

CITY OF BLOOMFIELD, IOWA  
INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
SUPPLEMENTARY AND OTHER INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2019

CITY OF BLOOMFIELD, IOWA

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CITY OF BLOOMFIELD, IOWA

OFFICIALS  
JUNE 30, 2019

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dan Wiegand	Mayor	January 2022
Darin Garrett	Mayor Pro Tem	January 2022
Jack Woolard	Council Member	January 2020
Earl Howard	Council Member	January 2020
Scott Moore	Council Member	January 2022
Michael Moreland	Attorney	January 2019



ANDERSON, LARKIN & CO., P.C.  
Certified Public Accountants  
"Your Success Is Our Business."

Kenneth E. Crosser, CPA  
April D. Crosser, CPA  
Michael J. Podliska, CPA  
Alexander T. Barr, CPA

## INDEPENDENT AUDITOR'S REPORT

To the Mayor and Members of the City Council  
of the City of Bloomfield, 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 Bloomfield Iowa, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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 the cash basis of accounting described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. 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.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bloomfield Iowa, as of June 30, 2019, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

## **Basis of Accounting**

As discussed in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

## **Other Matters**

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Bloomfield, Iowa'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 nine years ended June 30, 2018 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Information, Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of the City's Contributions on pages 4 through 8 and 26 through 33, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2020, on our consideration of the City of Bloomfield, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Bloomfield, Iowa's internal control over financial reporting and compliance.

ANDERSON, LARKIN & CO. P.C.

*Anderson, Larkin & Co., P.C.*

Ottumwa, Iowa  
June 15, 2020

# CITY OF BLOOMFIELD, IOWA MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

The City of Bloomfield, Iowa 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, 2019. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

## 2019 FINANCIAL HIGHLIGHTS

- Receipts from the City's governmental activities increased 16.8% or \$685,964 from fiscal year 2018 to fiscal 2019. Proceeds from debt increased \$1,915,000, and capital grants, contributions and restricted interest decreased \$1,112,509.
- Disbursements of the City's governmental activities decreased 24.7% or \$1,130,463 from fiscal 2018 to fiscal 2019. Culture and recreation disbursements decreased \$576,324 and capital projects decreased \$1,001,195.
- The City's total cash basis net position increased 26.7% or \$2,041,675 from June 30, 2018 to June 30, 2019. Of this amount, the cash basis net position of the governmental activities increased \$2,464,716 and the cash basis net position of the business type activities decreased by \$423,041.

## 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.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed as well as what remains for future spending. Fund financial statements report the City's operation in more detail than the government-wide financial statement 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.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the non-major governmental funds and the City's indebtedness.

### **Basis of Accounting**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Cash Basis Statement of Activities and Net Position reports information that helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the City's 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 Cash Basis Statement of Activities and Net Position is divided into 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 state and federal grants finance most of these activities.
- Business Type Activities include the water, sewer, electric and gas funds. 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. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Employee Benefits and Other TIF, 3) the Debt Service Fund, 4) the Capital Projects Funds and 5) the Permanent Funds. The governmental fund financial statements provide a detailed view of the City's general government 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 statement for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The City maintains four enterprise Funds to provide separate information for the water, sewer, electric and gas funds, considered to be major funds of the City.

The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from \$2,471,503 to \$4,936,219. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

## Changes in Cash Basis Net Position of Governmental Activities

	Year Ended June 30,	
	<u>2019</u>	<u>2018</u> <u>(As Restated)</u>
Receipts:		
Program receipts:		
Charges for service	\$ 599,595	\$ 460,490
Operating grants, contributions and restricted interest	419,269	392,098
Capital grants, contributions and restricted interest	306,119	1,418,628
General receipts:		
Property tax	1,001,612	904,586
Tax increment financing	149,708	600,042
Local option sales tax	310,664	287,693
Proceeds from debt	1,915,000	-
Other general receipts	<u>64,861</u>	<u>17,327</u>
Total receipts	<u>4,766,828</u>	<u>4,080,864</u>
Disbursements:		
Public safety	1,299,816	928,796
Public works	569,337	594,140
Culture and recreation	553,292	1,129,616
Community and economic development	141,645	114,054
General government	273,779	198,277
Debt service	235,323	237,577
Capital projects	<u>367,990</u>	<u>1,369,185</u>
Total disbursements	<u>3,441,182</u>	<u>4,571,645</u>
Change in cash basis net position before transfers	1,325,646	(490,781)
Transfers, net	<u>1,139,070</u>	<u>-</u>
Change in cash basis net position	2,464,716	(490,781)
Cash basis net position beginning of year, as restated	<u>2,471,503</u>	<u>2,962,284</u>
Cash basis net position end of year	\$ <u>4,936,219</u>	\$ <u>2,471,503</u>

