

**BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION  
JUNE 30, 2020**

**CITY OF DYERSVILLE, IOWA**

# CITY OF DYERSVILLE, IOWA

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City of Dyersville  
Officials  
June 30, 2020

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<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
James Heavens	Mayor	December 31, 2021
Michael English	Council Member	December 31, 2023
Jenni Ostwinkle Silva	Council Member	December 31, 2023
Tom Westhoff	Council Member	December 31, 2021
Jim Gibbs	Council Member	December 31, 2021
Mike Oberbroeckling	Council Member	December 31, 2021
	Appointed Officials	
Mick Michel	City Administrator	Appointed
Tricia Maiers	City Clerk/Treasurer	Appointed
Marc Casey (resigned 9/8/2020)	City Attorney	Appointed

## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Dyersville, Iowa, as of and for the year ended June 30, 2020, and the related notes to the financial statements which collectively comprise the City's basic financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

### **Opinion**

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, each major fund and the aggregate remaining fund information of the City of Dyersville as of June 30, 2020, and the respective changes in financial position and cash flows, where applicable, 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, budgetary comparison information, the schedule of proportionate share of the net pension liability, the schedule of IPERS contributions and the schedule of changes in total OPEB liability information on pages 5 through 11 and 48 through 53 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 which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dyersville's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the seven years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the three years ended June 30, 2012 (which are not presented herein) were audited by other auditors in accordance with the standards referred to in the second paragraph of this report who expressed unmodified opinions on those financial statements. The supplementary information included on pages 54 through 57 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

To the Honorable Mayor and  
Members of the City Council  
City of Dyersville, Iowa  
Page 3

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated January 11, 2021 on our consideration of the City of Dyersville'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 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 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 Dyersville's internal control over financial reporting and compliance.

*HOGAN - HANSEN*

HOGAN - HANSEN

Waterloo, Iowa  
January 11, 2021

The City of Dyersville provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

## **2020 FINANCIAL HIGHLIGHTS**

Revenues of the City's governmental and business-type activities increased 7% or approximately \$554,000 from fiscal 2019 to fiscal 2020. Overall capital grants and contributions increased approximately \$366,000, operating grants and contributions increased by approximately \$25,000, while charges for services decreased \$64,000, and property taxes decreased by \$11,000.

Program expenses of the City's governmental activities increased 10% or approximately \$510,000 in fiscal 2020 from fiscal 2019. Public safety decreased \$79,126. Community and economic development decreased by \$791,512. Culture and recreation expenses decreased \$85,717, while Public works expenses increased by \$1,204,692 due to additional road repair work and General government increased \$125,313.

The City's net position increased 1.24%, or approximately \$366,000 from June 30, 2019 to June 30, 2020.

## **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the City of Dyersville as a whole and present an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year and information regarding post-employment benefits offered to its employees, Schedule of City's Proportionate Share of the Net Pension Liability of Iowa Public Employees' Retirement System, and Schedule of City Contributions of the Iowa Public Employees' Retirement System.

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds, as well as a ten-year history of revenues and expenditures for all governmental funds.



## REPORTING THE CITY'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

One of the most important questions asked about the City's finances is, “whether the City as a whole is better or worse off as a result of the year's activities?” The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as “net position.” Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as 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 not result in cash flows until future fiscal periods.

The Statement of Net Position and the Statement of Activities report two kinds of activities:

- Governmental activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and intergovernmental receipts finance most of these activities.
- Business-type activities include the City's utility services, such as waterworks, sanitation and sanitary sewer systems. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. Governmental funds include: the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

- 2) Proprietary funds account for the City's enterprise funds. These funds report services for which the City charges customers for the service it provides. Proprietary funds are reported in the same way all activities are reported in the Statement of Net Position and the Statement of Activities. The major difference between the proprietary funds and the business-type activities included in the government-wide statements is the detail and additional information, such as cash flows, provided in the proprietary fund statements. The enterprise funds include the City's utility services, such as Water Utility, Sewage Disposal Works and Solid Waste. The City is responsible for ensuring the assets reported in these funds are used only for their intended purposes.

The financial statements required for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses, and Changes in Fund Net Position and a Statement of Cash Flows.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position for governmental and business-type activities.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 8,559,125	\$ 12,746,722	\$ 453,765	\$ 446,800	\$ 9,012,890	\$ 13,193,522
Capital assets	22,264,375	19,308,000	22,810,186	22,134,807	45,074,561	41,442,807
Total assets	<u>30,823,500</u>	<u>32,054,722</u>	<u>23,263,951</u>	<u>22,581,607</u>	<u>54,087,451</u>	<u>54,636,329</u>
Deferred outflows of resources						
Pension related deferred outflows	184,790	205,231	55,099	60,941	239,889	266,172
Long-term liabilities	9,284,730	9,770,480	8,074,056	8,921,526	17,358,786	18,692,006
Other liabilities	532,306	1,893,360	2,429,629	1,405,155	2,961,935	3,298,515
Total liabilities	<u>9,817,036</u>	<u>11,663,840</u>	<u>10,503,685</u>	<u>10,326,681</u>	<u>20,320,721</u>	<u>21,990,521</u>
Deferred inflows of resources						
Succeeding year property tax	3,851,162	3,203,354	-	-	3,851,162	3,203,354
Pension related	110,509	46,718	31,605	14,779	142,114	61,497
Total deferred inflows	<u>3,961,671</u>	<u>3,250,072</u>	<u>31,605</u>	<u>14,779</u>	<u>3,993,276</u>	<u>3,264,851</u>
Net Position						
Net investment in capital assets	15,134,487	14,314,918	15,117,190	13,730,990	30,251,677	28,045,908
Restricted	2,230,472	2,267,215	16,490	19,598	2,246,962	2,286,813
Unrestricted	(135,376)	763,908	(2,349,920)	(1,449,500)	(2,485,296)	(685,592)
Total Net Position	<u>\$ 17,229,583</u>	<u>\$ 17,346,041</u>	<u>\$ 12,783,760</u>	<u>\$ 12,301,088</u>	<u>\$ 30,013,343</u>	<u>\$ 29,647,129</u>

**Net Position at Year-end**

Net position of governmental activities decreased during FY2020 by \$116,458 or .67%, and net position of business activities increased from FY2019 by \$482,672, or 3.92%. The largest portion of the City's net position is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net position represents resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements, is a deficit balance of approximately \$2,485,000 at the end of this year.

**Changes in Net position**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services	\$ 171,625	\$ 217,107	\$ 2,656,030	\$ 2,675,049	\$ 2,827,655	\$ 2,892,156
Operating grants and contributions	668,145	643,428	-	-	668,145	643,428
Capital grants and contributions	425,379	259,165	203,866	3,780	629,245	262,945
General revenues						
Property tax levied for:						
General purposes	2,030,048	1,984,868	-	-	2,030,048	1,984,868
Debt service	170,152	226,437	-	-	170,152	226,437
Tax increment financing	1,141,824	994,589	-	-	1,141,824	994,589
Utility franchise fees	151,522	155,102	-	-	151,522	155,102
Local option sales tax	602,816	557,462	-	-	602,816	557,462
Hotel/motel tax	80,004	89,957	-	-	80,004	89,957
Unrestricted investment earnings	72,866	29,827	-	-	72,866	29,827
Miscellaneous	134,788	114,837	22,056	25,350	156,844	140,187
Total revenues	5,649,169	5,272,779	2,881,952	2,704,179	8,531,121	7,976,958
Program Expenses						
Public safety	1,004,107	1,083,233	-	-	1,004,107	1,083,233
Public works	2,250,494	1,045,802	-	-	2,250,494	1,045,802
Health and social services	5,000	1,300	-	-	5,000	1,300
Culture and recreation	1,105,548	1,191,265	-	-	1,105,548	1,191,265
Community and economic development	517,320	1,308,832	-	-	517,320	1,308,832
General government	659,920	534,707	-	-	659,920	534,707
Interest on long-term debt	223,238	89,930	-	-	223,238	89,930
Water utility	-	-	891,781	878,608	891,781	878,608
Sewage disposal works	-	-	1,134,429	1,033,366	1,134,429	1,033,366
Solid waste	-	-	373,070	345,304	373,070	345,304
Total expenses	5,765,627	5,255,069	2,399,280	2,257,278	8,164,907	7,512,347
Transfers	-	6,294	-	(6,294)	-	-
Change In Net Position	(116,458)	24,004	482,672	440,607	366,214	464,611
Net Position Beginning Of Year	17,346,041	17,322,037	12,301,088	11,860,481	29,647,129	29,182,518
Net Position End Of Year	\$ 17,229,583	\$ 17,346,041	\$ 12,783,760	\$ 12,301,088	\$ 30,013,343	\$ 29,647,129

## INDIVIDUAL MAJOR FUND ANALYSIS

### *Governmental Fund Highlights*

As the City of Dyersville completed the year, its governmental funds reported a combined fund balance of \$3,728,855, which is less than the \$7,379,243 total fund balance at June 30, 2019. The following are the major reasons for the changes in fund balances of the major governmental funds from the prior year.

The General Fund expenditures decreased from the prior year in the Culture and Recreation function by approximately \$44,000. General Government expenses increased approximately \$187,000. The General Fund showed a decrease in fund balance of \$542,942 from the prior year to a fund balance of \$906,932, compared to prior year ending fund balance of \$1,449,874.

The Dyersville Economic Development TIF Fund is used to account for revenues from the tax authorized by ordinance in the urban renewal district and used to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal redevelopment projects. This fund ended fiscal 2020 with a \$1,597,934 fund balance compared to the prior year ending fund balance of \$1,241,872. The increase in fund balance is attributable to decreased rebate agreements.

The Local Option Sales Tax Fund is used to account for proceeds from the City's 1% local option sales tax. Funds are used to reduce future borrowings and for general property tax relief. The fund ended fiscal year 2020 with a balance of \$117,014, compared to prior year ending fund balance of \$364,902. The fund provided \$699,546 to the Capital Improvements Fund for capital projects.

The Road Use Tax Fund is used to account for road use tax revenues and the expenditures allowed by statute to be paid from the funds received. The fund ended fiscal year 2020 with a fund balance of \$22,144, compared to prior year ending fund balance of \$114,681.

