ 220,651
Other taxes	79,991	-	(79,991)
Use of money and property	-	3,314	3,314
Miscellaneous	<u>1,037,400</u>	<u>-</u>	<u>(1,037,400)</u>
Total revenues	<u>\$ 4,575,328</u>	<u>\$ 3,681,902</u>	<u>\$ (893,426)</u>
EXPENDITURES:			
Debt service:			
Principal redemption	\$ 8,099,828	\$ 4,269,000	\$ 3,830,828
Interest payments	-	1,185,055	(1,185,055)
Contractual	<u>15,000</u>	<u>74,993</u>	<u>(59,993)</u>
Total Debt Service	<u>\$ 8,114,828</u>	<u>\$ 5,529,048</u>	<u>\$ 2,585,780</u>
Total expenditures	<u>\$ 8,114,828</u>	<u>\$ 5,529,048</u>	<u>\$ 2,585,780</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (3,539,500)</u>	<u>\$ (1,847,146)</u>	<u>\$ 1,692,354</u>
Other financing sources (uses):			
Issuance of general obligation bonds	\$ -	\$ 209,737	\$ 209,737
Premium/(Discount) on bonds issued	-	124,873	124,873
Transfers in	3,139,500	1,673,847	(1,465,653)
Transfers out	<u>(14,900)</u>	<u>(14,900)</u>	<u>-</u>
Total other financing sources (uses)	<u>\$ 3,124,600</u>	<u>\$ 1,993,557</u>	<u>\$(1,131,043)</u>
Net change in fund balance	\$ (414,900)	\$ 146,411	\$ 561,311
Fund balance (deficit) beginning of year	<u>-</u>	<u>802,369</u>	<u>802,369</u>
Fund balance (deficit) end of year	<u>\$ (414,900)</u>	<u>\$ 948,780</u>	<u>\$ 1,363,680</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, 2021

	<u>Final Budget</u>	<u>Actual</u>	Variance With Budget Positive (Negative)
REVENUES:			
Other taxes	\$ 1,940,000	\$ 2,488,904	\$ 548,904
Use of money and property	<u>-</u>	<u>3,861</u>	<u>3,861</u>
Total revenues	<u>\$ 1,940,000</u>	<u>\$ 2,492,765</u>	<u>\$ 552,765</u>
EXPENDITURES:			
Current:			
Public works:			
Contractual	\$ -	\$ 138	\$ (138)
Capital projects	<u>\$ 1,204,394</u>	<u>\$ 566,771</u>	<u>\$ 637,623</u>
Total expenditures	<u>\$ 1,204,394</u>	<u>\$ 566,909</u>	<u>\$ 637,485</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 735,606</u>	<u>\$ 1,925,856</u>	<u>\$1,190,250</u>
Other financing sources (uses):			
Transfers out	<u>\$(1,210,209)</u>	<u>\$(1,478,871)</u>	<u>\$(268,662)</u>
Total other financing sources (uses):	<u>\$(1,210,209)</u>	<u>\$(1,478,871)</u>	<u>\$(268,662)</u>
Net change in fund balance	\$ (474,603)	\$ 446,985	\$ 921,588
Fund balance (deficit) beginning of year	<u>-</u>	<u>1,899,664</u>	<u>1,899,664</u>
Fund balance (deficit) end of year	<u>\$ (474,603)</u>	<u>\$ 2,346,649</u>	<u>\$2,821,252</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, 2021

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ -	\$ 146,872	\$ 146,872
Use of money and property	-	5,088	5,088
Miscellaneous	<u>150,000</u>	<u>140,000</u>	<u>(10,000)</u>
Total revenues	<u>\$ 150,000</u>	<u>\$ 291,960</u>	<u>\$ 141,960</u>
EXPENDITURES:			
Operating:			
Public works:			
Contractual	\$ -	\$ 1,472,059	\$ (1,472,059)
Commodities	<u>-</u>	<u>20,641</u>	<u>(20,641)</u>
Total public works	<u>\$ -</u>	<u>\$ 1,492,700</u>	<u>\$ (1,492,700)</u>
Capital projects	<u>\$ 11,850,000</u>	<u>\$ -</u>	<u>\$ 11,850,000</u>
Total expenditures	<u>\$ 11,850,000</u>	<u>\$ 1,492,700</u>	<u>\$ 10,357,300</u>
Excess (deficiency) of revenues over (under) expenditure	<u>\$(11,700,000)</u>	<u>\$ (1,200,740)</u>	<u>\$ 10,499,260</u>
Other financing sources (uses):			
Issuance of general obligation bonds	<u>\$ 8,700,000</u>	<u>\$ -</u>	<u>\$ (8,700,000)</u>
Total other financing sources (uses)	<u>\$ 8,700,000</u>	<u>\$ -</u>	<u>\$ (8,700,000)</u>
Net change in fund balance	\$ (3,000,000)	\$ (1,200,740)	\$ 1,799,260
Fund balance (deficit) beginning of year	<u>-</u>	<u>2,379,287</u>	<u>2,379,287</u>
Fund balance (deficit) end of year	<u>\$ (3,000,000)</u>	<u>\$ 1,178,547</u>	<u>\$ 4,178,547</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, 2021**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Budget Positive (Negative)</u>
REVENUES:			
Use of money and property	\$ 5,000	\$ 9,602	\$ 4,602
Miscellaneous	<u>53,530</u>	<u>110,162</u>	<u>56,632</u>
Total revenues	<u>\$ 58,530</u>	<u>\$ 119,764</u>	<u>\$ 61,234</u>
EXPENDITURES:			
Operating:			
Culture & recreation:			
Commodities	<u>\$ 15,000</u>	<u>\$ 75,775</u>	<u>\$ (60,775)</u>
Total expenditures	<u>\$ 15,000</u>	<u>\$ 75,775</u>	<u>\$ (60,775)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 43,530</u>	<u>\$ 43,989</u>	<u>\$ 459</u>
Other financing sources (uses):			
Transfers out	<u>\$ (40,000)</u>	<u>\$ (19,666)</u>	<u>\$ 20,334</u>
Total other financing sources (uses):	<u>\$ (40,000)</u>	<u>\$ (19,666)</u>	<u>\$ 20,334</u>
Net change in fund balance	\$ 3,530	\$ 24,323	\$ 20,793
Fund balance (deficit) beginning of year	<u>-</u>	<u>1,046,137</u>	<u>1,046,137</u>
Fund balance (deficit) end of year	<u>\$ 3,530</u>	<u>\$1,070,460</u>	<u>\$1,066,930</u>

ENTERPRISE FUNDS

**CITY OF MASON CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2021**

	<u>Cemetery</u>	<u>Storm Sewer</u>	<u>Solid Waste</u>	<u>Golf Course</u>
Assets:				
Current assets:				
Cash	\$ 110,060	\$ -	\$ 286,085	\$ 28,026
Investments	1,129	3,170,000	150,000	-
Receivables:				
Property taxes	2,987	-	-	-
Succeeding year property taxes	182,804	-	-	-
Accounts (net)	1,250	53,888	202,401	-
Accrued interest	-	1,434	71	-
Inventory	4,550	-	-	10,868
Due from other funds	(28,226)	-	-	-
Prepaid insurance	-	-	804	3,211
Total current assets	<u>\$ 274,554</u>	<u>\$ 3,225,322</u>	<u>\$ 639,361</u>	<u>\$ 42,105</u>
Noncurrent assets:				
Property, plant, and equipment:				
Land	\$ -	\$ -	\$ -	\$ 196,813
Buildings	47,699	-	461,278	633,988
Equipment	217,946	24,728	12,606	535,115
Sewer lines and lifts	-	6,232,172	-	-
Improvements	681,363	-	-	105,620
Vehicles	70,106	-	958,133	18,533
Construction in progress	-	<u>1,216,301</u>	-	-
Total property, plant, and equipment	<u>\$1,017,114</u>	<u>\$ 7,473,201</u>	<u>\$1,432,017</u>	<u>\$ 1,490,069</u>
Less accumulated depreciation	<u>(710,791)</u>	<u>(3,530,263)</u>	<u>(793,115)</u>	<u>(880,310)</u>
Net property, plant, and equipment	<u>\$ 306,323</u>	<u>\$ 3,942,938</u>	<u>\$ 638,902</u>	<u>\$ 609,759</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Pension related deferred outflows	<u>\$ 43,514</u>	<u>\$ -</u>	<u>\$ 145,981</u>	<u>\$ 26,469</u>
Total assets and deferred outflows of resources	<u>\$ 624,391</u>	<u>\$ 7,168,260</u>	<u>\$1,424,244</u>	<u>\$ 678,333</u>

(continued)

<u>Parking Lots</u>	<u>RCR Arena</u>	<u>Total</u>
\$ -	\$ 2,037	\$ 426,208
-	-	3,321,129
-	-	2,987
-	-	182,804
1,588	-	259,127
-	-	1,505
-	5,838	21,256
-	-	(28,226)
-	-	4,015
<u>\$ 1,588</u>	<u>\$ 7,875</u>	<u>\$ 4,190,805</u>
\$4,143,120	\$ -	\$ 4,339,933
-	-	1,142,965
-	-	790,395
-	-	6,232,172
2,584,991	-	3,371,974
13,000	-	1,059,772
-	-	1,216,301
<u>\$6,741,111</u>	<u>\$ -</u>	<u>\$18,153,512</u>
<u>(2,597,991)</u>	<u>-</u>	<u>(8,512,470)</u>
<u>\$4,143,120</u>	<u>\$ -</u>	<u>\$ 9,641,042</u>
<u>\$ 10,427</u>	<u>\$ 11,430</u>	<u>\$ 237,821</u>
<u>\$4,155,135</u>	<u>\$ 19,305</u>	<u>\$14,069,668</u>

**CITY OF MASON CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2021**

	<u>Cemetery</u>	<u>Storm Sewer</u>	<u>Solid Waste</u>	<u>Golf Course</u>
LIABILITIES:				
Current liabilities:				
Accounts payable	\$ 4,697	\$ 14	\$ 58,597	\$ 47,195
Salaries payable	14,269	-	42,081	14,311
Contracts payable	-	237,238	-	-
Compensated absences payable	13,195	-	52,865	18,735
Accrued interest payable	-	2,564	-	-
Due to other funds	33,451	712,026	-	-
Due to state government	-	-	-	3,238
General obligation bonds	-	260,000	-	-
Prepaid interments	20,906	-	-	-
Unearned revenue	-	-	-	10,222
Total current liabilities	<u>\$ 86,518</u>	<u>\$1,211,842</u>	<u>\$ 153,543</u>	<u>\$ 93,701</u>
Long-term debt:				
General obligation bonds	\$ -	\$1,180,000	\$ -	\$ -
Total OPEB liability	11,722	12,141	50,429	9,228
Net pension liability	<u>180,419</u>	<u>-</u>	<u>547,648</u>	<u>232,704</u>
Total long-term debt	<u>\$ 192,141</u>	<u>\$1,192,141</u>	<u>\$ 598,077</u>	<u>\$ 241,932</u>
DEFERRED INFLOW OF RESOURCES:				
Succeeding year property taxes	\$ 182,804	\$ -	\$ -	\$ -
Pension related deferred inflows	<u>6,511</u>	<u>-</u>	<u>21,844</u>	<u>3,961</u>
Total deferred inflows of resources	<u>\$ 189,315</u>	<u>\$ -</u>	<u>\$ 21,844</u>	<u>\$ 3,961</u>
Total liabilities and deferred inflows of resources	<u>\$ 467,974</u>	<u>\$2,403,983</u>	<u>\$ 773,464</u>	<u>\$ 339,594</u>
NET POSITION:				
Net investment in capital assets	\$ 306,323	\$2,502,938	\$ 638,902	\$ 609,759
Unrestricted	<u>(149,906)</u>	<u>2,261,339</u>	<u>11,878</u>	<u>(271,020)</u>
Total net position	<u>\$ 156,417</u>	<u>\$4,764,277</u>	<u>\$ 650,780</u>	<u>\$ 338,739</u>