The City's total receipts for governmental activities increased 16.8% or \$685,964. The increase in receipts was primarily the result of an increase in proceeds from debt and a decrease in capital grants, contributions and restricted interest.

The cost of all programs and services decreased by \$1,130,463 or 24.7%. The decrease in disbursements was primarily the result of less expenditures for culture and recreation and capital projects.

## Changes in Cash Basis Net Position of Business Type Activities

	Year Ended June 30,	
	<u>2019</u>	<u>2018</u>
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 959,808	\$ 988,888
Sewer	551,382	563,736
Electric	3,290,705	3,261,259
Gas	1,079,996	963,852
Capital grants, contributions, and restricted interest	-	85,705
General receipts:		
Unrestricted interest on investments	71,287	26,980
Other general receipts	83,554	87,475
Total receipts	<u>6,036,732</u>	<u>5,977,895</u>
Disbursements:		
Water	1,002,342	925,553
Sewer	645,909	614,502
Electric	2,451,342	2,654,075
Gas	1,221,110	910,438
Total disbursements	<u>5,320,703</u>	<u>5,104,568</u>
Change in cash basis net position before transfers	716,029	873,327
Transfers, net	<u>(1,139,070)</u>	-
Change in cash basis net position	(423,041)	873,327
Cash basis net position beginning of year	<u>5,173,912</u>	<u>4,300,585</u>
Cash basis net position end of year	\$ <u>4,750,871</u>	\$ <u>5,173,912</u>

Total business type activities receipts for the fiscal year increased \$58,837 or 1.0%. The increase in receipts was primarily the result of an increase in Gas Fund receipts in the current year.

Total business type activities disbursements increased \$216,135 or 4.2% from the prior year. This resulted primarily from an increase in disbursements by the Gas Fund.

### INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Bloomfield, Iowa completed the year, its governmental funds reported a combined fund balance of \$4,936,219, an increase of 99.7% from last year's total of \$2,471,503. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$119,548 from the prior year to \$42,036 which was mainly attributable to an increase in transfers in (prior year fund decrease was \$639,966).
- The Other TIF Fund cash balance decreased \$1,761 (prior year increase was \$567,251) from the prior year primarily due to a decrease in revenues in the current year.
- The Friends of the Bloomfield Library Fund cash balance decreased \$5,200 from the prior year to \$62,042 due to a decrease in disbursements compared to the prior year (prior year decrease was \$437,638).
- The Road Use Tax Fund cash balance decreased \$101,250 (prior year increase was \$125,494) due to an increase in transfers out compared to the prior year.
- The Local Option Sales Tax Fund cash balance decreased \$141,929 (prior year increase was \$287,693) due to an increase in transfers out.
- The Water & Sewer CDBG cash balance increased from the prior year to \$675,526 due to an increase in transfers in.
- The Street Improvements cash balance increased \$2,002,109 due to an increase in proceeds from debt.

**INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Water Fund cash balance decreased \$496,814 to \$733,715 due to increased transfers out.
- The Sewer Fund cash balance decreased \$493,779 to \$311,085 due primarily to increases in transfers out.
- The Electric Fund cash balance increased \$389,746 (\$725,066 in prior year) to \$2,906,924 due to an increase in transfers out.
- The Gas Fund cash balance increased \$177,806 to \$799,147 due primarily to an increase in charges for service.