The Capital Improvements Fund is used to account for the resources and costs related to infrastructure and building construction and major improvements. This fund started fiscal year 2020 with a fund balance of \$3,677,044. The Capital Improvement Fund ended with a fund balance of \$630,770.

The Debt Service Fund is used to account for the payment of interest and principal on the City's general long term debt. The fund ended fiscal year 2020 with a balance of \$395,502, compared to prior year ending fund balance of \$462,725.

### *Proprietary Fund Highlights*

The Water Utility Fund, which accounts for the operation and maintenance of the City's water system, ended fiscal 2020 with net position of \$5,903,446 compared to the prior year ending net position of \$5,718,238.

The Sewage Disposal Works Fund, which accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system, ended fiscal 2020 with a \$6,846,550 net position balance compared to the prior year ending net position balance of \$6,541,593.

### *Budgetary Highlights*

Over the course of the year, the City of Dyersville amended its budget once. The amendment was done on May 18, 2020. The amendment was needed to adjust expenditures for capital projects.

The City's receipts were \$1,165,971 less than final budgeted receipts.

Total disbursements were \$1,943,565 less than budgeted disbursements. The Public Works, General Government, Debt Service and Capital Projects functional expenses were over budget.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### *Capital Assets*

The City's capital assets include land, buildings and improvements, equipment, streets, sewer systems, lighting systems, traffic signals and other infrastructure. Capital assets for governmental activities totaled \$22,264,375 (net of accumulated depreciation) at June 30, 2020. Capital assets for business-type activities totaled \$22,810,186 (net of accumulated depreciation) at June 30, 2020. See Note 3 to the financial statements for more information about the City's capital assets.

The major capital outlays for governmental activities during the year included the Twin Steeples project and the Westside Park sidewalk extension.

For business-type activities, fiscal year 2020 included only minor improvements and additions to capital assets.

### *Long-Term Debt*

At June 30, 2020, the City had \$8,591,834 in total long-term debt outstanding for governmental activities. Total long-term debt outstanding for business-type activities was \$7,692,996 at June 30, 2020. The long term debt includes capital lease purchase agreements for four trucks with a remaining balance of \$137,544 at June 30, 2020, of which a portion is recorded in governmental activities and a portion is recorded in business-type activities.

The City does not have a general obligation bond rating assigned by national rating agencies to the City's debt. The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$20 million. Other obligations include accrued vacation pay, sick leave, net pension liability and net OPEB liability. Additional information about the City's long-term debt is presented in Note 4 to the financial statements. Additional information about the City's Net Pension liability is presented in Note 6 to the financial statements, while information relating to Other Postemployment Benefits are presented in Note 7.

**ECONOMIC FACTORS BEARING ON THE CITY'S FUTURE**

Several economic factors affected decisions made by the City in setting its fiscal 2021 budget. The City’s General Fund property tax revenues will increase by 5.4% due to increases in valuation.

The levy rate for the debt service levy increased approximately 186%, while the total levy rate increased from 8.50 to 9.56.

The tax levy rates per \$1,000 of taxable valuation for fiscal 2021 are provided below:

General levy	\$ 7.93000
Debt Service levy	1.63090
Total	\$ 9.56090

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to present our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and operating activities. If you have any questions or require additional information, please contact Mick J. Michel, City Administrator, 340 1<sup>st</sup> Avenue East, Dyersville, Iowa 52040.

Basic Financial Statements  
June 30, 2020

**City of Dyersville, Iowa**

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	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and pooled cash investments	\$ 3,855,793	\$ 32,259	\$ 3,888,052
Receivables			
Property tax			
Delinquent	35,851	-	35,851
Succeeding year	3,851,162	-	3,851,162
Accounts and other	33,476	313,277	346,753
Special assessments	16,017	-	16,017
Due from other governments	585,121	-	585,121
Inventories	-	40,215	40,215
Prepaid expenses	83,813	38,353	122,166
Restricted assets			
Cash and pooled cash investments	97,892	29,661	127,553
Capital assets			
Land and construction in progress	10,601,232	1,383,872	11,985,104
Other capital assets, net of accumulated depreciation	11,663,143	21,426,314	33,089,457
Total Assets	<u>30,823,500</u>	<u>23,263,951</u>	<u>54,087,451</u>
<b>Deferred Outflows of Resources</b>			
Pension related deferred outflows	<u>184,790</u>	<u>55,099</u>	<u>239,889</u>

See Notes to Financial Statements

City of Dyersville  
Exhibit A – Statement of Net Position  
June 30, 2020

	Governmental Activities	Business-type Activities	Total
<b>Liabilities</b>			
Checks written in excess of deposits	\$ -	\$ 2,074,420	\$ 2,074,420
Accounts payable	473,201	317,230	790,431
Accrued interest payable	17,874	15,473	33,347
Salaries and benefits payable	41,231	22,506	63,737
<b>Long-term liabilities</b>			
Portion due or payable within one year			
Customer deposits	-	36,298	36,298
Capital lease purchase agreements	6,207	12,414	18,621
General obligation bonds	610,000	475,000	1,085,000
Revenue bonds payable	-	457,000	457,000
Compensated absences	244,516	134,222	378,738
Portion due or payable after one year			
Capital lease purchase agreements	39,641	79,282	118,923
General obligation bonds	7,935,986	2,860,000	10,795,986
Revenue bonds	-	3,809,300	3,809,300
Net pension liability	407,927	197,056	604,983
Net OPEB liability	40,453	13,484	53,937
<b>Total Liabilities</b>	<b>9,817,036</b>	<b>10,503,685</b>	<b>20,320,721</b>
<b>Deferred Inflows of Resources</b>			
Succeeding year property tax	3,851,162	-	3,851,162
Pension related deferred inflows	110,509	31,605	142,114
<b>Total Deferred Inflows of Resources</b>	<b>3,961,671</b>	<b>31,605</b>	<b>3,993,276</b>
<b>Net Position</b>			
Net investment in capital assets	15,134,487	15,117,190	30,251,677
<b>Restricted for</b>			
Economic development	1,597,934	-	1,597,934
Local option sales tax	117,014	-	117,014
Library	97,878	-	97,878
Debt service	395,502	16,490	411,992
Capital Improvements	22,144	-	22,144
Unrestricted	(135,376)	(2,349,920)	(2,485,296)
<b>Total Net Position</b>	<b>\$ 17,229,583</b>	<b>\$ 12,783,760</b>	<b>\$ 30,013,343</b>

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
Public safety	\$ 1,004,107	\$ 24,758	\$ 11,571	\$ -
Public works	2,250,494	35,775	547,946	425,379
Health and social services	5,000	-	-	-
Culture and recreation	1,105,548	111,092	42,107	-
Community and economic development	517,320	-	66,521	-
General government	659,920	-	-	-
Debt service	223,238	-	-	-
Total governmental activities	<u>5,765,627</u>	<u>171,625</u>	<u>668,145</u>	<u>425,379</u>
Business-type activities				
Water utility	891,781	954,915	-	101,933
Sewage disposal works	1,134,429	1,335,538	-	101,933
Solid waste	373,070	365,577	-	-
Total business-type activities	<u>2,399,280</u>	<u>2,656,030</u>	<u>-</u>	<u>203,866</u>
Total primary government	<u>\$ 8,164,907</u>	<u>\$ 2,827,655</u>	<u>\$ 668,145</u>	<u>\$ 629,245</u>
General revenues				
Property tax and other City tax levied for				
General purposes				
Debt service				
Tax increment financing				
Utility franchise fees				
Local option sales tax				
Hotel/motel tax				
Unrestricted investment earnings				
Gain on sale of capital assets				
Other				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year				
Net position, end of year				

City of Dyersville  
Exhibit B – Statement of Activities  
As of and for the Year Ended June 30, 2020

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (967,778)	\$ -	\$ (967,778)
(1,241,394)	-	(1,241,394)
(5,000)	-	(5,000)
(952,349)	-	(952,349)
(450,799)	-	(450,799)
(659,920)	-	(659,920)
(223,238)	-	(223,238)
<u>(4,500,478)</u>	<u>-</u>	<u>(4,500,478)</u>
-	165,067	165,067
-	303,042	303,042
<u>-</u>	<u>(7,493)</u>	<u>(7,493)</u>
<u>-</u>	<u>460,616</u>	<u>460,616</u>
<u>(4,500,478)</u>	<u>460,616</u>	<u>(4,039,862)</u>
2,030,048	-	2,030,048
170,152	-	170,152
1,141,824	-	1,141,824
151,522	-	151,522
602,816	-	602,816
80,004	-	80,004
72,866	-	72,866
31,000	-	31,000
103,788	22,056	125,844
<u>4,384,020</u>	<u>22,056</u>	<u>4,406,076</u>
(116,458)	482,672	366,214
17,346,041	12,301,088	29,647,129
<u>\$ 17,229,583</u>	<u>\$ 12,783,760</u>	<u>\$ 30,013,343</u>

	General	Special Revenue		
		Dyersville Economic Development TIF	Local Option Sales Tax	Road Use Tax
<b>Assets</b>				
Cash and pooled cash investments	\$ 751,047	\$ 1,588,949	\$ 81,405	\$ -
Receivables				
Property tax				
Delinquent	22,687	8,985	-	-
Succeeding year	2,043,026	1,304,409	-	-
Accounts and other	33,476	-	-	-
Special assessments	-	-	-	-
Due from other governments	32,626	-	35,609	68,227
Prepaid expenditures	83,813	-	-	-
Restricted cash	35,401	-	-	-
<b>Total Assets</b>	<b>\$ 3,002,076</b>	<b>\$ 2,902,343</b>	<b>\$ 117,014</b>	<b>\$ 68,227</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>				
<b>Liabilities</b>				
Checks written in excess of deposits	\$ -	\$ -	\$ -	\$ 31,900
Accounts payable	19,719	-	-	5,351
Salaries and benefits payable	32,399	-	-	8,832
<b>Total Liabilities</b>	<b>52,118</b>	<b>-</b>	<b>-</b>	<b>46,083</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenues:				
Succeeding year property tax	2,043,026	1,304,409	-	-
Other	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>2,043,026</b>	<b>1,304,409</b>	<b>-</b>	<b>-</b>
<b>Fund Balances (Deficits)</b>				
Nonspendable				
Prepaid expenditures	83,813	-	-	-
Restricted for				
Economic development	-	1,597,934	-	-
Local option sales tax	-	-	117,014	-
Library	35,401	-	-	-
Debt service	-	-	-	-
Capital improvements	-	-	-	22,144
Unassigned	787,718	-	-	-
<b>Total Fund Balances</b>	<b>906,932</b>	<b>1,597,934</b>	<b>117,014</b>	<b>22,144</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 3,002,076</b>	<b>\$ 2,902,343</b>	<b>\$ 117,014</b>	<b>\$ 68,227</b>