<u>Parking Lots</u>	<u>RCR Arena</u>	<u>Total</u>
\$ 484	\$ 112,504	\$ 223,491
2,884	3,908	77,453
-	-	237,238
10,038	3,917	98,750
-	-	2,564
-	-	745,477
-	-	3,238
-	-	260,000
-	-	20,906
300	-	10,522
<u>\$ 13,706</u>	<u>\$ 120,329</u>	<u>\$1,679,639</u>
\$ -	\$ -	\$1,180,000
4,796	2,494	90,810
<u>37,865</u>	<u>45,075</u>	<u>1,043,711</u>
<u>\$ 42,661</u>	<u>\$ 47,569</u>	<u>\$2,314,521</u>
\$ -	\$ -	\$ 182,804
<u>1,560</u>	<u>1,710</u>	<u>35,586</u>
<u>\$ 1,560</u>	<u>\$ 1,710</u>	<u>\$ 218,390</u>
<u>\$ 57,927</u>	<u>\$ 169,608</u>	<u>\$4,212,550</u>
\$4,143,120	\$ -	\$8,201,042
<u>(45,912)</u>	<u>(150,303)</u>	<u>1,656,076</u>
<u>\$4,097,208</u>	<u>\$ (150,303)</u>	<u>\$9,857,118</u>

**CITY OF MASON CITY
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Cemetery</u>	<u>Storm Sewer</u>	<u>Solid Waste</u>	<u>Golf Course</u>
Operating revenues:				
Charges for service	<u>\$ 127,219</u>	<u>\$ 430,833</u>	<u>\$1,703,555</u>	<u>\$ 449,909</u>
Operating expenses:				
Business-type activities:				
Personal service	\$ 306,351	\$ -	\$1,031,777	\$ 285,165
Contractual	19,421	509	464,056	64,488
Commodities	52,680	4,917	82,805	127,064
Other	11,949	240	52	-
Depreciation	<u>44,522</u>	<u>188,047</u>	<u>69,887</u>	<u>47,410</u>
Total operating expenses	<u>\$ 434,923</u>	<u>\$ 193,713</u>	<u>\$1,648,577</u>	<u>\$ 524,127</u>
Operating income (loss)	<u>\$(307,704)</u>	<u>\$ 237,120</u>	<u>\$ 54,978</u>	<u>\$ (74,218)</u>
Nonoperating revenues (expenses):				
Property taxes	\$ 170,757	\$ -	\$ -	\$ -
Intergovernmental	-	73,500	-	-
Fines and forfeitures	-	-	-	-
Use of money and property	(5,412)	5,811	631	21,743
Special assessments	-	11,941	1,978	-
Miscellaneous	90,316	-	2,254	253
Interest	-	(36,523)	-	-
Gain (loss) on disposal of assets	<u>(9,173)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total nonoperating revenue (expenses)	<u>\$ 246,488</u>	<u>\$ 54,729</u>	<u>\$ 4,863</u>	<u>\$ 21,996</u>
Income (loss) before contributions and transfers	<u>\$ (61,216)</u>	<u>\$ 291,849</u>	<u>\$ 59,841</u>	<u>\$ (52,222)</u>
Contributions and transfers:				
Transfers in	\$ 14,900	\$ -	\$ -	\$ 32,363
Transfers out	<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>
Total contributions and transfers	<u>\$ 14,900</u>	<u>\$ (20,000)</u>	<u>\$ -</u>	<u>\$ 32,363</u>
Change in net position	<u>\$ (46,316)</u>	<u>\$ 271,849</u>	<u>\$ 59,841</u>	<u>\$ (19,859)</u>
Net position beginning of year	<u>202,733</u>	<u>4,492,428</u>	<u>590,939</u>	<u>358,598</u>
Net position end of year	<u>\$ 156,417</u>	<u>\$4,764,277</u>	<u>\$ 650,780</u>	<u>\$ 338,739</u>

<u>Parking Lots</u>	<u>RCR Arena</u>	<u>Total</u>
\$ 4,053	\$ 109,989	\$ 2,825,558
\$ 76,980	\$ 84,366	\$ 1,784,639
42,962	380,648	972,084
842	74,103	342,411
-	1,480	13,721
-	-	349,866
<u>\$ 120,784</u>	<u>\$ 540,597</u>	<u>\$ 3,462,721</u>
<u>\$ (116,731)</u>	<u>\$ (430,608)</u>	<u>\$ (637,163)</u>
\$ -	\$ -	\$ 170,757
-	-	73,500
37,137	-	37,137
-	73,035	95,808
-	-	13,919
-	-	92,823
-	-	(36,523)
-	-	(9,173)
<u>\$ 37,137</u>	<u>\$ 73,035</u>	<u>\$ 438,248</u>
<u>\$ (79,594)</u>	<u>\$ (357,573)</u>	<u>\$ (198,915)</u>
\$ 257,746	\$ 284,431	\$ 589,440
-	-	(20,000)
<u>\$ 257,746</u>	<u>\$ 284,431</u>	<u>\$ 569,440</u>
\$ 178,152	\$ (73,142)	\$ 370,525
<u>3,919,056</u>	<u>(77,161)</u>	<u>9,486,593</u>
<u>\$4,097,208</u>	<u>\$ (150,303)</u>	<u>\$ 9,857,118</u>

**CITY OF MASON CITY, IOWA
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

	<u>Cemetery</u>	<u>Storm Sewer</u>	<u>Solid Waste</u>
Cash flows from operating activities:			
Cash received from customers	\$ 134,406	\$ 431,888	\$1,700,174
Cash paid to employees for services	(292,027)	-	(987,605)
Cash paid to other suppliers of goods or services	(64,564)	(7,776)	(345,150)
Cash received (paid) for miscellaneous items	<u>90,316</u>	<u>-</u>	<u>2,254</u>
Net cash provided (used) by operating activities	<u>\$(131,869)</u>	<u>\$ 424,112</u>	<u>\$ 369,673</u>
Cash flows from non-capital financing activities:			
Proceeds from property tax levy	\$ 173,195	\$ -	\$ -
Proceeds from special assessments	-	11,941	1,978
Intergovernmental proceeds	-	73,500	-
Transfers in	14,900	-	-
Transfers out	-	(20,000)	-
Advance to (from) other funds	<u>-</u>	<u>1,039,820</u>	<u>-</u>
Net cash provided (used) by non-capital financing activities	<u>\$ 188,095</u>	<u>\$ 1,105,261</u>	<u>\$ 1,978</u>
Cash flows form capital and related financing activities:			
Acquisition of capital assets	\$ (20,937)	\$ (374,626)	\$ (183,936)
Principal payments	-	(240,000)	-
Interest paid on bonds	<u>-</u>	<u>(37,000)</u>	<u>-</u>
Net cash used for capital and related financing activities	<u>\$ (20,937)</u>	<u>\$ (651,626)</u>	<u>\$ (183,936)</u>
Cash flows from investing activities:			
Proceeds from sale of investments	\$ 115,000	\$ 3,395,000	\$ 460,000
Purchase of investments	(95,000)	(5,515,000)	(410,000)
Interest received	245	8,209	1,581
Rent Received	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>\$ 20,245</u>	<u>\$(2,111,791)</u>	<u>\$ 51,581</u>
Net increase (decrease) in cash	\$ 55,534	\$(1,234,044)	\$ 239,296
Cash beginning of year	<u>54,526</u>	<u>1,234,044</u>	<u>46,789</u>
Cash end of year	<u>\$ 110,060</u>	<u>\$ -</u>	<u>\$ 286,085</u>

(continued)

<u>Golf Course</u>	<u>Parking Lots</u>	<u>RCR Arena</u>	<u>Total</u>
\$ 492,900	\$ 3,975	\$ 97,610	\$ 2,860,953
(236,150)	(72,378)	(75,446)	(1,663,606)
(283,083)	(42,902)	(378,030)	(1,121,505)
<u>253</u>	<u>37,137</u>	<u>-</u>	<u>129,960</u>
<u>\$ (26,080)</u>	<u>\$ (74,168)</u>	<u>\$ (355,866)</u>	<u>\$ 205,802</u>
\$ -	\$ -	\$ -	\$ 173,195
-	-	-	13,919
-	-	-	73,500
32,363	257,746	284,431	589,440
-	-	-	(20,000)
<u>-</u>	<u>183,578</u>	<u>-</u>	<u>856,242</u>
<u>\$ 32,363</u>	<u>\$ 74,168</u>	<u>\$ 284,431</u>	<u>\$ 1,686,296</u>
\$ -	\$ -	\$ -	\$ (579,499)
-	-	-	(240,000)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,000)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (856,499)</u>
\$ -	\$ -	\$ -	\$ 3,970,000
-	-	-	(6,020,000)
10	-	73,032	83,077
<u>21,733</u>	<u>-</u>	<u>-</u>	<u>21,733</u>
<u>\$ 21,743</u>	<u>\$ -</u>	<u>\$ 73,032</u>	<u>\$ (1,945,190)</u>
\$ 28,026	\$ -	\$ 1,597	\$ (909,591)
-	-	440	1,335,799
<u>\$ 28,026</u>	<u>\$ -</u>	<u>\$ 2,037</u>	<u>\$ 426,208</u>

**CITY OF MASON CITY, IOWA
NONMAJOR ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

	<u>Cemetery</u>	<u>Storm Sewer</u>	<u>Solid Waste</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$(307,704)	\$ 237,120	\$ 54,978
Adjustments to reconcile operating income (loss) to net cash from operating activities:			
Depreciation and amortization expense	44,522	188,047	69,887
Miscellaneous income	90,316	-	2,254
Change in assets and liabilities:			
(Increase) decrease in receivables	15,757	(1,055)	(4,146)
(Increase) decrease in inventory	(606)	-	-
(Increase) decrease in due from other funds	19,952	-	183,578
(Increase) decrease in prepaid insurance	1,310	-	(348)
(Increase) decrease in deferred outflows	34	-	(16,689)
Increase (decrease) in accounts and contracts payable	(2,369)	-	19,298
Increase (decrease) in salaries payable	371	-	3,443
Increase (decrease) in accrued compensated absences	2,012	-	(2,512)
Increase (decrease) in due to other funds	1,132	-	-
Increase (decrease) in due to state government	-	-	-
Increase (decrease) in prepaid interments	(8,570)	-	-
Increase (decrease) in unearned revenue	-	-	-
Increase (decrease) in total OPEB liability	1,011	-	(1,033)
Increase (decrease) in net pension liability	27,002	-	90,587
Increase (decrease) in deferred inflows	<u>(16,039)</u>	<u>-</u>	<u>(29,624)</u>
 Net cash provided (used) by operating activities	 <u>\$(131,869)</u>	 <u>\$ 424,112</u>	 <u>\$ 369,673</u>