**BUDGETARY HIGHLIGHTS**

During the year ended June 30, 2019, the City did not amend its budget. Actual receipts were \$666,241 more than the amounts budgeted including charges for service by \$268,649. Actual expenditures were \$294,588 less than the amounts budgeted including capital projects by \$445,705. These differences were mainly due to the City slowing down or discontinuing certain grant programs.

The City exceeded the amounts budgeted in the public safety, culture and recreation, general government and capital projects functions for the year ended June 30, 2019.

**DEBT ADMINISTRATION**

At June 30, 2019, the City had \$6,406,219 of notes and other long-term debt outstanding, compared to \$4,749,671 last year as shown below.

	<u>Outstanding Debt at Year End</u>	
	June 30,	
	<u>2019</u>	<u>2018</u>
General Obligation Capital Loan notes		
series 2014A	\$ 1,320,000	\$ 1,525,000
series 2019A	1,915,000	-
Water Revenue Capital Loan notes		
Taxable 2015A	1,408,857	1,431,692
Taxable 2016A	<u>1,762,362</u>	<u>1,792,979</u>
	<u>\$ 6,406,219</u>	<u>\$ 4,749,671</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City’s corporate limits. The City’s outstanding general obligation debt of \$3,235,000 is below its constitutional debt limit of \$3,648,703. Additional information about the City’s long-term debt is presented in Note 3 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES**

The City of Bloomfield, Iowa’s elected, and appointed officials and citizens considered many factors when setting the fiscal year 2020 budget, tax rates and fees charged for various City activities. One of those factors is the economy. Unemployment in the county now stands at 2.3% versus 2.5% a year ago. This compares with the State’s unemployment rate of 2.4% and the national rate of 3.7%.

Inflation in the Midwest is lower than the national Consumer Price Index. The Midwest had a CPI increase of 1.20% for fiscal year 2019 compared with the national increase of 4.15%. Inflation has increased in part due to the state of the economy.

These indicators were taken into account when adopting the budget for fiscal year 2020. Amounts available for expenditure in FY 2020 are expected to increase \$7,869,781 compared to the final FY 2019 budget. Expenditures in the FY 2020 budget are expected to increase \$2,503,607 compared to the final FY 2019 budget. As a result of the above receipts and expenditures, the ending cash balance is expected to increase \$4,433,628 by the end of FY 2020.

**CONTACTING THE CITY’S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City’s finances and to show the City’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact City Hall, 111 West Franklin, Bloomfield, Iowa 52537.

**BASIC FINANCIAL STATEMENTS**

CITY OF BLOOMFIELD, IOWA

CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

Functions/Programs	Disbursements	Charges for Service	Program Receipts	
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Public safety	\$ 1,299,816	\$ 33,602	\$ 33,077	\$ 197,817
Public works	569,337	194,835	356,906	90,052
Culture and recreation	553,292	152,001	25,646	18,250
Community and economic development	141,645	81,802	2,523	-
General government	273,779	40,022	-	-
Debt service	235,323	97,333	1,117	-
Capital projects	367,990	-	-	-
Total governmental activities	<u>3,441,182</u>	<u>599,595</u>	<u>419,269</u>	<u>306,119</u>
Business type activities:				
Water	1,002,342	959,808	-	-
Sewer	645,909	551,382	-	-
Electric	2,451,342	3,290,705	-	-
Gas	1,221,110	1,079,996	-	-
Total business type activities	<u>5,320,703</u>	<u>5,881,891</u>	<u>-</u>	<u>-</u>
Total	\$ <u>8,761,885</u>	\$ <u>6,481,486</u>	\$ <u>419,269</u>	\$ <u>306,119</u>

General receipts:  
Property and other city tax levied for:  
    General purposes  
Tax increment financing  
Local option sales tax  
Unrestricted interest on investments  
Proceeds from debt  
Miscellaneous  
Transfers  
  
Total general receipts

Change in cash basis net position

Cash basis net position beginning of year, as restated

Cash basis net position end of year

Cash Basis Net Position

Restricted:  
    Nonexpendable - Cemetery perpetual care  
Expendable:  
    Urban renewal purposes  
    Streets  
    Other purposes  
Unrestricted  
  