See Notes to Financial Statements

City of Dyersville  
Exhibit C – Balance Sheet – Governmental Funds  
June 30, 2020

<u>Capital Projects</u> <u>Capital</u> <u>Improvements</u>	<u>Debt</u> <u>Service</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
\$ 1,077,340	\$ 391,323	\$ -	\$ 3,890,064
-	4,179	-	35,851
-	503,727	-	3,851,162
-	-	-	33,476
16,017	-	-	16,017
448,659	-	-	585,121
-	-	-	83,813
-	-	62,491	97,892
<u>\$ 1,542,016</u>	<u>\$ 899,229</u>	<u>\$ 62,491</u>	<u>\$ 8,593,396</u>
\$ -	\$ -	\$ 2,371	\$ 34,271
446,570	-	1,561	473,201
-	-	-	41,231
<u>446,570</u>	<u>-</u>	<u>3,932</u>	<u>548,703</u>
-	503,727	-	3,851,162
464,676	-	-	464,676
<u>464,676</u>	<u>503,727</u>	<u>-</u>	<u>4,315,838</u>
-	-	-	83,813
-	-	-	1,597,934
-	-	-	117,014
-	-	62,477	97,878
-	395,502	-	395,502
1,461,946	-	-	1,484,090
(831,176)	-	(3,918)	(47,376)
<u>630,770</u>	<u>395,502</u>	<u>58,559</u>	<u>3,728,855</u>
<u>\$ 1,542,016</u>	<u>\$ 899,229</u>	<u>\$ 62,491</u>	<u>\$ 8,593,396</u>

City of Dyersville  
 Exhibit D – Reconciliation of the Balance Sheet –  
 Governmental Funds to the Statement of Net Position  
 June 30, 2020

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Total Fund Balances - Governmental Funds		\$ 3,728,855
<p>Amounts reported for governmental activities in the statement of net position is different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.</p>		
Cost of capital assets	29,694,838	
Accumulated depreciation	<u>(7,430,462)</u>	22,264,376
<p>Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are unavailable in the funds. Those revenues consist of:</p>		
Special assessments	16,017	
Other	<u>448,658</u>	464,675
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:</p>		
General obligation bonds	(8,545,986)	
Capital lease purchase agreement	(45,848)	
Accrued interest	(17,874)	
Compensated absences	(244,516)	
Net pension liability	(407,927)	
OPEB	<u>(40,453)</u>	(9,302,604)
<p>Pension related deferred outflows and inflows are not considered current financial resources and therefore are not part of the governmental fund analysis</p>		
		<u>74,281</u>
Net position of governmental activities		<u><u>\$ 17,229,583</u></u>

	General	Special Revenue		
		Dyersville Economic Development TIF	Local Option Sales Tax	Road Use Tax
<b>Revenues</b>				
Property tax	\$ 2,030,048	\$ -	\$ -	\$ -
Tax increment financing	-	1,141,824	-	-
Other city tax	384,202	-	451,658	-
Licenses and permits	17,174	-	-	-
Use of money and property	105,741	-	-	-
Intergovernmental	41,068	-	-	547,946
Charges for service	147,165	-	-	-
Special assessments	-	-	-	-
Miscellaneous	144,675	-	-	-
<b>Total Revenues</b>	<b>2,870,073</b>	<b>1,141,824</b>	<b>451,658</b>	<b>547,946</b>
<b>Expenditures</b>				
Operating				
Public safety	944,290	-	-	63,624
Public works	334,063	-	-	576,859
Health and social services	5,000	-	-	-
Culture and recreation	1,019,843	-	-	-
Community and economic development	61,785	455,535	-	-
General government	610,743	-	-	-
Debt service	20,851	-	-	-
Capital projects	-	-	-	-
<b>Total Expenditures</b>	<b>2,996,575</b>	<b>455,535</b>	<b>-</b>	<b>640,483</b>
<b>Revenues Over (Under) Expenditures</b>	<b>(126,502)</b>	<b>686,289</b>	<b>451,658</b>	<b>(92,537)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers out	(416,440)	(330,227)	(699,546)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(416,440)</b>	<b>(330,227)</b>	<b>(699,546)</b>	<b>-</b>
<b>Net Change In Fund Balances</b>	<b>(542,942)</b>	<b>356,062</b>	<b>(247,888)</b>	<b>(92,537)</b>
<b>Fund Balances, Beginning of Year</b>	<b>1,449,874</b>	<b>1,241,872</b>	<b>364,902</b>	<b>114,681</b>
<b>Fund Balances, End of Year</b>	<b>\$ 906,932</b>	<b>\$ 1,597,934</b>	<b>\$ 117,014</b>	<b>\$ 22,144</b>

See Notes to Financial Statements



City of Dyersville  
 Exhibit E – Statement of Revenues, Expenditures, and Changes  
 In Fund Balances (Deficit) – Governmental Funds  
 Year Ended June 30, 2020

<u>Capital Projects</u> Capital Improvements	<u>Debt</u> Service	<u>Nonmajor</u> Governmental Funds	<u>Total</u>
\$ -	\$ 170,152	\$ -	\$ 2,200,200
-	-	-	1,141,824
-	109	-	835,969
-	-	-	17,174
912	-	361	107,014
238,283	-	-	827,297
-	-	36,274	183,439
4,481	-	-	4,481
-	-	-	144,675
<u>243,676</u>	<u>170,261</u>	<u>36,635</u>	<u>5,462,073</u>
-	-	17,621	1,025,535
-	-	-	910,922
-	-	-	5,000
-	-	28,600	1,048,443
-	-	-	517,320
-	-	-	610,743
-	567,711	-	588,562
4,405,936	-	-	4,405,936
<u>4,405,936</u>	<u>567,711</u>	<u>46,221</u>	<u>9,112,461</u>
<u>(4,162,260)</u>	<u>(397,450)</u>	<u>(9,586)</u>	<u>(3,650,388)</u>
1,115,986	330,227	-	1,446,213
<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,446,213)</u>
<u>1,115,986</u>	<u>330,227</u>	<u>-</u>	<u>-</u>
(3,046,274)	(67,223)	(9,586)	(3,650,388)
<u>3,677,044</u>	<u>462,725</u>	<u>68,145</u>	<u>7,379,243</u>
<u>\$ 630,770</u>	<u>\$ 395,502</u>	<u>\$ 58,559</u>	<u>\$ 3,728,855</u>

Exhibit F – Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances (Deficit) –  
Governmental Funds to the Statement of Activities  
Year Ended June 30, 2020

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Net Change In Fund Balances - Total Governmental Funds	\$	(3,650,388)
<p>Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:</p>		
<p>Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:</p>		
Net acquisition of capital assets	\$ 3,562,341	
Depreciation expense	<u>(605,965)</u>	2,956,376
<p>Because some revenues will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues and are unavailable in the governmental funds, as follows:</p>		
Grants	191,041	
Special assessments	<u>(3,946)</u>	187,095
<p>Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. The effect of these items is as follows:</p>		
Repaid	<u>376,383</u>	376,383
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:</p>		
Compensated absences	65,090	
Interest on long-term debt	(11,059)	
Pension	(27,888)	
OPEB	<u>(12,067)</u>	<u>14,076</u>
Change in Net Position of Governmental Activities	\$	<u><u>(116,458)</u></u>

Business-type Activities - Enterprise Funds

	Water Utility	Sewage Disposal Works	Non-Major Solid Waste	Total
Assets				
Current Assets				
Cash and pooled cash investments	\$ -	\$ -	\$ 32,259	\$ 32,259
Accounts receivable	111,240	159,732	42,305	313,277
Inventories	32,032	8,183	-	40,215
Prepaid items	15,098	23,255	-	38,353
Total Current Assets	<u>158,370</u>	<u>191,170</u>	<u>74,564</u>	<u>424,104</u>
Noncurrent Assets				
Restricted assets - cash and pooled cash investments	<u>29,661</u>	<u>-</u>	<u>-</u>	<u>29,661</u>
Capital Assets				
Land	75,750	134,530	-	210,280
Improvements other than buildings	-	-	45,237	45,237
Machinery and equipment	475,999	1,173,193	113,173	1,762,365
Wells	1,597,965	-	-	1,597,965
Distribution system	9,677,792	-	-	9,677,792
Sewer system	-	16,943,960	-	16,943,960
Construction in progress	312,116	861,476	-	1,173,592
Accumulated depreciation	<u>(3,856,219)</u>	<u>(4,606,543)</u>	<u>(138,243)</u>	<u>(8,601,005)</u>
Net Capital Assets	<u>8,283,403</u>	<u>14,506,616</u>	<u>20,167</u>	<u>22,810,186</u>
Total Noncurrent Assets	<u>8,313,064</u>	<u>14,506,616</u>	<u>20,167</u>	<u>22,839,847</u>
Total Assets	<u>8,471,434</u>	<u>14,697,786</u>	<u>94,731</u>	<u>23,263,951</u>
Deferred Outflows of Resources				
Pension related deferred outflows	<u>24,883</u>	<u>24,883</u>	<u>5,333</u>	<u>55,099</u>

See Notes to Financial Statements

City of Dyersville  
Exhibit G – Statement of Net Position  
Proprietary Funds  
June 30, 2020