SCHEDULE 21
(continued)

<u>Golf Course</u>	<u>Parking Lots</u>	<u>RCR Arena</u>	<u>Total</u>
\$ (74,218)	\$(116,731)	\$(430,608)	\$ (637,163)
47,410	-	-	349,866
253	37,137	-	129,960
-	1,760	-	12,316
(4,357)	-	(5,838)	(10,801)
15,333	-	-	218,863
(112)	-	-	850
34,361	(1,380)	(753)	15,573
10,002	(537)	86,992	113,386
886	355	1,118	6,173
5,017	245	2,178	6,940
(69,525)	-	(15,333)	(83,726)
118	-	-	118
-	-	-	(8,570)
-	(400)	-	(400)
2,727	268	924	3,897
16,425	6,471	7,093	147,578
<u>(10,400)</u>	<u>(1,356)</u>	<u>(1,639)</u>	<u>(59,058)</u>
<u>\$ (26,080)</u>	<u>\$(74,168)</u>	<u>\$(355,866)</u>	<u>\$ 205,802</u>

INTERNAL SERVICE FUNDS

**CITY OF MASON CITY, IOWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF JUNE 30, 2021**

	<u>Central Services</u>	<u>Employee Health Care</u>	<u>Total</u>
ASSETS:			
Current assets:			
Cash	\$ 1,166	\$ 95,194	\$ 96,360
Investments	-	1,936,066	1,936,066
Receivables:			
Property taxes	-	18,738	18,738
Succeeding year property taxes	-	1,300,000	1,300,000
Accrued interest	-	904	904
Due from other funds	-	300,281	300,281
Prepaid insurance	<u>254</u>	<u>-</u>	<u>254</u>
Total current assets	<u>\$ 1,420</u>	<u>\$3,651,183</u>	<u>\$ 3,652,603</u>
Noncurrent assets:			
Property, plant, and equipment:			
Equipment	\$ 163,588	\$ -	\$ 163,588
Improvements	21,546	-	21,546
Vehicles	<u>145,751</u>	<u>-</u>	<u>145,751</u>
Total property, plant, and equipment	\$ 330,885	\$ -	\$ 330,885
Less accumulated depreciation	<u>(148,745)</u>	<u>-</u>	<u>(148,745)</u>
Net property, plant, and equipment	<u>\$ 182,140</u>	<u>\$ -</u>	<u>\$ 182,140</u>
Total assets	<u>\$ 183,560</u>	<u>\$3,651,183</u>	<u>\$ 3,834,743</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 1,914	\$ 852,571	\$ 854,485
Salaries payable	10,352	-	10,352
Compensated absences payable	13,729	-	13,729
Due to other funds	-	-	-
Unearned revenue	<u>-</u>	<u>4,153</u>	<u>4,153</u>
Total current liabilities	<u>\$ 25,995</u>	<u>\$ 856,724</u>	<u>\$ 882,719</u>
DEFERRED INFLOWS OF RESOURCES:			
Succeeding year property taxes	<u>\$ -</u>	<u>\$1,300,000</u>	<u>\$ 1,300,000</u>
Total liabilities and deferred inflows of resources	<u>\$ 25,995</u>	<u>\$2,156,724</u>	<u>\$ 2,182,719</u>
NET POSITION:			
Net investment in capital assets	\$ 182,140	\$ -	\$ 182,140
Unrestricted	<u>(24,575)</u>	<u>1,494,459</u>	<u>1,469,884</u>
Total net position	<u>\$ 157,565</u>	<u>\$1,494,459</u>	<u>\$ 1,652,024</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, 2021**

	<u>Central Services</u>	<u>Employee Health Care</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 308,542	\$ -	\$ 308,542
Health insurance contributions	<u>-</u>	<u>3,843,337</u>	<u>3,843,337</u>
Total operating revenues	<u>\$ 308,542</u>	<u>\$ 3,843,337</u>	<u>\$ 4,151,879</u>
Operating expenses:			
Business-type activities:			
Personal services	\$ 234,388	\$ 3,891,928	\$ 4,126,316
Contractual	9,910	-	9,910
Commodities	31,947	-	31,947
Depreciation	<u>22,532</u>	<u>-</u>	<u>22,532</u>
Total operating expenses	<u>\$ 298,777</u>	<u>\$ 3,891,928</u>	<u>\$ 4,190,705</u>
Operating income (loss)	<u>\$ 9,765</u>	<u>\$ (48,591)</u>	<u>\$ (38,826)</u>
Nonoperating revenues (expenses):			
Property taxes	\$ -	\$ 1,246,110	\$ 1,246,110
Use of money and property	<u>-</u>	<u>58,215</u>	<u>58,215</u>
Total nonoperating revenues (expenses)	<u>\$ -</u>	<u>\$ 1,304,325</u>	<u>\$ 1,304,325</u>
Income (loss) before contributions and transfers	<u>\$ 9,765</u>	<u>\$ 1,255,734</u>	<u>\$ 1,265,499</u>
Contributions and transfers:			
Transfers in	\$ 145,886	\$ -	\$ 145,886
Transfers out	<u>-</u>	<u>(1,183,000)</u>	<u>(1,183,000)</u>
Total Contributions and transfers	<u>\$ 145,886</u>	<u>\$ (1,183,000)</u>	<u>\$ (1,037,114)</u>
Change in net position	\$ 155,651	\$ 72,734	\$ 228,385
Net assets beginning of year	<u>1,914</u>	<u>1,421,725</u>	<u>1,423,639</u>
Net assets end of year	<u>\$ 157,565</u>	<u>\$ 1,494,459</u>	<u>\$ 1,652,024</u>

**CITY OF MASON CITY, IOWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021**

	<u>Central Services</u>	<u>Employee Health Care</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from interfund charges	\$ 308,543	\$3,006,652	\$3,315,195
Cash received from employees and others	-	641,105	641,105
Cash paid to employees for services	(232,532)	-	(232,532)
Cash paid to other suppliers of goods or services	(175,627)	-	(175,627)
Cash paid for health and life insurance	-	(3,990,606)	(3,990,606)
Net cash provided (used) by operating activities	<u>\$ (99,616)</u>	<u>\$ (342,849)</u>	<u>\$ (442,465)</u>
Cash flows from non-capital financing activities:			
Proceeds from property tax levy	\$ -	\$1,245,361	\$1,245,361
Transfers in	145,886	-	145,886
Transfers out	-	(1,183,000)	(1,183,000)
Net cash provided by non-capital financing activities	<u>\$ 145,886</u>	<u>\$ 62,361</u>	<u>\$ 208,247</u>
Cash flows from capital and related financing activities:			
Net acquisition of capital assets	<u>\$ (45,104)</u>	<u>\$ -</u>	<u>\$ (45,104)</u>
Cash flows from investing activities:			
Proceeds from sale of investments	\$ -	\$2,775,000	\$2,775,000
Purchase of investments	-	(2,705,000)	(2,705,000)
Interest received	-	19,214	19,214
Net cash provided (used) by investing activities	<u>\$ -</u>	<u>\$ 89,214</u>	<u>\$ 89,214</u>
Net increase in cash	\$ 1,166	\$ (191,274)	\$ (190,108)
Cash beginning of year	-	286,468	286,468
Cash end of year	<u>\$ 1,166</u>	<u>\$ 95,194</u>	<u>\$ 96,360</u>
Noncash capital, investing and financing activities:			
Increase in fair market value of investments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(continued)

CITY OF MASON CITY, IOWA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2021

	<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)	\$ 9,765	\$ (48,591)	\$ (38,826)
Adjustments to reconcile operating income (loss) to net cash from Operating activities:			
Depreciation and amortization expense	22,532	-	22,532
Change in assets and liabilities:			
(Increase) decrease in due from other funds	-	(300,281)	(300,281)
(Increase) decrease in prepaid insurance	(149)	-	(149)
Increase (decrease) in accounts payable	(397)	5,882	5,485
Increase (decrease) in salaries payable	855	-	855
Increase (decrease) in compensated absences	1,000	-	1,000
Increase (decrease) in due to other funds	(133,222)	-	(133,222)
Increase (decrease) in unearned revenue	<u>-</u>	<u>141</u>	<u>141</u>
Net cash provided (used) by operating activities	<u>\$(99,616)</u>	<u>\$(342,849)</u>	<u>\$(442,465)</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, 2021

General capital assets:	
Land	\$ 20,972,492
Buildings	26,344,904
Improvements	35,190,251
Equipment	7,332,898
Vehicles	11,693,274
Infrastructure	101,716,248
Construction in progress	<u>9,652,262</u>
Total general capital assets	<u>\$ 212,902,329</u>
Investment in general capital assets by source:	
General fund	<u>\$ 212,902,329</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, 2021

Function and Activity	Total	Land	Buildings and Structures	Improvements Other Than Buildings
Public safety:				
Police	\$ 4,522,022	\$ 112,000	\$ 2,597,459	\$ 24,742
Fire	5,947,248	75,150	954,279	148,186
Civil defense	225,118	-	-	-
Building	28,536	-	-	-
Inspectors	22,851	-	-	-
Neighborhood services	<u>909,613</u>	-	<u>885,537</u>	-
Total public safety	<u>\$ 11,655,388</u>	<u>\$ 187,150</u>	<u>\$ 4,437,275</u>	<u>\$ 172,928</u>
Public works:				
Airport	\$ 33,726,658	\$ 1,725,891	\$ 5,520,095	\$ 22,615,197
Street	7,234,643	31,363	1,537,257	215,910
Infrastructure	106,648,287	-	-	-
Arborist	344,882	-	-	-
Engineer	<u>106,356</u>	-	-	-
Total public works	<u>\$148,060,826</u>	<u>\$ 1,757,254</u>	<u>\$ 7,057,352</u>	<u>\$ 22,831,107</u>
Health and social services:				
Youth task force	\$ 8,281	\$ -	\$ -	\$ -
Health	4,391	-	-	-
Human rights	<u>4,169</u>	-	-	-
Total health and social services	<u>\$ 16,841</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Culture and recreation:				
Parks	\$ 32,153,254	\$19,014,588	\$ 958,122	\$ 8,197,634
Swimming pool	3,298,257	-	20,729	3,177,709
Recreation	678,822	-	-	230,313
Library	10,242,395	13,500	9,731,404	239,231
Museum	1,806,216	-	1,399,326	245,735
Band	<u>2,881</u>	-	-	-
Total culture and recreation	<u>\$ 48,181,825</u>	<u>\$19,028,088</u>	<u>\$12,109,581</u>	<u>\$ 12,090,622</u>
Community and economic development:				
Growth development and planning	\$ 6,936	\$ -	\$ -	\$ -
Transit	<u>1,545,966</u>	-	<u>392,539</u>	<u>18,023</u>
Total community and economic development	<u>\$ 1,552,902</u>	<u>\$ -</u>	<u>\$ 392,539</u>	<u>\$ 18,023</u>
General government:				
Mayor	\$ 3,265	\$ -	\$ -	\$ -
Council/coffee room	3,759	-	-	-
Administrator	33,369	-	-	-
Finance	47,219	-	-	-
Clerk	3,919	-	-	-
City hall	3,234,399	-	2,348,157	77,571
Safety director	6,645	-	-	-
GIS	<u>42,219</u>	-	-	-
Total general government	<u>\$ 3,374,794</u>	<u>\$ -</u>	<u>\$ 2,348,157</u>	<u>\$ 77,571</u>
Total general capital assets	<u>\$212,902,329</u>	<u>\$20,972,492</u>	<u>\$26,344,904</u>	<u>\$ 35,190,251</u>