Total cash basis net position

Net (Disbursements) Receipts and  
Changes in Cash Basis Net Position

Governmental Activities	Business Type Activities	Total
\$ (1,035,320)	\$ -	\$ (1,035,320)
72,456	-	72,456
(357,395)	-	(357,395)
(57,320)	-	(57,320)
(233,757)	-	(233,757)
(136,873)	-	(136,873)
(367,990)	-	(367,990)
<u>(2,116,199)</u>	<u>-</u>	<u>(2,116,199)</u>
-	(42,534)	(42,534)
-	(94,527)	(94,527)
-	839,363	839,363
-	(141,114)	(141,114)
<u>-</u>	<u>561,188</u>	<u>561,188</u>
<u>(2,116,199)</u>	<u>561,188</u>	<u>(1,555,011)</u>
1,001,612	-	1,001,612
149,708	-	149,708
310,664	-	310,664
23,514	71,287	94,801
1,915,000	-	1,915,000
41,347	83,554	124,901
<u>1,139,070</u>	<u>(1,139,070)</u>	<u>-</u>
<u>4,580,915</u>	<u>(984,229)</u>	<u>3,596,686</u>
2,464,716	(423,041)	2,041,675
<u>2,471,503</u>	<u>5,173,912</u>	<u>7,645,415</u>
\$ <u>4,936,219</u>	\$ <u>4,750,871</u>	\$ <u>9,687,090</u>
\$ 141,733	\$ -	\$ 141,733
731,479	-	731,479
2,563,506	-	2,563,506
1,457,465	-	1,457,465
42,036	4,750,871	4,792,907
\$ <u>4,936,219</u>	\$ <u>4,750,871</u>	\$ <u>9,687,090</u>

CITY OF BLOOMFIELD, IOWA

**STATEMENTS OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

		Special Revenue		
	General	Other TIF	Friends of the Bloomfield Library	Road Use Tax
<b>RECEIPTS:</b>				
Property tax	\$ 642,544	\$ -	\$ -	\$ -
Tax increment financing	-	149,708	-	-
Other city tax	-	-	-	-
Licenses and permits	39,877	-	-	-
Use of money and property	10,917	12,088	400	6,044
Intergovernmental	33,611	24,553	-	341,050
Charges for service	303,012	-	-	-
Miscellaneous	56,897	-	22,018	-
Total receipts	<u>1,086,858</u>	<u>186,349</u>	<u>22,418</u>	<u>347,094</u>
<b>DISBURSEMENTS:</b>				
Operating:				
Public safety	858,804	-	-	-
Public works	357,396	-	-	158,344
Culture and recreation	451,835	-	27,618	-
Community and economic development	88,024	48,110	-	-
General government	227,305	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	<u>1,983,364</u>	<u>48,110</u>	<u>27,618</u>	<u>158,344</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(896,506)</u>	<u>138,239</u>	<u>(5,200)</u>	<u>188,750</u>
Other financing sources (uses):				
Proceeds from debt	-	-	-	-
Transfers in	1,328,199	-	-	-
Transfers out	<u>(312,145)</u>	<u>(140,000)</u>	<u>-</u>	<u>(290,000)</u>
Total other financing sources (uses)	<u>1,016,054</u>	<u>(140,000)</u>	<u>-</u>	<u>(290,000)</u>
Change in cash balances	119,548	(1,761)	(5,200)	(101,250)
<b>CASH BALANCES - Beginning of year, as restated</b>	<u>(77,512)</u>	<u>733,240</u>	<u>67,242</u>	<u>450,905</u>
<b>CASH BALANCES - End of year</b>	\$ <u>42,036</u>	\$ <u>731,479</u>	\$ <u>62,042</u>	\$ <u>349,655</u>
<b>Cash Basis Fund Balances</b>				
Nonspendable:				
Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -
Restricted:				
Urban renewal purposes	-	731,479	-	-
Streets	-	-	-	349,655
Other purposes	-	-	62,042	-
Unassigned	42,036	-	-	-
Total cash basis fund balances	\$ <u>42,036</u>	\$ <u>731,479</u>	\$ <u>62,042</u>	\$ <u>349,655</u>