	Business-type Activities - Enterprise Funds			Total
	Water Utility	Sewage Disposal Works	Non-Major Solid Waste	
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Checks written in excess of deposits	\$ 334,230	\$ 1,740,190	\$ -	\$ 2,074,420
Accounts payable	45,087	250,175	21,968	317,230
Accrued interest payable	4,030	11,443	-	15,473
Salaries and benefits payable	12,189	7,423	2,894	22,506
Capital lease purchase agreement	6,207	6,207	-	12,414
General obligation bonds	215,000	260,000	-	475,000
Revenue bonds	76,000	381,000	-	457,000
Compensated absences	56,991	59,542	17,689	134,222
Total Current Liabilities	<u>749,734</u>	<u>2,715,980</u>	<u>42,551</u>	<u>3,508,265</u>
<b>Current Liabilities Payable</b>				
<b>From Restricted Assets</b>				
Customer deposits payable	36,298	-	-	36,298
<b>Noncurrent Liabilities</b>				
Capital lease purchase agreement	39,641	39,641	-	79,282
General obligation bonds	1,355,000	1,505,000	-	2,860,000
Revenue bonds	303,000	3,506,300	-	3,809,300
Net pension liability	88,993	88,993	19,070	197,056
Net OPEB liability	5,932	5,932	1,620	13,484
Total Noncurrent Liabilities	<u>1,792,566</u>	<u>5,145,866</u>	<u>20,690</u>	<u>6,959,122</u>
Total Liabilities	<u>2,578,598</u>	<u>7,861,846</u>	<u>63,241</u>	<u>10,503,685</u>
Deferred Inflows of Resources	14,273	14,273	3,059	31,605
<b>Net Position</b>				
Net investment in capital assets	6,288,555	8,808,468	20,167	15,117,190
Restricted	-	16,490	-	16,490
Unrestricted	(385,109)	(1,978,408)	13,597	(2,349,920)
Total Net Position	<u>\$ 5,903,446</u>	<u>\$ 6,846,550</u>	<u>\$ 33,764</u>	<u>\$ 12,783,760</u>

City of Dyersville  
 Exhibit H – Statement of Revenues, Expenses, and Changes in Fund Net Position –  
 Proprietary Funds  
 Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewage Disposal Works	Non-Major Solid Waste	Total
Operating Revenues				
Charges for sales and services	\$ 954,915	\$ 1,335,538	\$ 365,577	\$ 2,656,030
Other	20,141	1,915	-	22,056
Total Operating Revenues	<u>975,056</u>	<u>1,337,453</u>	<u>365,577</u>	<u>2,678,086</u>
Operating Expenses				
Employee expense	254,166	246,745	64,984	565,895
Utilities	109,878	59,428	724	170,030
Repairs and maintenance	70,206	79,158	24,870	174,234
Supplies and services	129,300	164,019	280,230	573,549
Insurance	17,921	28,674	-	46,595
Depreciation	255,700	407,005	2,262	664,967
Total Operating Expenses	<u>837,171</u>	<u>985,029</u>	<u>373,070</u>	<u>2,195,270</u>
Operating Income (Loss)	<u>137,885</u>	<u>352,424</u>	<u>(7,493)</u>	<u>482,816</u>
Nonoperating Expenses Interest expense	<u>(54,610)</u>	<u>(149,400)</u>	<u>-</u>	<u>(204,010)</u>
Income (Loss) Before Contributions	<u>83,275</u>	<u>203,024</u>	<u>(7,493)</u>	<u>278,806</u>
Capital Contributions	<u>101,933</u>	<u>101,933</u>	<u>-</u>	<u>203,866</u>
Change In Net Position	185,208	304,957	(7,493)	482,672
Net Position, Beginning	<u>5,718,238</u>	<u>6,541,593</u>	<u>41,257</u>	<u>12,301,088</u>
Net Position, Ending	<u>\$ 5,903,446</u>	<u>\$ 6,846,550</u>	<u>\$ 33,764</u>	<u>\$ 12,783,760</u>

City of Dyersville  
Exhibit I – Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewage Disposal Works	Non-Major Solid Waste	Total
Cash Flows From Operating Activities				
Cash received from customers	\$ 970,811	\$ 1,354,592	\$ 370,436	\$ 2,695,839
Cash payments to suppliers for goods and services	(312,800)	(90,076)	(306,373)	(709,249)
Cash payments to employees for services	(217,220)	(223,567)	(48,144)	(488,931)
Other operating receipts	20,141	1,915	-	22,056
Net Cash Provided By Operating Activities	<u>460,932</u>	<u>1,042,864</u>	<u>15,919</u>	<u>1,519,715</u>
Cash Flows From Capital And Related Financing Activities				
Acquisition and construction of capital assets	(277,748)	(858,732)	-	(1,136,480)
Proceeds from issuance of debt	8,000	1,300	-	9,300
Payment of debt	(284,196)	(610,925)	-	(895,121)
Interest paid	(55,111)	(150,312)	-	(205,423)
Net Cash Used For Capital and Related Financing Activities	<u>(609,055)</u>	<u>(1,618,669)</u>	<u>-</u>	<u>(2,227,724)</u>
Net Increase (Decrease) In Cash And Cash Equivalents	(148,123)	(575,805)	15,919	(708,009)
Cash and Cash Equivalents, Beginning of Year	<u>(156,446)</u>	<u>(1,164,385)</u>	<u>16,340</u>	<u>(1,304,491)</u>
Cash and Cash Equivalents, End of Year	<u>\$ (304,569)</u>	<u>\$ (1,740,190)</u>	<u>\$ 32,259</u>	<u>\$ (2,012,500)</u>

City of Dyersville  
Exhibit I – Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2020

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewage Disposal Works	Non-Major Solid Waste	Total
Reconciliation of Operating Income (Loss) to Net				
Cash Provided by Operating Activities				
Operating income (loss)	\$ 137,885	\$ 352,424	\$ (7,493)	\$ 482,816
Adjustments to Reconcile Operating Income (Loss) to				
Net Cash Provided By Operating Activities:				
Depreciation	255,700	407,005	2,262	664,967
Change in assets and liabilities				
Accounts receivable	13,471	19,054	4,859	37,384
Inventory and prepaids	(22,058)	(5,897)	-	(27,955)
Accounts payable	36,563	247,100	(549)	283,114
Deposits payable	2,425	-	-	2,425
Accrued liabilities	30,483	16,715	15,353	62,551
Deferred outflows	2,639	2,639	564	5,842
Deferred inflows	7,599	7,599	1,628	16,826
Pension liability	(5,545)	(5,545)	(1,188)	(12,278)
OPEB	1,770	1,770	483	4,023
Total Adjustments	<u>323,047</u>	<u>690,440</u>	<u>23,412</u>	<u>1,036,899</u>
Net Cash Provided By Operating Activities	<u>\$ 460,932</u>	<u>\$ 1,042,864</u>	<u>\$ 15,919</u>	<u>\$ 1,519,715</u>
Reconciliation of Cash and Cash				
Equivalents at Year End to				
Specific Assets Included on the				
Statement of Net Position				
Current Assets:				
Cash and pooled investments	\$ -	\$ -	\$ 32,259	\$ 32,259
Restricted Assets:				
Cash and pooled investments	29,661	-	-	29,661
Checks written in excess of deposits	(334,230)	(1,740,190)	-	(2,074,420)
Cash and Cash Equivalents at Year End	<u>\$ (304,569)</u>	<u>\$ (1,740,190)</u>	<u>\$ 32,259</u>	<u>\$ (2,012,500)</u>
Noncash Capital And Related Financing Activities				
Contributions of capital assets				
from governmental funds	<u>\$ 101,933</u>	<u>\$ 101,933</u>	<u>\$ -</u>	<u>\$ 203,866</u>

## **Note 1 - Summary of Significant Accounting Policies**

The City of Dyersville, Iowa, is a political subdivision of the State of Iowa located in Dubuque and Delaware counties. It was first incorporated in 1872 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 nonpartisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development, and general government services. It also operates and provides water, sewer, and sanitation utilities.

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

### **Reporting Entity**

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

### **Excluded Component Unit**

The Friends of the Library (Iowa nonprofit corporation) is legally separate from the City. Friends of the Library is governed by a separate board but was formed for the direct benefit of the City. Economic resources received by Friends of the Library are used for the direct benefit of the James Kennedy Public Library. Friends of the Library does not prepare financial statements; therefore, audited financial statements are not available. Management has elected to exclude the transactions of Friends of the Library from the City's financial statements as they are not material.

### **Jointly Governed Organization**

The City also participates in jointly governed organizations that provide goods or services to the citizenry of the City but does 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: Bi-County Ambulance, Dubuque County Assessor's Board, Dubuque County Emergency Management Commission and the Dubuque County E911 Board.



## **Basis of Presentation**

### Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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

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

Restricted net position – result when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and (2) grants and contributions 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.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

### **Fund Financial Statements**

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

The City reports the following major governmental funds:

#### **General Fund**

The General Fund is the general operating fund of the City. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

### **Special Revenue Funds**

The Dyersville Economic Development TIF Fund is used to account for revenues from the tax authorized by ordinance in the urban renewal district and used to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal redevelopment projects.

Local Option Sales Tax – This fund is used to account for proceeds from the City’s 1% local option sales tax. Funds are used to reduce future borrowings and for general property tax relief.

Road Use Tax – This fund is used to account for road use tax revenues and the expenditures allowed by statute to be paid from the funds received.

### **Capital Projects Funds**

The Capital Improvements Fund is used to account for the resources and costs related to infrastructure and building construction and major improvements.

### **Debt Service Fund**

The Debt Service Fund is utilized to account for the payment of interest and principal on the City’s general long-term debt.

The City reports the following major proprietary funds:

### **Enterprise Funds**

The Water Utility Fund is used to account for the operations of the City’s water facilities and services.

The Sewage Disposal Works Fund is used to account for the operations of the City’s sewage disposal works and services.

### **Measurement Focus and Basis of Accounting**

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

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

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

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

Under the 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 nonoperating 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 charges to customers for sales and services. Operating expenses for Enterprise Funds 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

The City maintains its financial records on the cash basis. The financial statements of the City are prepared by making memorandum adjusting entries to the cash basis financial records.

### **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, Pooled Investments and Cash Equivalents**

The cash balances of most City funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments consist of money market and savings accounts.

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.

#### **Property Tax Receivable, Including Tax Increment Financing**

Property tax, including tax increment financing, in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2020, and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is unavailable in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenues recognized in these funds becomes due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2018, assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020; and reflects tax asking contained in the budget certified by the County Board of Supervisors in March, 2019.