Machinery & Equipment	Vehicles	Infrastructure	Construction in Progress
\$ 899,898	\$ 887,923	\$ -	\$ -
1,323,909	3,445,724	-	-
225,118	-	-	-
14,809	13,727	-	-
3,151	19,700	-	-
-	24,076	-	-
<u>\$ 2,466,885</u>	<u>\$ 4,391,150</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 807,943	\$ 1,908,097	\$ -	\$ 1,149,435
764,546	3,487,362	-	1,198,205
-	-	101,716,248	4,932,039
7,315	337,567	-	-
42,709	63,647	-	-
<u>\$ 1,622,513</u>	<u>\$ 5,796,673</u>	<u>\$101,716,248</u>	<u>\$ 7,279,679</u>
\$ 8,281	\$ -	\$ -	\$ -
4,391	-	-	-
4,169	-	-	-
<u>\$ 16,841</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,324,341	\$ 285,986	\$ -	\$ 2,372,583
99,819	-	-	-
351,812	96,697	-	-
258,260	-	-	-
161,155	-	-	-
2,881	-	-	-
<u>\$ 2,198,268</u>	<u>\$ 382,683</u>	<u>\$ -</u>	<u>\$ 2,372,583</u>
\$ 6,936	\$ -	\$ -	\$ -
12,636	1,122,768	-	-
<u>\$ 19,572</u>	<u>\$ 1,122,768</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,265	\$ -	\$ -	\$ -
3,759	-	-	-
33,369	-	-	-
47,219	-	-	-
3,919	-	-	-
868,424	-	-	-
6,645	-	-	-
42,219	-	-	-
<u>\$ 1,008,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 7,332,898</u>	<u>\$ 11,693,274</u>	<u>\$101,716,248</u>	<u>\$ 9,652,262</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, 2021

Function and Activity	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021
Public safety:				
Police	\$ 4,313,106	\$ 619,818	\$ 410,902	\$ 4,522,022
Fire	5,602,643	466,525	121,920	5,947,248
Civil defense	225,118	-	-	225,118
Building	44,071	-	15,535	28,536
Inspectors	57,516	-	34,664	22,852
Neighborhood services	<u>909,614</u>	<u>-</u>	<u>-</u>	<u>909,614</u>
Total public safety	<u>\$ 11,152,068</u>	<u>\$ 1,086,343</u>	<u>\$ 583,021</u>	<u>\$ 11,655,390</u>
Public works:				
Airport	\$ 31,886,906	\$ 690,317	\$ -	\$ 32,577,223
Street	5,985,077	118,605	67,243	6,036,439
Infrastructure	98,936,899	2,779,349	-	101,716,248
Arborist	344,882	-	-	344,882
Engineer	<u>106,356</u>	<u>-</u>	<u>-</u>	<u>106,356</u>
Total public works	<u>\$ 137,260,120</u>	<u>\$ 3,588,271</u>	<u>\$ 67,243</u>	<u>\$ 140,781,148</u>
Health and social services:				
Youth task force	\$ 8,281	\$ -	\$ -	\$ 8,281
Health	4,391	-	-	4,391
Human rights	<u>4,169</u>	<u>-</u>	<u>-</u>	<u>4,169</u>
Total health and social services	<u>\$ 16,841</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,841</u>
Culture and recreation:				
Parks	\$ 29,481,658	\$ 299,011	\$ -	\$ 29,780,669
Swimming pool	3,218,932	79,325	-	3,298,257
Recreation	674,042	4,780	-	678,822
Library	10,211,538	31,685	828	10,242,395
Museum	1,810,017	-	3,801	1,806,216
Band	<u>2,881</u>	<u>-</u>	<u>-</u>	<u>2,881</u>
Total culture and recreation	<u>\$ 45,399,068</u>	<u>\$ 414,801</u>	<u>\$ 4,629</u>	<u>\$ 45,809,240</u>
Community and economic development:				
Growth development and planning	\$ 6,936	\$ -	\$ -	\$ 6,936
Transit	<u>1,763,192</u>	<u>-</u>	<u>217,226</u>	<u>1,545,966</u>
Total community and economic development	<u>\$ 1,770,128</u>	<u>\$ -</u>	<u>\$ 217,226</u>	<u>\$ 1,552,902</u>
General government:				
Mayor	\$ 3,265	\$ -	\$ -	\$ 3,265
Council/coffee room	3,759	-	-	3,759
Administrator	33,369	-	-	33,369
Finance	47,219	-	-	47,219
Clerk	3,919	-	-	3,919
City hall	3,182,340	153,591	41,780	3,294,151
Safety director	6,645	-	-	6,645
GIS	<u>42,219</u>	<u>-</u>	<u>-</u>	<u>42,219</u>
Total general government	<u>\$ 3,322,735</u>	<u>\$ 153,591</u>	<u>\$ 41,780</u>	<u>\$ 3,434,546</u>
Total program & activity	\$ 198,920,960	\$ 5,243,007	\$ 913,899	\$ 203,250,067
Construction in progress	<u>7,869,562</u>	<u>5,412,678</u>	<u>3,629,977</u>	<u>9,652,262</u>
Total general capital assets	<u>\$ 206,790,522</u>	<u>\$10,655,685</u>	<u>\$4,543,876</u>	<u>\$ 212,902,329</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.	124-133
Revenue Capacity These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.	134-142
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.	143-150
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.	151-155
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.	156-159

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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Governmental activities:				
Net investment in capital assets	\$ 88,686,867	\$ 90,438,337	\$ 73,970,246	\$ 89,707,598
Restricted for:				
Nonexpendable:				
Museum funding	633,638	633,638	633,638	633,638
Perpetual care	543,389	550,325	581,884	497,528
Prepaid expenses	-	-	170,841	180,789
Expendable:				
Bond retirement	948,779	802,369	702,475	431,183
Other projects	-	-	21,400,103	-
	<u>(5,148,251)</u>	<u>(11,616,038)</u>	<u>(2,324,177)</u>	<u>6,742,339</u>
Total governmental activities net position	<u>\$ 85,664,422</u>	<u>\$ 80,808,631</u>	<u>\$ 95,135,010</u>	<u>\$ 98,193,075</u>
Business-type activities:				
Net investment in capital assets	\$ 57,668,962	\$ 56,662,601	\$ 57,410,331	\$ 56,757,952
Restricted for:				
Expendable:				
Bond retirement	-	-	-	2,749,609
Unrestricted	<u>8,748,963</u>	<u>5,227,088</u>	<u>2,359,227</u>	<u>(165,251)</u>
Total business-type activities net position	<u>\$ 66,417,925</u>	<u>\$ 61,889,689</u>	<u>\$ 59,769,558</u>	<u>\$ 59,342,310</u>
Primary government:				
Net investment in capital assets	146,355,829	\$147,100,938	\$131,380,577	\$146,465,550
Restricted for:				
Nonexpendable:				
Museum funding	633,638	633,638	633,638	633,638
Perpetual care	543,389	550,325	581,884	497,528
Prepaid expenses	-	-	170,841	180,789
Expendable:				
Bond retirement	948,779	802,369	702,475	3,180,792
Other projects	-	-	21,400,103	-
Unrestricted	<u>648,613</u>	<u>(6,388,950)</u>	<u>35,050</u>	<u>6,577,088</u>
Total primary government net position	<u>\$ 149,130,248</u>	<u>\$142,698,320</u>	<u>\$154,904,568</u>	<u>\$157,535,385</u>

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 90,307,081	\$ 86,127,886	\$84,727,602	\$ 88,920,358	\$88,508,650	\$ 84,438,764
633,638	633,638	633,638	633,638	633,638	633,638
619,046	525,647	511,708	505,952	511,089	527,193
167,527	142,755	164,424	164,183	157,215	164,255
266,664	231,420	202,580	28,884	-	-
-	-	-	-	-	-
<u>6,567,726</u>	<u>11,079,651</u>	<u>11,111,707</u>	<u>20,189,874</u>	<u>21,859,057</u>	<u>22,634,062</u>
<u>\$ 98,561,682</u>	<u>\$ 98,740,997</u>	<u>\$ 97,351,659</u>	<u>\$110,442,889</u>	<u>\$111,669,646</u>	<u>\$108,397,912</u>
\$ 54,903,077	\$ 53,212,613	\$ 49,472,024	\$ 49,736,029	\$ 47,268,020	\$ 45,942,815
2,719,918	2,783,610	2,861,234	2,854,605	2,854,934	2,863,129
<u>(330,714)</u>	<u>(579,255)</u>	<u>1,324,665</u>	<u>2,963,829</u>	<u>4,731,482</u>	<u>4,005,609</u>
<u>\$ 57,292,281</u>	<u>\$ 55,416,968</u>	<u>\$53,657,923</u>	<u>\$ 55,554,463</u>	<u>\$ 54,854,436</u>	<u>\$ 52,811,553</u>
\$145,210,158	\$139,340,499	\$134,199,626	\$138,656,387	\$135,776,670	\$130,381,579
633,638	633,638	633,638	633,638	633,638	633,638
619,046	525,647	511,708	505,952	511,089	527,193
167,527	142,755	164,424	164,183	157,215	164,255
2,986,582	3,015,030	3,063,814	2,883,489	2,854,934	2,863,129
-	-	-	-	-	-
<u>6,237,012</u>	<u>10,500,396</u>	<u>12,436,372</u>	<u>23,153,703</u>	<u>26,590,536</u>	<u>26,639,671</u>
<u>\$155,853,963</u>	<u>\$154,157,965</u>	<u>\$151,009,582</u>	<u>\$165,997,352</u>	<u>\$166,524,082</u>	<u>\$161,209,465</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Expenses:				
Governmental activities:				
Public safety	\$ 11,718,887	\$ 10,957,695	\$ 11,127,573	\$ 11,480,697
Public Works	11,367,141	10,312,487	9,574,719	9,106,466
Health and social services	515,411	411,439	401,381	391,249
Culture and recreation	4,934,891	4,694,894	4,522,392	4,416,702
Community and economic development	3,912,220	17,929,749	7,670,240	2,326,652
General government	2,991,173	3,383,662	2,884,048	2,691,821
Interest on long-term debt	<u>1,255,332</u>	<u>1,318,715</u>	<u>809,206</u>	<u>600,722</u>
Total governmental activities expenses	<u>\$ 36,695,055</u>	<u>\$ 49,008,641</u>	<u>\$ 36,989,559</u>	<u>\$ 31,014,309</u>
Business-type activities:				
Cemetery	\$ 444,609	\$ 384,870	\$ 368,898	\$ 390,888
Water	5,790,532	5,220,900	5,513,438	4,953,457
Sewer	3,860,404	3,863,136	4,047,256	3,914,179
Parking lots	121,032	135,022	126,024	126,708
Storm sewer	230,236	216,945	231,183	205,456
Solid waste	1,650,409	1,529,463	1,507,834	1,406,757
Golf course	524,476	451,683	468,268	436,977
Ambulance	2,442,905	2,162,857	2,103,937	2,021,967
RCR Arena	<u>540,683</u>	<u>269,799</u>	<u>-</u>	<u>-</u>
Total business-type activities expenses	<u>\$ 15,605,286</u>	<u>\$ 14,234,675</u>	<u>\$ 14,366,838</u>	<u>\$ 13,456,389</u>
Total primary government expenses	<u>\$ 52,300,341</u>	<u>\$ 63,243,316</u>	<u>\$ 51,356,397</u>	<u>\$ 44,470,698</u>
Program Revenues:				
Governmental activities:				
Charges for services:				
Public safety	\$ 507,259	\$ 472,643	\$ 382,540	\$ 342,490
Culture and recreation	134,103	80,072	69,662	529,384
General government	-	-	-	330,740
Other activities	790,110	872,446	1,038,401	186,455
Operating grants and contributions	9,115,987	5,176,790	5,392,457	5,230,279
Capital grants and contributions	<u>3,261,853</u>	<u>1,260,562</u>	<u>1,005,405</u>	<u>1,359,323</u>
Total governmental activities program revenues	<u>\$ 13,809,312</u>	<u>\$ 7,862,513</u>	<u>\$ 7,888,465</u>	<u>\$ 7,978,671</u>
Business-type activities:				
Charges for services:				
Water	\$ 6,676,613	\$ 6,256,701	\$ 5,864,705	\$ 6,174,746
Sewer	4,732,656	4,616,733	4,714,109	4,677,780
Other activities	5,168,237	4,801,700	4,126,819	3,969,041
Operating grants and contributions	73,500	643,684	170,878	-
Capital grants and contributions	<u>-</u>	<u>-</u>	<u>133,960</u>	<u>310,461</u>
Total business-type activities	<u>\$ 16,651,206</u>	<u>\$ 16,318,818</u>	<u>\$ 15,010,471</u>	<u>\$ 15,132,028</u>
Total primary government program revenues	<u>\$ 30,460,518</u>	<u>\$ 24,181,331</u>	<u>\$ 22,898,936</u>	<u>\$ 23,110,699</u>
Net (Expense) Revenues:				
Governmental activities	\$(22,885,743)	\$(41,146,128)	\$(29,101,094)	\$(23,035,638)
Business-type activities	<u>1,128,786</u>	<u>2,084,143</u>	<u>643,633</u>	<u>1,675,639</u>
Total primary government net (expense)/revenues	<u>\$(21,756,957)</u>	<u>\$(39,061,985)</u>	<u>\$(28,457,461)</u>	<u>\$(21,359,999)</u>