See Notes to Financial Statements

Local Option Sales Tax	Capital Projects			Total
	Water & Sewer CDBG	Street Improvements	Nonmajor	
\$ -	\$ -	\$ -	\$ 359,068	\$ 1,001,612
-	-	-	-	149,708
310,664	-	-	72,512	383,176
-	-	-	-	39,877
5,312	-	1,117	3,098	38,976
-	80,589	-	225,530	705,333
-	-	-	-	303,012
-	-	97,333	53,886	230,134
<u>315,976</u>	<u>80,589</u>	<u>98,450</u>	<u>714,094</u>	<u>2,851,828</u>
-	-	-	441,012	1,299,816
-	-	-	53,597	569,337
-	-	-	73,839	553,292
-	-	-	5,511	141,645
-	-	-	46,474	273,779
-	-	-	235,323	235,323
-	190,611	11,341	166,038	367,990
-	<u>190,611</u>	<u>11,341</u>	<u>1,021,794</u>	<u>3,441,182</u>
<u>315,976</u>	<u>(110,022)</u>	<u>87,109</u>	<u>(307,700)</u>	<u>(589,354)</u>
-	-	1,915,000	-	1,915,000
222,370	786,940	-	1,214,202	3,551,711
<u>(680,275)</u>	<u>(176,483)</u>	-	<u>(813,738)</u>	<u>(2,412,641)</u>
<u>(457,905)</u>	<u>610,457</u>	<u>1,915,000</u>	<u>400,464</u>	<u>3,054,070</u>
(141,929)	500,435	2,002,109	92,764	2,464,716
<u>470,112</u>	<u>175,091</u>	-	<u>652,425</u>	<u>2,471,503</u>
\$ <u>328,183</u>	\$ <u>675,526</u>	\$ <u>2,002,109</u>	\$ <u>745,189</u>	\$ <u>4,936,219</u>
\$ -	\$ -	\$ -	\$ 141,733	\$ 141,733
-	-	-	-	731,479
-	-	2,002,109	211,742	2,563,506
328,183	675,526	-	391,714	1,457,465
-	-	-	-	42,036
\$ <u>328,183</u>	\$ <u>675,526</u>	\$ <u>2,002,109</u>	\$ <u>745,189</u>	\$ <u>4,936,219</u>

## CITY OF BLOOMFIELD, IOWA

STATEMENTS OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES  
PROPRIETARY FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

	Enterprise Funds				
	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Gas</u>	<u>Total</u>
<u>Operating receipts:</u>					
Charges for service	\$ 959,808	\$ 551,382	\$ 3,290,705	\$ 1,079,996	\$ 5,881,891
<u>Operating disbursements:</u>					
Business type activities	869,778	645,909	2,451,342	1,221,110	5,188,139
Excess (deficiency) of operating receipts over (under) operating disbursements	90,030	(94,527)	839,363	(141,114)	693,752
<u>Non-operating receipts (disbursements):</u>					
Interest on investments	9,303	13,691	35,809	12,484	71,287
Miscellaneous	21,516	13,410	36,380	12,248	83,554
Debt service	(132,564)	-	-	-	(132,564)
Net non-operating receipts (disbursements)	(101,745)	27,101	72,189	24,732	22,277
Transfers in	-	-	69,520	294,188	363,708
Transfers out	(485,099)	(426,353)	(591,326)	-	(1,502,778)
Change in cash balances	(496,814)	(493,779)	389,746	177,806	(423,041)
<u>CASH BALANCES</u> - Beginning of year	1,230,529	804,864	2,517,178	621,341	5,173,912
<u>CASH BALANCES</u> - End of year	\$ 733,715	\$ 311,085	\$ 2,906,924	\$ 799,147	\$ 4,750,871
<u>Cash Basis Fund Balances:</u>					
Unrestricted	\$ 733,715	\$ 311,085	\$ 2,906,924	\$ 799,147	\$ 4,750,871

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Bloomfield, Iowa is a political subdivision of the State of Iowa located in Davis County. It was first incorporated in 1855 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council-Manager form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, electric and gas utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Bloomfield, 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 Bloomfield, Iowa (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Blended Component Unit

The Friends of the Bloomfield Library was established as a non-profit corporation in accordance with Chapter 504A of the Code of Iowa. The Friends of the Bloomfield Library is legally separate from the City but is so intertwined with the City that it is, in substance, the same as the City. It is reported as part of the City and blended into the Special Revenue Funds. Although the Friends of the Bloomfield Library is legally separate from the City, its purpose is to benefit the City of Bloomfield, Iowa (the primary government) by soliciting contributions and managing those funds.