#### **Customer Accounts and Unbilled Usage**

Accounts receivable are recorded in the Enterprise Funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

#### **Due from other Governments**

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

#### **Inventories**

Inventories are valued at cost using the first-in/first-out method. Inventories in the Enterprise Funds consist of materials and supplies. Inventories are recorded as expenses when consumed rather than when purchased.

#### **Restricted Assets**

Funds set aside for payment of Enterprise Fund revenue notes are classified as restricted assets since their use is restricted by applicable note indentures. Other restricted assets include customer deposits restricted for application to unpaid customer accounts or for refund to customers.

**Capital Assets**

Capital assets, which include property, equipment and vehicles and infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government) are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Position and in the Proprietary Funds Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. The costs of normal maintenance and repair not adding to the value of the asset or materially extending asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 5,000
Land, buildings and improvements	5,000
Equipment and vehicles	5,000

Capital assets of the City are depreciated/amortized using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	10 – 50
Building improvements	10 – 20
Infrastructure	15 – 50
Equipment	5 – 20
Vehicles	5 – 15

**Unavailable Revenue**

Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Unavailable revenue in the governmental fund financial statements represents 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 period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Unavailable revenue consists of the succeeding year property tax receivable, as well as delinquent property tax receivable and other receivables not collected within sixty days after year end.

**Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2020. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

### **Long-term Liabilities**

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

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### **Pensions**

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

### **OPEB**

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

### **Deferred Inflows of Resources**

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

### **Deferred Outflows of Resources**

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

### **Fund Equity**

In the governmental fund financial statements, restrictions of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

### **Budgets and Budgetary Accounting**

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2020, disbursements exceeded the amount budgeted in public works, general government, debt service, and capital projects functions.

### **Estimates and Assumptions**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

### **Note 2 - Cash and Pooled Investments**

*Deposits.* The City's deposits in banks at June 30, 2020, 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 by the City Council or Board of Trustees and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City has no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

**Note 3 - Capital Assets**

Capital assets activity for the year ended June 30, 2020, was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 5,282,179	\$ 1,243,808	\$ -	\$ 6,525,987
Construction in progress	2,614,857	2,164,401	704,013	4,075,245
Total capital assets, not being depreciated	<u>7,897,036</u>	<u>3,408,209</u>	<u>704,013</u>	<u>10,601,232</u>
Capital assets, being depreciated				
Buildings	4,172,607	-	-	4,172,607
Improvements other than buildings	1,718,268	526,479	-	2,244,747
Machinery and equipment	2,967,128	236,380	94,352	3,109,156
Infrastructure	9,458,313	108,783	-	9,567,096
Total capital assets, being depreciated	<u>18,316,316</u>	<u>871,642</u>	<u>94,352</u>	<u>19,093,606</u>
Less accumulated depreciation for:				
Buildings	2,118,839	85,145	-	2,203,984
Improvements other than buildings	803,695	114,934	-	918,629
Machinery and equipment	2,196,627	195,229	80,855	2,311,001
Infrastructure	1,786,191	210,657	-	1,996,848
Total accumulated depreciation	<u>6,905,352</u>	<u>605,965</u>	<u>80,855</u>	<u>7,430,462</u>
Total capital assets being depreciated, net	<u>11,410,964</u>	<u>265,677</u>	<u>13,497</u>	<u>11,663,144</u>
Governmental activities capital assets, net	<u>\$ 19,308,000</u>	<u>\$ 3,673,886</u>	<u>\$ 717,510</u>	<u>\$ 22,264,376</u>



City of Dyersville  
Notes to the Financial Statements  
June 30, 2020

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Business-Type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 210,280	\$ -	\$ -	\$ 210,280
Construction in progress	411,603	766,727	4,738	1,173,592
Total capital assets, not being depreciated	<u>621,883</u>	<u>766,727</u>	<u>4,738</u>	<u>1,383,872</u>
Capital assets, being depreciated				
Improvements other than buildings	45,237	-	-	45,237
Equipment and vehicles	1,442,582	319,783	-	1,762,365
Infrastructure, water and sewer network	27,961,143	258,574	-	28,219,717
Total capital assets, being depreciated	<u>29,448,962</u>	<u>578,357</u>	<u>-</u>	<u>30,027,319</u>
Less accumulated depreciation for:				
Improvements other than buildings	22,809	3,086	-	25,895
Equipment and vehicles	900,849	112,616	-	1,013,465
Infrastructure, water and sewer network	7,012,380	549,265	-	7,561,645
Total accumulated depreciation	<u>7,936,038</u>	<u>664,967</u>	<u>-</u>	<u>8,601,005</u>
Total capital assets being depreciated, net	<u>21,512,924</u>	<u>(86,610)</u>	<u>-</u>	<u>21,426,314</u>
Business-type activities capital assets, net	<u>\$ 22,134,807</u>	<u>\$ 680,117</u>	<u>\$ 4,738</u>	<u>\$ 22,810,186</u>

Depreciation expense was charged to functions of the City as follows:

<b>Governmental activities:</b>	
Public safety	\$ 108,249
Public works	246,475
Culture and recreation	146,953
General government	104,288
Total depreciation expense - governmental activities	<u>\$ 605,965</u>
<b>Business-type activities:</b>	
Water	\$ 255,700
Sewage disposal works	407,005
Solid waste	2,262
Total depreciation expense - business-type activities	<u>\$ 664,967</u>

**Note 4 - Changes in Long-Term Liabilities**

A summary of changes in long-term liabilities for the year ended June 30, 2020, is as follows:

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Governmental Activities					
General Obligation					
Bonds/Notes	\$ 8,850,000	\$ -	\$ 355,000	\$ 8,495,000	\$ 610,000
Premiums	54,173	-	3,187	50,986	-
	<u>\$ 8,904,173</u>	<u>\$ -</u>	<u>\$ 358,187</u>	<u>\$ 8,545,986</u>	<u>\$ 610,000</u>
Direct Placements:					
Capital Lease Purchase					
Agreements	64,044	-	18,196	45,848	6,207
Compensated Absences	309,606	244,516	309,606	244,516	244,516
	<u>\$ 9,277,823</u>	<u>\$ 244,516</u>	<u>\$ 685,989</u>	<u>\$ 8,836,350</u>	<u>\$ 860,723</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

	Balance June 30, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Business-Type Activities					
General Obligation Bonds	\$ 3,785,000	\$ -	\$ 450,000	\$ 3,335,000	\$ 475,000
Direct Placements:					
Revenue Notes	4,665,729	9,300	408,729	4,266,300	457,000
Capital Lease Purchase					
Agreements	128,088	-	36,392	91,696	12,414
Compensated Absences	90,041	134,222	90,041	134,222	134,222
	<u>\$ 8,668,858</u>	<u>\$ 143,522</u>	<u>\$ 985,162</u>	<u>\$ 7,827,218</u>	<u>\$ 1,078,636</u>

### Capital Lease Purchase Agreement

The City has entered into a capital lease purchase agreement to lease four trucks with historical costs of \$437,217, accumulated depreciation of \$278,821, and a net book value of \$158,396. The lease has interest of 3.75% per annum. The present value of net minimum lease payments under the agreement in effect at June 30, 2020 is as follows:

Governmental Activities:

Year Ending June 30,	Trucks
2021	\$ 7,765
2022	10,356
2023	10,356
2024	10,356
2025-2030	12,945
Total minimum lease payments	51,778
Less amounts representing interest	(5,930)
Present value of net minimum lease payments	\$ 45,848

Business-Type Activities:

Year Ending June 30,	Trucks
2021	\$ 15,530
2022	20,712
2023	20,712
2024	20,712
2025-2030	25,890
Total minimum lease payments	103,556
Less amounts representing interest	(11,860)
Present value of net minimum lease payments	\$ 91,696

### General Obligation Bonds/Notes

Governmental activities:

Four issues of unmatured general obligation bonds/notes, totaling \$8,495,000, are outstanding at June 30, 2020. General obligation bonds/notes bear interest at rates ranging from 0.50% to 3.60% per annum and mature in varying annual amounts, ranging from \$35,000 to \$420,000, with the final maturities due in the year ending June 30, 2036.

Business-type activities:

Four issues of unmatured general obligation bonds/notes, totaling \$3,335,000, are outstanding at June 30, 2020. General obligation bonds/notes bear interest at rates ranging from 0.50% to 3.60% per annum and mature in varying annual amounts, ranging from \$35,000 to \$160,000, with the final maturities due in the year ending June 30, 2028.

Details of general obligation bonds payable at June 30, 2020, are as follows:

Governmental activities:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Amount Outstanding End of Year
General obligation bonds:						
Refunding & economic development	08/11/11	0.80 - 3.60%	06/01/26	35,000 - 50,000	\$ 735,000	\$ 250,000
General obligation corp. purpose	01/28/14	0.50 - 3.40%	06/01/29	60,000 - 70,000	1,350,000	585,000
Refunding & economic development	03/15/18	1.85 - 2.90%	06/01/27	260,000 - 295,000	2,487,570	1,980,000
General obligation corp. purpose	06/13/19	2.00-3.00%	06/01/36	175,000 - 420,000	5,680,000	<u>5,680,000</u>
Total general obligation bonds						<u>\$ 8,495,000</u>

A summary of the annual general obligation bond principal and interest requirements to maturity by year is as follows:

Year Ending June 30,	Principal	Interest	Total
2021	610,000	214,792	\$ 824,792
2022	740,000	202,017	942,017
2023	770,000	185,953	955,953
2024	730,000	168,755	898,755
2025	735,000	151,645	886,645
2026-2030	2,790,000	508,068	3,298,068
2031-2035	1,945,000	205,650	2,150,650
2036	<u>175,000</u>	<u>5,250</u>	<u>180,250</u>
Total	<u>\$ 8,495,000</u>	<u>\$ 1,642,130</u>	<u>\$ 10,137,130</u>