(continued)

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 11,199,350	\$ 10,754,469	\$ 10,241,427	\$ 10,446,427	\$ 9,943,882	\$ 9,787,453
8,485,842	9,511,930	10,250,497	8,903,627	7,553,058	7,382,204
390,046	413,573	439,606	511,107	1,790,824	906,341
4,149,309	4,258,749	4,149,775	4,177,101	3,248,655	4,091,975
2,717,656	2,054,156	2,289,522	2,370,711	3,743,098	1,979,288
2,683,181	2,506,268	2,518,372	2,485,932	2,357,531	2,211,823
<u>623,661</u>	<u>686,189</u>	<u>755,292</u>	<u>736,324</u>	<u>863,232</u>	<u>992,502</u>
<u>\$ 30,248,045</u>	<u>\$ 30,185,334</u>	<u>\$ 30,644,815</u>	<u>\$ 29,631,229</u>	<u>\$ 29,500,280</u>	<u>\$ 27,351,586</u>
\$ 352,923	\$ 356,153	\$ 311,137	\$ 325,879	\$ 332,576	\$ 333,251
5,146,266	5,193,904	4,975,418	5,092,230	5,154,341	5,158,365
3,725,216	3,739,623	3,749,185	3,741,731	3,905,597	3,824,139
141,304	134,594	128,181	136,465	125,823	112,947
192,538	189,771	166,928	204,436	188,616	186,745
1,384,561	1,337,596	1,439,651	1,402,968	1,317,928	1,378,497
457,069	467,724	445,611	446,921	435,999	449,534
2,017,871	1,907,191	1,721,519	1,721,519	1,526,010	1,581,505
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 13,417,748</u>	<u>\$ 13,326,556</u>	<u>\$ 12,948,972</u>	<u>\$ 13,072,149</u>	<u>\$ 12,986,890</u>	<u>\$ 13,024,983</u>
<u>\$ 43,666,793</u>	<u>\$ 43,511,890</u>	<u>\$ 43,593,787</u>	<u>\$ 42,703,378</u>	<u>\$ 42,487,170</u>	<u>\$ 40,376,569</u>
\$ 336,785	\$ 809,878	\$ 354,664	\$ 422,028	\$ 417,633	\$ 381,382
537,921	558,680	542,348	495,266	481,665	540,478
348,218	372,314	344,976	304,320	364,171	311,974
237,072	240,179	175,344	188,867	328,260	424,824
4,969,902	4,638,840	4,357,766	3,957,726	4,679,847	4,303,876
<u>1,425,444</u>	<u>2,139,435</u>	<u>1,387,300</u>	<u>2,531,898</u>	<u>6,022,423</u>	<u>8,303,876</u>
<u>\$ 7,855,342</u>	<u>\$ 8,359,326</u>	<u>\$ 7,162,388</u>	<u>\$ 7,899,925</u>	<u>\$ 12,293,999</u>	<u>\$ 14,278,372</u>
\$ 5,932,570	\$ 5,813,383	\$ 5,672,000	\$ 5,526,389	\$ 5,723,723	\$ 5,388,342
4,597,032	4,295,594	4,261,982	4,135,284	4,370,992	4,388,117
4,030,533	4,062,132	4,173,545	3,688,887	3,986,210	3,830,609
7,740	-	-	-	(46,721)	37,354
<u>232,870</u>	<u>471,576</u>	<u>-</u>	<u>-</u>	<u>681,130</u>	<u>4,030,634</u>
<u>\$ 14,800,745</u>	<u>\$ 14,642,685</u>	<u>\$ 14,107,827</u>	<u>\$ 13,350,560</u>	<u>\$ 14,715,334</u>	<u>\$ 17,675,056</u>
<u>\$ 22,656,087</u>	<u>\$ 23,002,011</u>	<u>\$ 21,270,215</u>	<u>\$ 21,250,485</u>	<u>\$ 27,009,333</u>	<u>\$ 31,953,428</u>
\$(22,393,703)	\$(21,826,008)	\$(23,482,427)	\$(21,731,304)	\$(17,206,287)	\$(13,073,214)
<u>1,382,997</u>	<u>1,316,129</u>	<u>1,158,855</u>	<u>278,411</u>	<u>1,728,444</u>	<u>4,650,073</u>
<u>\$(21,010,706)</u>	<u>\$(20,509,879)</u>	<u>\$(22,323,572)</u>	<u>\$(21,452,893)</u>	<u>\$(15,477,837)</u>	<u>\$(8,423,141)</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Revenues and Other Changes in Net Position:				
Governmental activities:				
General revenues:				
Property taxes	\$ 17,476,483	\$ 16,732,092	\$ 15,943,527	\$ 15,349,205
Other taxes	8,868,788	7,779,715	7,529,205	6,906,153
Franchise taxes	-	-	-	-
Road use tax	-	-	-	-
Unrestricted state utility tax replacement	235,844	227,062	186,452	152,673
Grants and contributions not restricted to specific program	25,107	294,180	1,844	1,279
Unrestricted investment income	911,618	1,111,188	1,427,195	467,468
Gain (loss) on sale of capital assets	-	-	-	-
Miscellaneous	98,134	77,704	96,351	14,184
Transfers	<u>125,560</u>	<u>597,808</u>	<u>858,455</u>	<u>(75,385)</u>
Total governmental activities	<u>\$ 27,741,534</u>	<u>\$ 26,819,749</u>	<u>\$ 26,043,029</u>	<u>\$ 22,815,577</u>
Business-type activities:				
General revenues:				
Property taxes	\$ 170,757	\$ 170,316	\$ 164,279	\$ 156,448
Grants and contributions not restricted to specific program	-	-	-	-
Unrestricted investment income	146,963	263,233	269,283	44,603
Miscellaneous	255,191	194,412	208,508	157,165
Transfers	<u>(125,560)</u>	<u>(589,973)</u>	<u>(858,455)</u>	<u>(75,385)</u>
Total business-type activities	<u>\$ 447,351</u>	<u>\$ 35,988</u>	<u>\$ (216,385)</u>	<u>\$ 433,601</u>
Total primary government	<u>\$ 28,188,885</u>	<u>\$ 26,855,737</u>	<u>\$ 25,826,644</u>	<u>\$ 23,249,178</u>
Change in Net Position:				
Governmental activities	\$ 4,855,791	\$(14,326,379)	\$ (3,058,065)	\$ (220,061)
Business-type activities	<u>1,576,137</u>	<u>2,120,131</u>	<u>427,248</u>	<u>2,109,240</u>
Total primary government	<u>\$ 6,431,928</u>	<u>\$ (12,206,248)</u>	<u>\$ (2,630,817)</u>	<u>\$ 1,889,179</u>

SCHEDULE 2
(continued)

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 14,603,173	\$ 16,205,480	\$ 16,054,359	\$ 14,705,071	\$ 14,956,662	\$ 14,594,866
6,849,542	5,761,670	5,525,372	4,830,052	5,042,539	5,319,902
-	-	-	-13,500	-	-
-	-	-	-	-	-
157,254	158,272	155,992	160,367	159,198	151,531
96,887	-	6,460	162,241	11,192	95,746
368,943	1,013,796	682,226	641,132	233,535	1,002,440
-	-	-	-	-	-
75,967	130,946	52,321	106,062	114,885	259,331
<u>62,622</u>	<u>(54,818)</u>	<u>(121,215)</u>	<u>(100,378)</u>	<u>(53,496)</u>	<u>165,000</u>
<u>\$ 22,214,388</u>	<u>\$ 23,215,346</u>	<u>\$ 22,255,515</u>	<u>\$ 20,504,547</u>	<u>\$ 20,478,015</u>	<u>\$ 21,593,816</u>
\$ 147,450	\$ 148,886	\$ 137,372	\$ 126,798	\$ 120,001	\$ 114,460
-	-	-	-	-	-
214,361	105,188	86,078	71,380	63,986	112,040
193,122	134,024	164,043	123,060	76,956	108,031
<u>(62,622)</u>	<u>54,818</u>	<u>121,215</u>	<u>100,378</u>	<u>53,496</u>	<u>(165,000)</u>
<u>\$ 492,311</u>	<u>\$ 442,916</u>	<u>\$ 508,708</u>	<u>\$ 421,616</u>	<u>\$ 314,439</u>	<u>\$ 169,531</u>
<u>\$ 22,706,699</u>	<u>\$ 23,658,262</u>	<u>\$ 22,864,223</u>	<u>\$ 20,926,163</u>	<u>\$ 20,792,454</u>	<u>\$ 21,763,347</u>
\$ (179,315)	\$ 1,389,338	\$ (1,126,912)	\$ (1,226,757)	\$ 3,271,734	\$ 8,520,602
<u>1,875,308</u>	<u>1,759,045</u>	<u>1,667,563</u>	<u>700,027</u>	<u>2,042,883</u>	<u>4,819,604</u>
<u>\$ 1,695,993</u>	<u>\$ 3,148,393</u>	<u>\$ (540,651)</u>	<u>\$ (526,730)</u>	<u>\$ 5,314,617</u>	<u>\$ 13,340,206</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
General Fund:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	182,464	173,670	155,281	165,990
Restricted	783,614	643,272	615,001	669,691
Assigned	1,233,276	721,468	837,357	578,860
Unassigned	<u>8,658,060</u>	<u>5,531,846</u>	<u>4,746,555</u>	<u>4,318,537</u>
Total general fund	<u>\$ 10,857,414</u>	<u>\$ 7,070,256</u>	<u>\$ 6,354,194</u>	<u>\$ 5,733,078</u>
 All Other Governmental Funds:				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:	-	-	-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	-	-
Permanent funds	-	-	-	-
Nonspendable	651,067	649,596	649,198	648,345
Restricted	16,626,440	13,429,444	21,487,577	9,826,300
Assigned	1,793,772	1,517,685	1,457,329	1,346,304
Unassigned	<u>20,012</u>	<u>(422,773)</u>	<u>(286,983)</u>	<u>(961,675)</u>
Total all other governmental funds	<u>\$ 19,091,291</u>	<u>\$ 15,173,952</u>	<u>\$ 23,307,121</u>	<u>\$ 10,859,274</u>