Joint Ventures

The City participates in the Mutchler Community Center Commission. The Commission was developed under a 28E agreement with Davis County for the construction, operation and maintenance of a community center.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Davis County Assessor's Conference Board, Davis County E-911 Joint Service Board and Davis County Emergency Management Commission. The City also participates in the Davis County Regional Service Agency, a jointly governed organization established pursuant to Chapter 28E of the Code of Iowa.

B. Basis of Presentation

Government-wide Financial Statement – The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental receipts, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

*Nonexpendable restricted net position* is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent funds.

*Expendable restricted net position* results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

*Unrestricted net position* consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise 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:

The General Fund is the general operating fund of the City. All general tax receipts from general and emergency levies and other receipts 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 disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue – The Other TIF fund is used to account for the receipt of tax increment financing collections. The Friends of the Bloomfield Library fund is used to account for donations and expenses paid for the benefit of the Bloomfield Library. The road use tax fund is used to account for State road use tax allocated to the City to be used to maintain or improve City streets. The local option sales tax fund is used to account for the 1% sales tax.

Capital Projects – The Water & Sewer CDBG fund is used to account for CDBG funded construction projects. The street improvement fund is used to account for debt proceeds issued for the improvement of City streets.

The City reports the following major proprietary funds:

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

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Electric Fund accounts for the operation and maintenance of the City's electric distribution system.

The Gas Fund accounts for the operation and maintenance of the City's gas distribution system.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

The City of Bloomfield, Iowa maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net positions 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 receipts.

When a disbursement in governmental funds can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the disbursement toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances:

In the governmental fund financial statements, cash basis fund balances are classified as follows:

Nonspendable – Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2019, disbursements exceeded the amounts budgeted in the public safety, culture and recreation, general government and capital projects functions.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 2: CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2019 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure 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; 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.

NOTE 3: NOTES PAYABLE

Annual debt service requirements to maturity for general obligation capital loan notes and water revenue capital loan notes are as follows:

Year Ending	General Obligation Capital Loan Notes 2014A		General Obligation Capital Loan Notes 2019A	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30,</u>				
2020	\$ 210,000	\$ 27,055	\$ 150,000	\$ 87,457
2021	215,000	23,695	170,000	67,050
2022	220,000	19,825	175,000	60,250
2023	220,000	15,425	180,000	55,000
2024	225,000	10,695	185,000	49,600
2025-2029	230,000	5,520	1,055,000	130,200
2030-2034	-	-	-	-
2035-2039	-	-	-	-
2040-2044	-	-	-	-
2045-2049	-	-	-	-
2050-2054	-	-	-	-
2055-2056	-	-	-	-
Total	\$ <u>1,320,000</u>	\$ <u>102,215</u>	\$ <u>1,915,000</u>	\$ <u>449,557</u>

Year Ending	Water Revenue Capital Loan Notes 2015A		Water Revenue Capital Loan Notes 2016A		Total	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30,</u>						
2020	\$ 23,471	\$ 38,449	\$ 31,312	\$ 39,332	\$ 414,783	\$ 192,293
2021	24,124	37,796	32,024	38,620	441,148	167,161
2022	24,796	37,124	32,752	37,892	452,548	155,091
2023	25,487	36,433	33,497	37,147	458,984	144,005
2024	26,197	35,723	34,258	36,386	470,455	132,404
2025-2029	142,341	167,259	183,334	169,886	1,610,675	472,865
2030-2034	163,299	146,301	205,143	148,077	368,442	294,378
2035-2039	187,337	122,263	229,545	123,675	416,882	245,938
2040-2044	214,917	94,683	256,851	96,369	471,768	191,052
2045-2049	246,559	63,041	287,404	65,816	533,963	128,857
2050-2054	282,857	26,743	321,592	31,628	604,449	58,371
2055-2056	<u>47,472</u>	<u>4,128</u>	<u>114,650</u>	<u>3,090</u>	<u>162,122</u>	<u>7,218</u>
Total	\$ <u>1,408,857</u>	\$ <u>809,943</u>	\$ <u>1,762,362</u>	\$ <u>827,918</u>	\$ <u>6,406,219</u>	\$ <u>2,189,633</u>