Business-type activities:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Amount Outstanding End of Year
General obligation bonds:						
Sewer improvements	08/11/11	0.80 - 3.60%	06/01/26	100,000 - 120,000	\$ 1,275,000	\$ 655,000
Water improvements	08/11/11	0.80 - 3.60%	06/01/26	35,000 - 40,000	455,000	220,000
Sewer improvements	01/28/14	0.50 - 3.40%	06/01/28	55,000 - 70,000	875,000	495,000
Water improvements	01/28/14	0.50 - 3.40%	06/01/28	35,000 - 40,000	510,000	295,000
Sewer improvements	03/15/18	1.85 - 2.90%	06/01/27	60,000 - 75,000	584,535	475,000
Water improvements	03/15/18	1.85 - 2.90%	06/01/27	145,000 - 160,000	1,322,895	1,055,000
Sewer improvements	06/13/19	2.00-3.00%	06/01/24	35,000	175,000	<u>140,000</u>
Total general obligation bonds						<u>\$ 3,335,000</u>

A summary of the annual general obligation debt principal and interest requirements to maturity by year is as follows:

Years Ending June 30,	Principal	Interest	Total
2021	475,000	91,912	\$ 566,912
2022	470,000	80,983	550,983
2023	485,000	69,347	554,347
2024	490,000	56,625	546,625
2025	475,000	43,055	518,055
2026-2030	940,000	46,520	986,520
Total	\$ 3,335,000	\$ 388,442	\$ 3,723,442

### Revenue Bonds

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay approximately \$7,461,000 in sewer revenue bonds issued in August 2001, February 2010, and April 2016. Proceeds from the bonds provided financing for the construction of improvements to the sewer treatment plant. The bonds are payable solely from sewer customer net receipts and are payable through 2036. The total principal and interest remaining to be paid on the bonds is \$4,314,980. For the current year, principal and interest paid and total customer net revenues plus depreciation expense were \$435,326 and \$759,429, respectively. Annual principal and interest payments on the above sewer revenue bonds are expected to require 50 percent of net revenues plus depreciation expense.

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$1,200,250 in water revenue bonds issued in February 2002, April 2003, August 2016 and March 2020. Proceeds from the bonds provided financing for the construction of improvements to the water well. The bonds are payable solely from water customer net receipts and are payable through 2036. The total principal and interest remaining to be paid on the bonds is \$422,925. For the current year, principal and interest paid and total customer net revenues plus depreciation expense were \$73,648 and \$393,585, respectively. Annual principal and interest payments on the above water revenue bonds are expected to require 20 percent of net revenues plus depreciation expense.

Ten issues of unmatured Iowa Finance Authority revenue bonds, totaling \$4,266,300, are outstanding at June 30, 2020. These bonds bear interest at rates ranging from 1.75% to 3.00% and mature in varying annual amounts, ranging from \$4,000 to \$206,000, with the final maturity due in the year ending June 30, 2036.

The resolutions providing for the issuance of the revenue bonds include the following provisions:

- 1) The bonds will only be redeemed from the future earnings of the enterprise activity, and the bond holders hold a lien on the future earnings of the funds.
- 2) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the bonds falling due in the same year.

During the year ended June 30, 2020, the City was in compliance with the revenue bond provisions.

Details of the revenue bonds payable at June 30, 2020, are as follows:

Business-type activities:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Amount Outstanding End of Year
Revenue bonds:						
Sewer improvements	08/01/01	1.75%	06/01/22	\$59,000 - 61,000	\$ 862,751	\$ 120,000
Sewer improvements	08/01/01	1.75%	06/01/22	43,000 - 44,000	627,500	87,000
Sewer improvements	08/01/01	1.75%	06/01/22	30,000 - 31,000	444,749	61,000
Sewer improvements	08/01/01	1.75%	06/01/22	22,000 - 23,000	334,000	45,000
Well improvements	02/08/02	1.75%	06/01/22	50,000 - 51,000	785,000	101,000
Well improvements	04/16/03	1.75%	06/01/22	4,000	64,000	8,000
Sewer improvements	02/10/10	3.00%	06/01/30	58,000 - 78,000	1,192,000	677,000
Sewer improvements	04/18/16	0.75%	06/01/36	159,300 - 206,000	4,000,000	2,897,300
Well Improvements	08/05/16	1.75%	06/01/36	14,000 - 19,000	343,250	262,000
Well Improvements	03/06/20	1.75%	06/01/40	66,000 - 96,000	1,600,000	8,000
Total revenue bonds						<u>4,266,300</u>

A summary of the annual revenue bonds principal and interest requirements to maturity by year is as follows:

Years Ending June 30,	Principal	Interest	Total
2021	457,000	65,418	\$ 522,418
2022	457,000	58,065	515,065
2023	248,000	50,442	298,442
2024	252,000	46,455	298,455
2025	256,000	42,383	298,383
2026-2030	1,355,000	147,317	1,502,317
2031-2035	1,063,000	56,922	1,119,922
2036	<u>178,300</u>	<u>4,513</u>	<u>182,813</u>
Total	<u>\$ 4,266,300</u>	<u>\$ 471,515</u>	<u>\$ 4,737,815</u>

**Note 5 - Transfers**

Transfer To	Transfer From	Amount
Capital Improvements	General	\$ 416,440
	Local Option Sales Tax	699,546
		<u>1,115,986</u>
Debt Service	Dyersville Economic Development TIF	<u>330,227</u>
Total		<u>\$ 1,446,213</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

**Note 6 - Pension and Retirement Benefits**

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

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

**Pension Benefits** – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment, or when the member’s years of service plus the member’s 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. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Protection occupation members may retire at normal retirement age which is generally at age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment. The formula used to calculate a protection occupation members' monthly IPERS benefit includes:

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

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

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

### **Disability and Death Benefits**

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

### **Contributions**

Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. 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 2020, pursuant to the required rate, Regular members contributed 6.29 percent of covered payroll and the City contributed 9.44 percent for a total rate of 15.73 percent. Protective occupation members contributed 6.61 percent of covered payroll and the City contributed 9.91 percent for a total rate of 16.52 percent.

The City's total contributions to IPERS for the year ended June 30, 2020 were \$121,512.



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

At June 30, 2020, the City reported a liability of \$604,983 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2019, the City's collective proportion was .010448 percent which was an decrease of .000196 percent from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City recognized pension expense of \$159,794. At June 30, 2020, 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	\$ 4,145	\$ 24,003
Changes of assumptions	93,182	991
Net difference between projected and actual earnings on pension plan investments	-	108,103
Changes in proportion and differences between City contributions and proportionate share of contributions	21,050	9,017
City contributions subsequent to the measurement date	121,512	-
Total	\$ 239,889	\$ 142,114

\$121,512 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30,	Total
2021	\$ 21,758
2022	(19,188)
2023	(12,705)
2024	(13,528)
2025	(74)
	\$ (23,737)

There were no non-employer contributing entities at IPERS.

#### **Actuarial Assumptions**

The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22%	5.60
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core-plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
	<u>100%</u>	

### Discount Rate

The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's 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 pension plan 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 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's Proportionate share of the net pension liability	\$ 1,323,483	\$ 604,983	\$ 2,624

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at [www.ipers.org](http://www.ipers.org).

**Payables to the Pension Plan**

At June 30, 2020, the City reported payables to IPERS of \$10,232 for legally required City contributions and \$6,820 for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

**Note 7 - Other Postemployment Benefits (OPEB)**

**Plan Description** – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. 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, prescription and 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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	20
Total	20

**Total OPEB Liability** – The City’s total OPEB liability of \$53,937 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

**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.

Rate of inflation (effective June 30, 2020)	3.00 percent per annum
Rates of salary increase (effective June 30, 2020)	3.00 percent per annum, including inflation.
Long-term investment rate of return (effective June 30, 2020)	3.50 percent compounded annually, including inflation
Healthcare cost trend rate (effective June 30, 2020)	8.0 percent decreasing to 5.0 percent

**Discount Rate** – The discount rate used to measure the total OPEB liability was 3.50% 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 2012 United States Life Tables. Annual retirement probabilities are based on historical average retirement age for the covered group. Active plan members were assumed to retire at age 62, or the first subsequent year in which the member would qualify for benefits. 10% is the assumed future retiree participation rate.

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.

Change in the Total OPEB Liability	<u>2020</u>
Total OPEB Liability beginning of year	\$ 37,847
Changes for the Year:	
Service Cost	3,516
Interest	1,824
Differences between expected and actual experiences	6,485
Changes in assumptions	4,265
Benefit payments	-
Net Changes	<u>16,090</u>
Total OPEB Liability end of year	<u><u>\$ 53,937</u></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-percent-point lower (2.50 percent) or 1-percent-point higher (4.50 percent) than the current discount rate.

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 58,534	\$ 53,937	\$ 49,062

**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-percent-point lower (4.0%) or 1-percentage-point higher (6.0%) than the current healthcare cost trend rates.

	1% Decrease (4.0%)	Discount Rate (5.0%)	1% Increase (6.0%)
Total OPEB Liability	\$ 46,048	\$ 53,937	\$ 63,380

The City does not recognize deferred outflows of resources or deferred inflows of resources related to OPEB because the City uses the alternative measurement method allowed under GASB 75.

#### **Note 8 - Industrial Development Revenue Bonds**

The City has issued a total of \$5,500,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$1,575,908 is outstanding at June 30, 2020. 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. The bond principal and interest do not constitute liabilities of the City.

#### **Note 9 - Risk Management**

The City of Dyersville is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

#### **Note 10 - Construction Commitments and Subsequent Events**

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2020. The City has additional commitments for signed construction and engineering contracts of approximately \$5,455,000 as of June 30, 2020, to be paid as work progresses.

On September 21, 2020, the City authorized and approved a loan and disbursement agreement providing for the issuance of \$2,800,000 taxable sewer revenue bonds, series 2020 for the purpose of paying the cost of planning, designing and constructing improvements and extensions to the Municipal Sanitary Sewer System.

On September 21, 2020, the City was awarded a \$242,111 federal grant from the Iowa Department of Transportation to be used for Heritage Trail Paving and Trailhead Improvements.

On September 21, 2020, the City paid \$84,880 to replace the roof at City Hall.

On November 2, 2020, the City approved a development agreement with Advanced Properties, LLC, authorizing annual appropriation tax increment payments and pledging certain tax increment revenues to the payment of the agreement in a total not to exceed \$3,900,000.

On December 10, 2020, the City was awarded grant funds through State of Iowa of approximately \$102,000 relating to the COVID-19 public health emergency.

Management has evaluated subsequent events through January 11, 2021, the date which the financial statements were available to be issued.