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
154,615	139,659	150,431	150,177	143,958	151,656
764,810	902,107	1,041,256	1,159,526	1,214,910	1,295,953
555,113	1,340,521	244,094	209,235	144,553	374,681
<u>3,807,449</u>	<u>4,477,546</u>	<u>5,531,032</u>	<u>4,182,542</u>	<u>5,542,781</u>	<u>5,165,554</u>
<u>\$ 5,281,987</u>	<u>\$ 6,859,833</u>	<u>\$ 6,966,813</u>	<u>\$ 5,701,480</u>	<u>\$ 7,046,202</u>	<u>\$ 6,987,753</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
706,119	573,521	547,542	797,680	646,753	646,187
9,385,578	11,657,353	12,698,720	13,572,250	12,960,704	13,067,233
1,311,686	1,199,497	1,154,724	1,394,529	1,062,246	1,378,163
<u>(259,100)</u>	<u>(88,029)</u>	<u>(32,253)</u>	<u>3,922,831</u>	<u>(242,382)</u>	<u>(156,514)</u>
<u>\$11,144,283</u>	<u>\$13,342,342</u>	<u>\$14,368,733</u>	<u>\$19,687,290</u>	<u>\$14,427,321</u>	<u>\$14,935,059</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues:				
Property taxes	\$ 16,230,373	\$ 15,646,295	\$ 15,047,214	\$ 14,035,574
TIF revenues	2,034,793	1,681,991	1,961,441	1,318,034
Other taxes	7,084,723	6,338,416	5,754,216	5,740,792
Licenses and permits	661,865	703,669	617,470	559,895
Intergovernmental	11,160,811	6,148,561	5,848,277	5,893,042
Charges for services	672,767	659,145	809,729	761,359
Fines and forfeitures	79,707	49,366	47,708	51,193
Use of money and property	853,403	1,055,724	1,358,680	473,217
Special assessments	17,133	12,981	15,996	16,622
Miscellaneous	891,135	726,980	732,328	712,928
Refunds	<u>140,673</u>	<u>2,342</u>	<u>4,295</u>	<u>5,112</u>
Total revenues	<u>\$ 39,827,383</u>	<u>\$ 33,025,470</u>	<u>\$ 32,197,354</u>	<u>\$ 29,606,627</u>
Expenditures:				
Public safety	\$ 10,782,049	\$ 10,424,238	\$ 10,607,328	\$ 11,159,565
Public works	4,251,672	4,034,783	4,289,697	4,011,891
Health and social services	416,585	372,354	379,095	374,804
Culture and recreation	3,319,691	3,323,169	3,362,668	3,300,474
Community and economic development	3,588,200	2,291,716	2,055,858	2,224,006
General government	2,543,243	3,087,109	2,737,217	2,613,006
Capital projects	7,644,944	22,022,560	14,787,630	5,748,868
Debt service:				
Principal retirement	4,269,000	3,219,000	8,134,000	3,299,000
Interest	1,185,055	1,268,535	574,358	545,933
Contractual	<u>74,993</u>	<u>48,680</u>	<u>179,050</u>	<u>57,654</u>
Total expenditures	<u>\$ 38,075,432</u>	<u>\$ 50,092,144</u>	<u>\$ 47,106,901</u>	<u>\$ 33,335,201</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,751,951</u>	<u>\$ (17,116,674)</u>	<u>\$ (14,909,547)</u>	<u>\$ (3,728,574)</u>
Other financing sources (uses):				
Issuance of refunding bonds	\$ -	\$ -	\$ -	\$ -
Payment to refunding escrow agent	-	-	-	-
Issuance of general obligation bonds	4,665,000	7,920,000	25,725,000	3,020,000
Premium (discount) on bonds issued	124,873	91,650	495,055	93,324
Sale of capital assets	-	-	-	-
Transfers in	6,591,535	4,049,108	3,933,607	2,590,109
Transfers out	<u>(5,428,861)</u>	<u>(2,411,300)</u>	<u>(2,175,152)</u>	<u>(1,808,777)</u>
Total other financing sources (uses)	<u>\$ 5,952,547</u>	<u>\$ 9,649,458</u>	<u>\$ 27,978,510</u>	<u>\$ 3,894,656</u>
Net change in fund balances	<u>\$ 7,704,498</u>	<u>\$ 7,417,216</u>	<u>\$ 13,068,963</u>	<u>\$ 166,082</u>
Debt services as a percentage of noncapital expenditures	<u>18.17%</u>	<u>10.17%</u>	<u>22.35%</u>	<u>13.67%</u>

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 13,457,091	\$ 13,448,843	\$ 13,134,275	\$ 12,800,233	\$ 12,832,251	\$ 12,329,153
1,213,704	1,451,725	1,573,744	1,415,513	1,409,284	1,500,976
5,793,587	5,919,944	5,678,666	5,003,919	5,215,237	5,476,433
571,825	594,415	580,014	513,516	587,652	598,403
5,912,079	6,025,276	5,207,187	6,043,361	10,176,181	12,222,158
834,127	894,300	754,598	708,049	889,012	950,316
37,919	74,775	59,722	71,074	80,084	83,949
361,485	984,474	660,836	629,500	252,129	966,669
16,125	17,561	22,988	20,662	34,981	25,990
712,928	917,396	643,736	751,594	997,852	690,139
10,048	27,189	11,077	25,555	53,316	15,396
<u>\$ 28,920,918</u>	<u>\$ 30,355,898</u>	<u>\$ 28,326,843</u>	<u>\$ 28,079,976</u>	<u>\$ 32,527,979</u>	<u>\$ 34,859,582</u>
\$ 10,092,328	\$ 10,309,925	\$ 10,068,835	\$ 9,461,048	\$ 8,936,006	\$ 8,935,302
3,665,692	3,429,410	3,488,692	3,388,778	3,174,323	3,130,523
374,330	398,199	439,271	491,775	734,159	853,755
3,110,549	3,222,303	3,184,421	3,061,843	3,396,606	3,092,889
2,643,901	2,825,572	2,228,117	2,826,482	5,490,905	5,472,392
2,580,027	2,438,650	2,454,268	2,338,806	2,200,056	2,101,725
8,447,797	6,355,203	4,103,833	4,851,153	6,120,323	6,437,190
3,425,000	3,330,000	3,446,922	3,024,646	3,342,294	3,363,870
587,989	653,668	693,901	710,057	818,835	956,803
42,211	37,374	62,138	30,408	52,780	62,470
<u>\$ 34,969,824</u>	<u>\$ 33,000,304</u>	<u>\$ 30,170,398</u>	<u>\$ 30,184,996</u>	<u>\$ 34,266,287</u>	<u>\$ 34,406,919</u>
<u>\$ (6,048,906)</u>	<u>\$ (2,644,406)</u>	<u>\$ (1,843,555)</u>	<u>\$ (2,105,020)</u>	<u>\$ (1,738,308)</u>	<u>\$ 452,663</u>
\$ -	\$ -	\$ -	\$ -	\$ 890,000	\$ 2,144,077
-	-	-	-	(860,000)	1,994,077
1,410,000	1,335,000	3,185,000	895,000	1,325,000	1,400,000
379	30,853	128,026	24,165	(12,485)	(12,980)
-	-	-	-	-	-
2,852,026	2,505,126	2,488,068	1,754,526	2,921,668	2,828,522
(1,989,404)	(2,359,944)	(2,309,238)	(2,354,904)	(2,975,164)	(2,662,521)
<u>\$ 2,273,001</u>	<u>\$ 1,511,035</u>	<u>\$ 3,491,811</u>	<u>\$ 318,787</u>	<u>\$ 1,289,019</u>	<u>\$ 1,702,021</u>
<u>\$ (3,775,905)</u>	<u>\$ 1,133,371</u>	<u>\$ 1,648,256</u>	<u>\$ (1,786,233)</u>	<u>\$ (449,289)</u>	<u>\$ 2,154,684</u>
<u>15.31%</u>	<u>15.24%</u>	<u>15.84%</u>	<u>14.84%</u>	<u>16.48%</u>	<u>21.61%</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>
2021	\$ 16,230,374	\$ 2,034,793	\$ 23,857	\$ -
2020	15,646,295	1,681,991	22,549	10,209
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

<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>
2021	\$ 587,833	\$ 235,844	\$ 3,703,784	\$ 22,816,485
2020	742,929	227,062	2,118,739	20,449,774
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

(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**

<u>Levy Year</u>	<u>Fiscal Year</u>	<u>Assessed Valuation</u>			
		<u>Residential Property</u>	<u>Commercial Property</u>	<u>Industrial Property</u>	<u>Agricultural Property</u>
2019	2020/21	\$ 1,216,615,090	\$ 446,194,874	\$ 106,972,910	\$ 9,662,650
2018	2019/20	1,168,132,290	448,981,605	103,658,180	13,478,120
2017	2018/19	1,103,186,780	442,166,319	104,191,500	13,535,280
2016	2017/18	1,098,783,110	384,732,057	106,730,550	15,291,110
2015	2016/17	1,091,398,550	352,091,031	99,274,430	15,455,130
2014	2015/16	1,090,626,518	385,599,158	106,395,280	18,155,250
2013	2014/15	1,084,170,413	375,551,210	99,342,061	12,935,557
2012	2013/14	1,090,626,518	385,599,158	106,395,280	18,155,250
2011	2012/13	1,084,170,413	375,551,210	99,342,061	12,935,557
2010	2011/12	1,082,708,259	375,761,167	105,170,753	13,014,606

- (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	\$ 1,954,126,970	\$ 1,219,248,761	14.38701
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
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

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

REGULAR DISTRICTS

Fiscal Year	CITY OF MASON CITY			
	Operating Millage	Debt Service Millage	Retirement Millage	Total City Millage
2021	8.57840	2.83909	2.96952	14.38701
2020	8.46783	2.26363	2.98997	13.72143
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

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.

CERRO GORDO COUNTY			MASON CITY COMMUNITY SCHOOL DISTRICT				
<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>
5.73323	.31414	6.04737	12.58864	1.57749	14.16613	3.00375	37.60426
5.81556	.31835	6.13391	12.02838	2.39132	14.41970	3.00375	37.27879
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

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

<u>Taxpayer</u>	<u>2021</u>		
	<u>Taxable Assessed Valuation</u>	<u>Rank</u>	<u>Percent of Total Assessed Valuation</u>
Golden Grain Energy, LLC	\$ 22,861,550	1	1.17%
MFF Mortgage Borrower 20, LLC	16,337,860	2	0.83
Lehigh Portland Cement Company	15,600,910	3	0.80
The River Mason City LLC	14,133,260	4	0.72
Southbridge Mall Realty Holdings LLC	13,584,450	5	0.69
AADG, Inc.	13,136,860	6	0.67
Wal Mart Real Estate Business Trust	13,027,950	7	0.66
Tierney Properties/Brick & Tile Company	12,941,220	8	0.66
IPE 1031 Rev 161, LLC & Principal	12,904,870	9	0.66
Mason City Hotel Associates LLC/Kinseth Hospitality	12,716,380	10	0.65
North Iowa Mercy	-	-	-
Mason City Shopping Center LP	-	-	-
Downtown Mall Associates	-	-	-
Mills Fleet Farm	-	-	-
Total	<u>\$147,245,310</u>		<u>7.53%</u>

Source: City Assessor

2012		
Taxable Assessed Valuation	Rank	Percent of Total Assessed Valuation
\$ -	-	-%
17,217,540	2	1.05
-	-	-
16,388,235	3	1.00
8,863,840	8	0.54
-	-	-
9,633,754	7	0.59
-	-	-
11,599,630	6	0.71
47,700,090	1	2.91
8,323,664	9	0.51
11,747,970	5	0.72
-	-	-
<u>12,327,797</u>	4	<u>0.75</u>
<u>\$152,066,750</u>		<u>9.28%</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</u>		<u>Collections in Subsequent Years</u>
			<u>Amount</u>	<u>Percentage of Levy</u>	
2020	2021	\$17,211,655	\$16,338,318	94.92%	\$ -
2019	2020	16,403,537	13,945,957	85.02	518,590
2018	2019	15,677,119	15,284,729	97.50	772
2017	2018	15,006,783	14,680,773	97.83	-
2016	2017	14,287,266	13,945,957	97.61	58,248
2015	2016	14,019,135	13,731,010	97.94	3,204
2014	2015	14,405,234	14,101,474	97.89	4,724
2013	2014	13,543,634	13,249,201	97.83	5,276
2012	2013	13,822,521	13,488,070	97.58	16,787
2011	2012	13,368,985	13,106,318	98.04	14,133

<u>Total Collections to Date</u>	
<u>Amount</u>	<u>Percentage of Levy</u>
\$16,338,318	94.92%
14,464,547	88.17
15,285,501	97.50
14,680,773	97.83
14,004,205	98.02
13,734,214	97.97
14,106,197	97.92
13,254,477	97.86
13,504,857	97.70
13,120,451	98.14

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

Governmental Activities				
Fiscal Year	General Obligation		TIF Revenue	Settlement
	Bonds	Notes	Bonds	Note
2021	\$39,817,467	\$ -	\$ -	\$ -
2020	39,348,347	-	-	-
2019	33,977,000	-	-	-
2018	16,386,000	-	-	-
2017	16,665,000	-	-	-
2016	18,680,000	-	-	-
2015	20,675,000	-	-	-
2014	20,936,911	-	-	-
2013	23,066,557	-	-	-
2012	23,854,077	150,000	1,049,774	-

Business-Type Activities				
Fiscal Year	General Obligation		Revenue	Capital
	Bonds	Notes	Bonds	Lease
2021	\$6,941,001	\$ -	\$ 8,115,167	\$ -
2020	6,798,171	-	9,812,000	-
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	-

Total

\$39,817,467
 39,348,347
 33,977,000
 16,386,000
 17,16,665,000
 18,680,000
 20,675,000
 20,936,911
 23,066,557
 25,053,851

<u>Total</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$15,056,168	\$54,873,635	3.98%	\$ 2,007
16,610,171	55,958,518	4.14	2,056
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

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

Levy Year	Population(1)	Taxable Assessed Value(2)	Gross Bonded Debt	Less Debt Service Funds
2021	27,338	\$1,219,248,761	\$ 46,015,000	\$ 948,780
2020	26,931	1,326,806,601	45,565,000	802,369
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)

Levy Year	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2021	\$ 45,066,220	3.69%	\$ 1,648
2020	44,762,631	3.37	1,662
2019	37,347,525	2.27	1,378
2018	20,408,817	1.54	745
2017	21,598,336	1.77	789
2016	24,263,580	2.18	887
2015	27,257,420	2.51	971
2014	25,827,117	2.28	920
2013	29,128,303	2.67	1,037
2012	30,318,709	2.82	1,080

Source:

(1) U.S. Census Bureau

(2) City Assessor

**CITY OF MASON CITY, IOWA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
JUNE 30, 2021**

<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)	\$ <u>39,817,467</u>	100.00%	\$ <u>39,817,467</u>
Overlapping (2):			
Mason City Community School District	\$ 44,272,764	89.17%	\$39,478,909
Cerro Gordo County	4,740,750	41.40%	1,962,671
North Iowa Area Community College	<u>43,940,000</u>	-	<u>-</u>
Total overlapping	<u>\$ 92,953,514</u>		<u>\$41,441,580</u>
Total	<u>\$132,770,981</u>		<u>\$81,259,047</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>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Debt limit	\$100,888,941	\$118,292,466	\$117,362,685	\$92,960,477
Total net debt applicable to limit	<u>46,015,000</u>	<u>45,565,000</u>	<u>38,050,000</u>	<u>20,840,000</u>
Legal debt margin	<u>\$54,873,941</u>	<u>\$ 72,727,466</u>	<u>\$ 62,505,118</u>	<u>\$62,505,118</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>45.61%</u>	<u>38.52%</u>	<u>32.42%</u>	<u>22.42%</u>

Legal Debt Margin Calculation for Fiscal Year 2021

Actual assessed valuation:	
Real property	\$ 1,843,097,391
Utilities	<u>174,681,446</u>
Total actual assessed valuation	<u>\$2,017,778,837</u>
Debt limit – 5% of actual valuation	\$ 100,888,941
Total net debt applicable to limit	<u>46,015,000</u>
Legal debt margin	<u>\$ 54,873,941</u>

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$86,235,690	\$83,345,118	\$83,252,607	\$83,237,735	\$82,847,356	\$81,919,465
<u>21,865,000</u>	<u>24,495,000</u>	<u>27,460,000</u>	<u>25,820,000</u>	<u>28,995,000</u>	<u>31,154,774</u>
<u>\$64,370,690</u>	<u>\$58,850,118</u>	<u>\$55,792,607</u>	<u>\$57,417,735</u>	<u>\$53,852,356</u>	<u>\$50,764,691</u>
<u>25.35%</u>	<u>29.39%</u>	<u>32.98%</u>	<u>31.02%</u>	<u>34.99%</u>	<u>38.03%</u>

**CITY OF MASON CITY, IOWA
PLEGGED 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>
2021	\$4,851,311	\$2,386,172	\$2,465,139
2020	4,840,407	2,393,147	2,447,260
2019	4,749,793	2,451,636	2,298,157
2018	4,786,771	2,305,877	2,480,394
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

<u>Fiscal Year</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2021	\$671,000	\$120,435	\$791,435	3.11
2020	649,000	131,793	780,793	3.13
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

(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>
2021	\$6,725,541	\$3,942,019	\$2,783,522
2020	6,352,552	3,508,550	2,844,002
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

<u>Fiscal Year</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2021	\$ 948,000	\$ 51,275	\$ 699,275	3.98
2020	920,000	67,375	987,375	2.88
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

(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>
2021	27,338	\$1,377,753	\$50,397	43.30	3,493	4.95%
2020	26,931	1,337,286	49,656	42.20	3,625	8.4
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

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>2021</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percent of Total City Employment</u>
Mercy One North Iowa	1,968	1	13.95%
Curries Manufacturing Company	650	2	4.61
Mason City Schools	597	3	4.23
Good Shepard	321	4	2.27
Principal Financial Group	316	5	2.24
Cargill Kitchens Solutions	285	6	2.02
City of Mason City	254	7	1.80
Smithfield	250	8	1.77
Cerro Gordo County	231	9	1.63
NIACC	220	10	1.56
Hy-Vee Food Stores	-	-	-
Kraft Foods	-	-	-
Walmart Stores	-	-	-
Graham Manufacturing	-	-	-
Total	<u>5,092</u>		<u>36.11%</u>

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

<u>2012</u>		
<u>Employees</u>	<u>Rank</u>	<u>Percent of Total City Employment</u>
1,697	1	11.8%
633	2	4.4
555	4	3.8
305	7	2.1
490	5	3.4
-	-	-
293	8	2.0
-	-	-
-	-	-
-	-	-
578	3	4.0
233	10	1.6
361	6	2.5
<u>260</u>	9	<u>1.8</u>
<u>5,405</u>		<u>37.53%</u>

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Public safety:					
Police - sworn	41	42	47	46	46
Police – civilian	8	5	5	5	5
Fire - sworn	44	47	44	46	44
Fire – civilian	1	1	1	1	2
Building Inspection	1	1	1	1	1
Plumbing/Electrical Inspection	2	2	2	2	2
Public works:					
Airport	6	6	5	5	5
Street	19	21	22	20	23
Arborist	6	6	4	4	1
Engineer	7	7	7	7	7
Health and social services:					
Youth Task Force	4	4	4	4	4
Health	1	1	1	1	1
Human Rights	-	-	-	-	-
Culture and recreation:					
Parks	6	6	6	6	6
Recreation	4	4	4	4	4
RCR Arena	1	1	-	-	-
Library	15	15	15	15	14
Museum	7	7	7	7	7
Community and economic development:					
Neighborhood Services	3	3	3	3	3
Growth Development and Planning	4	4	4	4	4
Transit	17	19	16	16	16
General government:					
Administrator	2	2	2	2	2
Mayor	-	-	-	-	-
Finance	10	9	10	10	10
Clerk	1	1	1	1	1
City Hall -	-	-	-	-	-
Personnel/Safety	2	2	2	2	2
Business-type activities:					
Water	17	18	18	18	18
Sewer	15	15	15	15	15
Sanitation	12	12	12	12	12
Cemetery	3	3	3	3	3
Golf course	<u>2</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>3</u>
Total	<u>261</u>	<u>266</u>	<u>264</u>	<u>263</u>	<u>261</u>

Source: City Finance Department

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
50	47	45	45	45
5	5	5	5	5
44	44	44	45	44
2	2	2	2	2
1	1	1	1	2
2	2	2	2	2
5	5	5	5	5
21	21	19	20	21
1	1	1	1	1
7	7	6	6	7
3	3	5	5	4
1	1	1	1	1
-	-	-	1	3
6	6	6	6	6
4	4	4	5	3
-	-	-	-	-
15	17	17	17	18
6	7	7	7	7
4	4	3	3	3
3	3	3	3	3
16	17	18	16	14
2	2	2	2	3
-	-	-	-	-
10	10	10	10	11
1	1	1	1	1
-	-	-	1	1
2	2	2	2	2
18	18	18	18	18
15	15	15	15	14
12	11	12	12	10
3	3	3	3	3
<u>3</u>	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>
<u>262</u>	<u>262</u>	<u>259</u>	<u>262</u>	<u>261</u>