### **Note 11 - Tax Abatements**

Tax Abatements – Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promise 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, 2020, the City abated \$455,535 of property tax under the urban renewal and economic development projects.

### **Note 12 - Urban Renewal Development Agreements**

The City has entered into tax increment financing agreements. The City agreed to assist in urban renewal projects by rebating incremental taxes paid by the participating companies with respect to the improvements set forth in the urban renewal plan. The incremental taxes to be received by the City under Chapter 403.19 of the Code of Iowa from the participating companies will be rebated beginning with the tax year in which the property taxes on the completed value of the improvements are first paid. The City has agreed to provide tax increment payments in a total amount not exceeding \$11,669,202.

### **Note 13 - Prospective Accounting Changes**

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

GASB Statement No. 84, Fiduciary Activities, issued January 2017, will be effective for the City beginning with its fiscal year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

GASB Statement No. 87, Leases, issued June 2017, will be effective for the City beginning with its fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

GASB Statement No. 89, Accounting for Interest Cost before the End of a Construction Period, issued June 2018, will be effective for the City beginning with its fiscal year ending June 30, 2022. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 90, Majority Equity Interest-An Amendment of GASB Statement No. 14 and No. 61, issued August 2018, will be effective for the City beginning with its fiscal year ending June 30, 2021. The primary objectives of this Statement are to improve consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

GASB Statement No. 91, Conduit Debt Obligations, issued May 2019, will be effective for the City beginning with its fiscal year ending 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.

GASB Statement No. 92, Omnibus 2020, issued January 2020, will be effective for the City beginning with its fiscal year ending June 30, 2022, except for the requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. 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.

GASB Statement No. 93, Replacement of Interbank Offered Rates, issued March 2020, will be effective for the City beginning with its fiscal year ending June 2022. The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR).

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, issued March 2020, will be effective for the City beginning with its fiscal year ending 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).

GASB Statement No. 96, Subscription-Based Information Technology Arrangements, issued in May 2020, will be effective for fiscal year ending 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).

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



**Note 14 - Contingency**

The COVID-19 outbreak is disrupting business across a range of industries in the United States and financial markets have experienced a significant decline. As a result, local, regional and national economies, including that of the City, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact to the City's operations and finances.

Required Supplementary Information  
June 30, 2020  
**City of Dyersville, Iowa**

City of Dyersville

Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances – Budget and Actual (Cash Basis) – Governmental Funds and Proprietary Funds and Budget to GAAP Reconciliation  
Required Supplementary Information  
Year Ended June 30, 2020

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Original Budget	Final Budget	Variance with Final Budget-Positive (Negative)
<b>Receipts:</b>						
Property tax	2,201,700	-	\$ 2,201,700	\$ 2,081,840	\$ 2,081,840	\$ 119,860
Tax increment financing	1,142,714	-	1,142,714	1,100,418	1,100,418	42,296
Other city tax	829,145	-	829,145	853,026	853,026	(23,881)
Licenses and permits	17,192	-	17,192	20,600	20,600	(3,408)
Use of money and property	106,395	-	106,395	61,750	61,750	44,645
Intergovernmental	800,960	-	800,960	2,091,390	2,091,390	(1,290,430)
Charges for service	187,287	2,693,414	2,880,701	3,014,738	3,014,738	(134,037)
Special assessments	6,363	-	6,363	10,000	10,000	(3,637)
Miscellaneous	145,590	24,481	170,071	87,450	87,450	82,621
<b>Total receipts</b>	<b>5,437,346</b>	<b>2,717,895</b>	<b>8,155,241</b>	<b>9,321,212</b>	<b>9,321,212</b>	<b>(1,165,971)</b>
<b>Disbursements:</b>						
Public safety	1,045,697	-	1,045,697	1,029,703	1,119,203	73,506
Public works	924,263	-	924,263	730,780	859,280	(64,983)
Health and social services	5,000	-	5,000	1,300	6,300	1,300
Culture and recreation	1,082,918	-	1,082,918	1,069,190	1,163,140	80,222
Community and economic development	591,869	-	591,869	747,067	812,067	220,198
General government	610,037	-	610,037	414,371	536,871	(73,166)
Debt service	567,711	-	567,711	436,781	436,781	(130,930)
Capital projects	5,659,566	-	5,659,566	4,849,000	5,449,000	(210,566)
Business-type activities	-	3,425,904	3,425,904	5,383,888	5,473,888	2,047,984
<b>Total disbursements</b>	<b>10,487,061</b>	<b>3,425,904</b>	<b>13,912,965</b>	<b>14,662,080</b>	<b>15,856,530</b>	<b>1,943,565</b>
<b>Receipts Over (Under)</b>						
Disbursements	(5,049,715)	(708,009)	(5,757,724)	(5,340,868)	(6,535,318)	777,594
Other Financing Sources (Uses), Net	-	-	-	5,521,000	5,521,000	(5,521,000)
<b>Excess (Deficiency) Of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</b>						
	(5,049,715)	(708,009)	(5,757,724)	180,132	(1,014,318)	(4,743,406)
Balances Beginning of Year	9,003,400	(1,304,491)	7,698,909	2,537,197	2,537,197	5,161,712
Balances End of Year	<u>\$ 3,953,685</u>	<u>(2,012,500)</u>	<u>\$ 1,941,185</u>	<u>\$ 2,717,329</u>	<u>\$ 1,522,879</u>	<u>\$ 418,306</u>
<b>Budget To GAAP Reconciliation</b>						
	Governmental Funds			Proprietary Funds Enterprise		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 5,437,346	\$ 24,727	\$ 5,462,073	\$ 2,717,895	\$ (39,809)	\$ 2,678,086
Expenditures/Expenses	10,487,061	(1,374,600)	9,112,461	3,425,904	(1,026,624)	2,399,280
Net	(5,049,715)	1,399,327	(3,650,388)	(708,009)	986,815	278,806
Other Financing Sources, Net	-	-	-	-	203,866	203,866
Beginning Fund Balances/Net Position	9,003,400	(1,624,157)	7,379,243	(1,304,491)	5,676,786	12,301,088
Ending Fund Balances/Net Position	<u>\$ 3,953,685</u>	<u>\$ (224,830)</u>	<u>\$ 3,728,855</u>	<u>\$ (2,012,500)</u>	<u>\$ 6,867,467</u>	<u>\$ 12,783,760</u>

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by approximately \$1,194,500. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2020, disbursements in the public works, general government, debt service, and capital projects functions exceeded the amount budgeted.

City of Dyersville  
City's Proportionate Share of IPERS Net Pension Liability  
For Year Ended June 30, 2020

Fiscal Year Ended	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered- payroll	City's proportionate share of the net pension liability as a percentage of its covered- payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.010448%	\$ 604,983	\$ 1,203,488	50.27%	85.45%
2019	0.010644%	673,605	1,130,916	59.56%	83.62%
2018	0.010939%	728,676	1,124,860	64.78%	82.21%
2017	0.010559%	664,484	1,056,968	62.87%	81.82%
2016	0.009771%	482,753	1,046,526	46.13%	85.19%
2015	0.009269%	367,582	1,019,999	36.04%	87.61%

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

See accompanying independent auditor's report.

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

City of Dyersville  
 IPERS Contributions – Last 10 Fiscal Years  
 For Year Ended June 30, 2020

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered- Payroll	Contributions as a Percentage of Covered Payroll
2020	\$ 121,512	\$ 121,512	-	\$ 1,267,514	9.59%
2019	116,443	116,443	-	1,203,488	9.68%
2018	103,984	103,984	-	1,130,916	9.19%
2017	103,724	103,724	-	1,124,860	9.22%
2016	97,313	97,313	-	1,056,968	9.21%
2015	97,306	97,306	-	1,046,526	9.30%
2014	93,029	93,029	-	1,019,999	9.12%
2013	90,571	90,571	-	990,311	9.15%
2012	83,413	83,413	-	965,432	8.64%
2011	83,666	83,666	-	1,075,542	7.78%

### 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.
- 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 Dyersville  
Schedule of Changes in Total OPEB Liability, Related Ratios, and Notes  
Year Ended June 30, 2020

	Service cost	Interest cost	Difference between expected and actual	Changes in assumptions	Benefit payments	Net change in total OPEB liability	Net OPEB liability beginning of year	Net OPEB liability end of year	Covered employee payroll	Total OPEB liability as a % of covered-employee payroll
2020	\$ 3,516	\$ 1,824	\$ 6,485	\$ 4,265	\$ -	\$ 16,090	\$ 37,847	\$ 53,937	1,133,474	4.76%
2019	2,156	1,353	-	-	(2,620)	889	36,958	37,847	1,380,090	2.74%
2018	2,092	1,321	(2,298)	1,185	(2,496)	(196)	37,154	36,958	1,261,681	2.93%

See Note 7 in the accompanying Notes to the Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Notes to Schedule of Changes in Total OPEB Liability and Related Ratios

**Changes of Benefit Terms**

There were no significant changes in benefit terms.

**Changes of Assumptions**

There were no significant changes in assumptions.

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



Other Supplementary Information  
June 30, 2020  
**City of Dyersville, Iowa**

# Nonmajor Governmental Funds

## Special Revenue Funds

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**Special Projects** – This fund is used to account for all revenues and expenses funded by special projects or grants.

**Library Trust** - This fund is used to account for the donations received for the library and for the use of such donations for library equipment and improvements.