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

<u>Function</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Police:					
Physical arrests	1,263	1,998	2,021	2,673	3,110
Parking violations	2,440	3,133	4,978	3,589	2,414
Traffic violations	1,709	2,656	3,387	3,442	3,568
Fire:					
Fire calls answered	731	667	671	1,072	1,109
Ambulance calls answered	5,571	5,247	5,214	4,847	4,771
Inspections	2,718	2,283	553	224	645
Highways and streets:					
Street resurfacing (miles)	0.37	0.04	-	1.38	-
Potholes repaired	6,000	6,000	6,000	6,000	6,000
Sanitation:					
Refuse collected (tons/day)	37.45	36.04	35.80	30.63	30.76
Recyclables collected (tons/day)	4.04	3.79	3.76	3.82	3.95
Culture and recreation:					
Aquatic Center admissions	12,263	26,747	28,305	31,337	31,984
Water:					
New connections	22	2	17	27	29
Water main breaks	18	16	18	17	12
Average daily consumption (thousands of gallons)	4,140	4,141	4,174	4,365	4,336
Wastewater:					
Average daily sewage treatment (thousands of gallons)	4,337	6,918	8,702	6,801	7,995

Source: Various city departments

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
3,032	2,904	3,260	3,428	3,082
2,101	2,596	3,078	2,288	2,678
3,675	3,497	3,497	5,210	5,366
676	609	811	795	839
4,962	5,068	4,528	4,430	4,434
1,735	1,113	708	1,103	1,961
-	0.79	1.20	1.63	0.37
5,550	5,300	6,000	5,900	5,500
30.08	31.93	31.29	31.99	29.00
4.21	4.43	4.53	4.90	4.82
35,799	32,791	31,199	37,817	42,811
32	39	38	32	26
8	11	33	11	21
4,249	4,528	4,542	4,542	4,828
6,747	6,311	5,499	5,499	6,712

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

<u>Function</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Public safety:					
Police stations	1	1	1	1	1
Fire stations	1	1	1	1	1
Public works:					
Street miles:					
Paved	154.21	153.89	153.37	153.37	153.16
Unpaved	40.93	40.93	40.93	40.93	40.93
Streetlights	1,945	1,931	1,818	1,788	1,784
Culture and recreation:					
Parks	41	41	41	41	41
Acreage	639	639	639	639	639
Playgrounds	23	23	23	12	12
Baseball/softball diamonds	12	12	12	12	12
Golf courses	1	1	1	1	1
Swimming pools	1	1	1	1	11
Tennis courts	7	7	7	7	7
Pickleball courts	6	6	6	6	6
Business-type activities:					
Sewer miles:					
Storm	50.83	50.50	50.16	50.14	50.12
Sanitary	165.58	165.44	165.44	165.32	165.18
Cemetery:					
Facilities	1	1	1	1	1
Acreage	74.12	74.12	74.12	74.12	74.12

Source: Various city departments

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
1	1	1	1	1
1	1	1	1	1
152.49	152.32	152.49	152.39	152.33
40.93	40.93	41.12	41.12	41.12
1,770	1,770	1,768	1,767	1,765
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
-	-	-	-	-
49.35	49.01	48.46	48.46	48.46
164.99	164.57	164.57	164.57	164.57
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, 2021, 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 June 22, 2022.

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 deficiencies in internal control described as item II-A-21 and II-B-21 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, 2020 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.

Knowledge & Olson, P.C.

Charles City, Iowa

June 22, 2022



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, 2021. 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, 2021.

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

June 22, 2022

**CITY OF MASON CITY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Numbers</u>	<u>Program Expenditures</u>
DIRECT:			
<u>Department of Justice</u>			
Criminal Justice and Mental Health	16.745	2019-MO-BX-0049	<u>79,780</u>
<u>Department of Transportation</u>			
Airport Improvement Program	20.106	3-19-0059-45-2019	\$ 105,465
Airport Improvement Program	20.106	3-19-0059-46-2020	758,596
Airport Improvement Program (CARES)	20.106	3-19-0059-47-2020	652,913
Passenger Facility Charge		12-03-C-00-MCW	<u>23,901</u>
			<u>\$1,540,875</u>
<u>Department of Homeland Security</u>			
Staffing to Adequate Fire & Emergency Response	97.083	EMW-2018-FH-00366	\$ 140,483
Assistance to Fire Fighters	97.044	EMW-2019-FG-04662	<u>31,818</u>
			<u>\$ 172,301</u>
Total Direct			<u>\$1,792,956</u>
 INDIRECT:			
<u>Department of Housing & Urban Development</u>			
<u>Community Development Block Grant</u>			
Owner Occupied Housing Rehab	14.228	19-HSG-15	<u>\$ 62,330</u>
 <u>Department of Justice</u>			
<u>Iowa Department of Justice</u>			
Federal Violence Against Women Act	16.588	VS-21-46-LE	\$ 12,139
Federal Violence Against Women Act	16.588	VS-20-46-LE	<u>15,350</u>
			<u>\$ 27,489</u>
 <u>Governor's Office of Drug Control Policy</u>			
Edward Byrne Memorial			
Justice Assistance Grant Program	16.738	16-JAG-343400	\$ 34,000
Anti-Heroin Task Force	16.710	18-COPS-Heroin-04	1,197
Methamphetamine Drug Hot Spots Grant	16.710	19-CAMP-09	<u>954</u>
			<u>\$ 36,151</u>
 <u>Office of Juvenile Justice and Delinquency Prevention</u>			
IMP Mentoring	16.726	2018OJJDP4	<u>\$ 46,296</u>
Total Department of Justice			<u>\$ 109,936</u>

**CITY OF MASON CITY, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021**

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-Through Number</u>	<u>Program Expenditures</u>
INDIRECT: (continued)			
Department of Transportation			
<u>Iowa Department of Transportation</u>			
Highway Planning and Construction			
Federal Aid Swap Project-12 th Street NW Pavement	20.205	STBG-SWAP-4822(637)S	\$ 500,000
Federal Aid Agreement-12 th Street New Bridge	20.205	STP-U-4822(634)-70-17	\$ -
Formula Grants for Other than Urbanized Areas			
Operating Assistance (CARES)	20.509	2020-010-01-20	\$ 119,712
Operating Assistance	20.509	2017-024-482-20	143,161
Operating Assistance (CARES)	20.509	2020-010-00-20	<u>1,197,980</u>
			<u>\$1,460,853</u>
Highway Safety Plan			
States Community Highway Safety Grant	20.600	402-MOPT,Task 29-00-00	\$ 5,284
Total Department of Transportation			<u>\$1,966,137</u>
Department of the Treasury			
COVID-19 – Coronavirus Relief Fund			
Iowa Nonprofit Recovery Fund Grant Program	21.019	COVID-19 Relief	\$ 10,000
Iowa Local Government Relief Fund	21.019	COVID-19 Relief	640,057
Recovery Program Emergency Grant	21.019	202112-10181	<u>10,000</u>
			<u>\$ 660,057</u>
National Endowment for the Arts			
<u>Iowa Arts Council</u>			
Cultural Leadership	45.025	202107-9642	<u>\$ 15,000</u>
Department of Health and Human Services			
Projects of Regional and National Significance			
	93.243	5H79SM081452-02	\$ 43,066
Projects of Regional and National Significance	93.243	1H79SM081452-01	<u>83,993</u>
Total Department of Health and Human Services			<u>\$ 127,059</u>
Department of Homeland Security			
<u>Iowa Homeland Security</u>			
Disaster Grants – Public Assistance	97.036	DR 4883	<u>\$ 48,913</u>
Total Indirect			<u>\$2,989,432</u>
Total Expenditures of Federal Awards			<u>\$4,782,388</u>

CITY OF MASON CITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

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, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform 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, 2021

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) Two material weaknesses 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 20.106 – Airport Improvement Program
 - CFDA Number 21.019 – COVID-19 – Coronavirus Relief Fund
- (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-21 (2021-001) Financial Statement Classification and Valuation – It was noted that the City's financial statements required 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.

II-B-21 (2021-002) Reconciliation of Bank and Investment Balances to General Ledger – It was noted the year-end and monthly bank and investment reconciliations were prepared, however, the detailed reconciliations did not balance to the general ledger.

CITY OF MASON CITY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Recommendation – Procedures should be established to ensure bank and investment account ending balances are reconciled to the general ledger monthly and variances, if any, are reviewed and resolved timely.

Response – City staff is aware of this issue and will work to resolve it as soon as possible.

Conclusion – Response accepted.

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-21 Official Depositories - A resolution naming official depositories has been adopted by the City Council.
- IV-B-21 Certified Budget –Disbursements during the year ended June 30, 2021, did not exceed the amounts budgeted.
- IV-C-21 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-21 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, 2021

Part IV: Other Findings Related to Required Statutory Reporting:

IV-E-21 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>
Jonathan Heinz, Science and Technology Advisory Board Metalcraft, CEO	Supplies	\$ 75
Jeff Brinkley, Housing Commission, City of Mason City, Police Chief	Buy Money	515
Jay Leaman, Electrical Examiners and Appeals Board, The Electricians Owner	Electrical Repairs	1,252
Les Seltun, MacNider Museum Board and North Iowa Diversity Appreciation Team Control Print Creative, Owner,	Printing Services	2,684
Mark Ewy, Housing Advisory and Appeals Board, Custon Auto Body Self Employed	Repairs	4,210
Mark Ebeling, North Iowa Corridor Economic Development Corp. Board, City of Clear Lake, Council Member	Airport Water Bills	4,605
Robin Anderson, Youth Task Force Mason City Chamber of Commerce, Director	Membership Fees	5,112
Steve Clausen, Plumbing Appeals and Exam Board, Clausen Plumbing, Owner	Plumbing Repairs	7,860
Mike Daley, Building Advisory and Appeals Board, Daley Plumbing Owner	Plumbing Repairs and Supplies	13,513
Dennis Reidel, Library Board Overhead Doore of Mason City President, CEO, CFO	Various Repairs	13,984

CITY OF MASON CITY, IOWA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

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 Services and Supplies	\$ 16,452
Emily Ginneberge, North Iowa Diversity Appreciation Team, Main Street Mason City, Executive Director	Agency Funding	41,262
Troy Elwood, Plumbing Appeals Exam Board, Larry Elwood Construction, Owner	Various Repairs	71,680
Sandra Servantez, Library Board, Midwest North Iowa Janitorial Services, Inc., Office Manager	Janitorial Services	89,662
Nate Carney, North Iowa Corridor Economic Development Corp, Dean Snyder Construction, Director of Business Development	Construction Services	253,568
Cheryl Hubbard, Building Advisory and Appeals Board, Henkel Construction, Construction Project Manager	Construction Services	1,210,524

In accordance with Chapter 362.5(10) of the Code of Iowa, the first three 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 Henkel Construction, Dean Snyder Construction, and Midwest North Iowa Janitorial Services 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, 2021

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

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

IV-H-21 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-21 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-J-21 Revenue Bonds – No instances of noncompliance with water or sewer revenue note provisions were noted.

IV-K-21 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-21 Financial Condition – At June 30, 2021, the City had deficit balances in the following funds:

Special Revenue Fund:		
Softball Improvement	\$	1,343
Enterprise Fund:		
RCR Arena		150,303

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, 2021

<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, 2021

FINANCIAL STATEMENTS

Finding 2020-001: 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