City of Dyersville  
Schedule 1 – Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2020

	Special Revenues		Total Nonmajor Governmental Funds
	Special Projects	Library Trust	
Assets			
Restricted cash	\$ -	\$ 62,491	\$ 62,491
Liabilities And Fund Balances			
Liabilities			
Checks written in excess of deposits	\$ 2,371	\$ -	\$ 2,371
Accounts payable	1,547	14	1,561
Total Liabilities	<u>3,918</u>	<u>14</u>	<u>3,932</u>
Fund Balances			
Restricted for			
Library	-	62,477	62,477
Unassigned	(3,918)	-	(3,918)
Total Fund Balances	<u>(3,918)</u>	<u>62,477</u>	<u>58,559</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ -</u>	<u>\$ 62,491</u>	<u>\$ 62,491</u>

City of Dyersville  
Schedule 2 – Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances (Deficit)  
Nonmajor Governmental Funds  
Year Ended June 30, 2020

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	Special Revenue		Total Nonmajor Governmental Funds
	Special Projects	Library Trust	
Revenues			
Use of money and property	\$ -	\$ 361	\$ 361
Charges for service	13,703	22,571	36,274
Total Revenues	<u>13,703</u>	<u>22,932</u>	<u>36,635</u>
Expenditures			
Operating			
Public safety	17,621	-	17,621
Culture and recreation	-	28,600	28,600
Total Expenditures	<u>17,621</u>	<u>28,600</u>	<u>46,221</u>
Net Change In Fund Balances	(3,918)	(5,668)	(9,586)
Fund Balances, Beginning of Year	-	68,145	68,145
Fund Balances, End of Year	<u>\$ (3,918)</u>	<u>\$ 62,477</u>	<u>\$ 58,559</u>

City of Dyersville  
Schedule 3 – Schedule of Revenues by Source and Expenditures by Function  
All Governmental Funds  
For the Last Ten Years

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues:</b>										
Property tax	\$ 2,200,200	\$ 2,211,305	\$ 2,176,537	\$ 2,053,839	\$ 2,170,818	\$ 2,192,886	\$ 1,780,816	\$ 1,605,041	\$ 1,548,543	\$ 1,610,731
Tax increment financing	1,141,824	994,589	755,366	955,457	628,651	514,708	828,249	1,112,175	1,289,505	709,582
Other city tax	835,969	805,500	790,735	797,763	807,984	806,905	746,975	700,828	658,198	640,674
Licenses and permits	17,174	16,313	21,412	23,745	21,808	21,189	17,917	24,677	19,988	15,908
Use of money and property	107,014	71,742	68,944	57,437	56,419	49,146	43,873	30,333	35,790	50,070
Intergovernmental	827,297	559,622	539,231	658,406	1,131,944	1,028,030	1,106,692	2,516,641	1,747,062	1,884,647
Charges for service	183,439	262,131	211,439	199,144	193,209	188,371	213,230	203,753	210,754	276,185
Special assessments	4,481	10,007	7,170	5,727	4,445	5,756	16,693	128,626	1,186	3,444
Miscellaneous	144,675	110,652	77,014	54,634	215,815	63,838	89,407	145,267	610,642	30,332
<b>Total Revenues</b>	<b>\$ 5,462,073</b>	<b>\$ 5,041,861</b>	<b>\$ 4,647,848</b>	<b>\$ 4,806,152</b>	<b>\$ 5,231,093</b>	<b>\$ 4,870,829</b>	<b>\$ 4,843,852</b>	<b>\$ 6,467,341</b>	<b>\$ 6,121,668</b>	<b>\$ 5,221,573</b>
<b>Expenditures:</b>										
<b>Operating:</b>										
Public safety	\$ 1,025,535	\$ 946,473	\$ 927,844	\$ 923,469	\$ 995,527	\$ 833,124	\$ 1,126,165	\$ 1,454,666	\$ 2,136,818	\$ 2,077,083
Public works	910,922	754,982	749,145	634,155	504,912	527,001	544,635	561,285	576,256	653,289
Health and social services	5,000	1,300	1,300	-	1,300	1,300	1,300	900	800	800
Culture and recreation	1,048,443	1,075,488	958,779	952,063	836,880	843,487	930,238	1,068,962	1,034,830	832,260
Community and economic development	517,320	1,308,832	546,036	406,022	344,543	199,562	445,659	133,852	113,970	127,477
General government	610,743	423,998	435,768	373,278	318,785	296,770	375,424	318,460	322,999	293,061
Debt service	588,562	497,537	529,493	533,932	623,973	729,587	601,501	547,512	793,679	515,827
Capital projects	4,405,936	2,574,845	841,192	978,127	942,790	302,574	1,127,594	2,108,306	2,339,545	667,448
<b>Total Expenditures</b>	<b>\$ 9,112,461</b>	<b>\$ 7,583,455</b>	<b>\$ 4,989,557</b>	<b>\$ 4,801,046</b>	<b>\$ 4,568,710</b>	<b>\$ 3,733,405</b>	<b>\$ 5,152,516</b>	<b>\$ 6,193,943</b>	<b>\$ 7,318,897</b>	<b>\$ 5,167,245</b>

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# HOGAN • HANSEN

*A Professional Corporation*

Certified Public Accountants and Consultants

## **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***

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

We have audited, in accordance with the 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, each major fund and the aggregate remaining fund information of the City of Dyersville as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated January 11, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Dyersville'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Dyersville's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Dyersville's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Dyersville'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 over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable Mayor and  
Members of the City Council  
City of Dyersville, Iowa  
Page 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Dyersville's financial statements are free of 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in Part II of the accompanying schedule of findings.

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.

### **Purpose of This Report**

The purpose of this report, a public record by law, 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.

*HOGAN - HANSEN*

HOGAN - HANSEN

Waterloo, Iowa  
January 11, 2021

**CITY OF DYERSVILLE, IOWA**  
**SCHEDULE OF FINDINGS**  
**YEAR ENDED JUNE 30, 2020**

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**Part I: Findings Related to the Financial Statements:**

**Instances of Noncompliance**

There were no matters reported.

**Internal Control Deficiencies**

There were no matters reported.

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

**20-II-A Certified Budget** - Disbursements during the year ended June 30, 2020 exceeded the amounts budgeted in the Public Works, General Government, Debt Service and Capital Projects functions. In addition, disbursements exceeded the amounts budgeted prior to the budget amendment in the Public Works, Health and Social Services, General Government and Capital Projects functions. Chapter 384.20 of the Code of Iowa states, in part, “Public moneys may not be expended or encumbered except under an annual or continuing appropriation.”

**Auditor’s Recommendation** - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

**City’s Response** - The City has been making efforts to review the receipts and disbursements in a timely manner.

**Auditor’s Conclusion** - Response accepted.

**20-II-B Questionable Disbursements** - We noted no expenditures which did not appear to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

**20-II-C Travel Expense** - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

**20-II-D Business Transactions** - Business transactions between the City and City officials or employees are detailed as follows:

<b>Name, Title and Business Connection</b>	<b>Transaction Description</b>	<b>Amount</b>
Angela English, Library Secretary, husband owns English Insurance Agency, Inc.	Insurance	\$165,709
Mary Klostermann, Board of Adjustment, and Kevin Klostermann, Parks and Recreation, owners of Computer Doctors	Computer work/equipment	19,805



**CITY OF DYERSVILLE, IOWA**  
**SCHEDULE OF FINDINGS**  
**YEAR ENDED JUNE 30, 2020**

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In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions above may represent a conflict of interest since the transactions exceeded \$6,000 during the fiscal year and were not entered into through competitive bidding.

**Auditor's Recommendation** - The City should consult legal counsel to determine the disposition of this matter.

**City's Response** - The City has consulted with legal counsel regarding this matter and believes it is compliant under Chapter 362.5(3)(j) of the Code of Iowa.

**Auditor's Conclusion** - Response accepted.

**20-II-E** **Restricted Donor Activity** - No transactions were noted between the City, City officials or City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

**20-II-F** **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 the coverage is adequate for current operations.

**20-II-G** **City Council Minutes** - No transactions were found that we believe should have been approved in the City Council minutes but were not.

**20-II-H** **Revenue Bonds** - No instances of noncompliance with the resolutions providing for the issuance of the water and sewer revenue bonds were noted.

**20-II-I** **Deposits and Investments** - No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

**20-II-J** **Financial Condition** - As of June 30, 2020, the Special Projects Fund had a deficit fund balance of \$3,918.

**Auditor's Recommendation** - The City should investigate alternatives to eliminate the deficit to return the fund to a sound financial position.

**City's Response** - The City anticipates that grant funding will eliminate the deficit.

**Auditor's Conclusion** - Response accepted.

**CITY OF DYERSVILLE, IOWA**  
**SCHEDULE OF FINDINGS**  
**YEAR ENDED JUNE 30, 2020**

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**20-II-K Payment of General Obligation Notes** - Certain general obligation notes were paid from the Enterprise, Water Utility and Sewage Disposal Works Funds. Chapter 384.4 of the Code of Iowa states, in part, “Moneys pledged or available to service general obligation notes, and received from sources other than property tax, must be deposited in the debt service fund.”

**Auditor's Recommendation** - The City should transfer funds from the Enterprise, Water Utility and Sewage Disposal Works Funds to the Debt Service Fund for future funding contributions. Payments of the notes should then be disbursed from the Debt Service Fund.

**City's Response** - The City will consider this recommendation.

**Auditor's Conclusion** - Response accepted.

**20-II-L Urban Renewal Annual Report** - The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1, and no exceptions were noted.

**20-II-M Tax Increment Financing (TIF)** - The following issues were noted:

- TIF expenditures and beginning fund balance reported on the 2018-2019 Annual Urban Renewal Report (AURR) did not agree to the City’s records. TIF beginning fund balance on the AURR was overstated by \$9,600 and expenditures were overstated by \$12,001.
- Certain TIF obligations are subject to annual appropriation by the City Council. The City included all of the TIF obligation on Form 1.1, but should have only included the annual appropriated amount.

**Auditor’s Recommendation** - We recommend the following to resolve each of the issues noted above, in their respective order:

- The City should ensure amounts reported on the AURR agree to its cash basis records.
- The City should review the instructions for the TIF certification forms and ensure that the proper amounts are being reported on each form.

**City’s Response** - The City will consult with its financial consultant to ensure that the AURR and TIF certification forms are properly completed each year.

**Auditor’s Conclusion** - Response accepted.

**CITY OF DYERSVILLE, IOWA**  
**SCHEDULE OF FINDINGS**  
**YEAR ENDED JUNE 30, 2020**

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**20-II-N**    **Interfund Transfers** - The transfer from the Dyersville Economic Development TIF Fund to the Debt Service Fund was not approved by City Council resolution. Iowa Administrative Code (IAC) Section 545-2.5 requires interfund transfers to be approved by City Council resolution.

**Auditor's Recommendation** - The City should comply with IAC Section 545-2.5 by having all interfund transfers approved by City Council resolution.

**City's Response** - The City will develop procedures to ensure all interfund transfers are approved by resolution.

**Auditor's Conclusion** - Response accepted.