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 3: NOTES PAYABLE (Continued)

Revenue Notes

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$1,500,000 of water revenue capital loan notes issued in April 2015 and \$1,857,000 issued in April 2016. Proceeds from the 2015 notes provided financing for the construction of water main extensions. The 2016 notes proceeds provided financing for capital improvements on the waste water system. The notes are payable solely from water customer net receipts and are payable through 2055 and 2056, respectively. Annual principal and interest payments on the notes are expected to require less than 83.3% of net revenues. The total principal and interest remaining to be paid on the 2015 notes is \$2,218,800 and \$2,590,280 for the 2016 notes. For the current year, principal and interest paid was \$61,920 and \$70,644, respectively.

The resolution providing for the issuance of the revenue notes includes the following provisions:

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a reserve fund account for the purpose of making the note principal and interest payments when due.
- (c) Users rates shall be established at a level which produces and maintains net revenues at a level not less than 120% of the amount of principal and interest on the notes falling due in the same year.

During fiscal year 2019, sufficient user rates were not established at a level to produce net revenues equal to at least 120% of the principal and interest on the revenue bonds as they become due.

NOTE 4: PENSION PLAN

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 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

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

Protection occupation members may retire at normal retirement age, which is generally 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 member's monthly IPERS benefit includes:

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

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 4: PENSION PLAN (Continued)

Pension Benefits (Continued)

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

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

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

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2019, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll for the total rate of 15.73%. Protection occupation members contributed 6.81% of covered payroll and the City contributed 10.21% of covered payroll, for a total rate of 17.02%.

The City's contributions to IPERS for the year ended June 30, 2019 totaled \$152,659.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the City reported a liability of \$826,884 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the IPERS relative to the contributions of all IPERS participating employers. At June 30, 2018, the City's proportion was 0.0130666%, which was an increase of 0.0000612% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019 the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$137,468, \$322,724 and \$94,455 respectively.

There were no non-employer contributing entities to IPERS.

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

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

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

**NOTE 4: PENSION PLAN (Continued)**

**Actuarial Assumptions (Continued)**

The actuarial assumptions used in the June 30, 2018 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 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

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

**Discount Rate** – The discount rate used to measure the total pension liability was 7.0%. 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 the contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate.

	1% Decrease <u>(6.0%)</u>	Discount Rate <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
City's proportionate share of the net pension liability:	\$ 1,591,66 2	\$ 826,884	\$ 185,631

**IPERS' Fiduciary Net Position** – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 5: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and the plan members range from \$471 for single coverage to \$1,445 for family coverage. For the year ended June 30, 2019, the City contributed \$260,004 and plan members eligible for benefits contributed \$39,765 to the plan. At June 30, 2019, no assets have been 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 drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants, who must be age 50 with 22 years of services. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	<u>29</u>
Total	<u>31</u>

NOTE 6: COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation, compensatory time, casual hours and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, compensatory time, sick leave, and casual leave payments payable to employees at June 30, 2019, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 59,008
Compensatory time	15,124
Sick leave	89,485
Casual leave	<u>9,619</u>
Total	\$ <u>173,236</u>

Sick leave is payable when used or, after an employment period of at least ten (10) years, upon termination, retirement or death.

This liability has been computed based on rates of pay in effect at June 30, 2019.

NOTE 7: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2019 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special revenue:	
	Local option sales tax	\$ 287,694
	Lib. Mem., S. Cem., VFD, Dare	5,428
	Emergency	19,007
	LHAP – CDBG Housing Grant	1,148
	Hotel/motel tax	55,000
	Road use tax	20,000
	Other TIF	140,000

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

NOTE 7: INTERFUND TRANSFERS (Continued)

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
	Capital projects:	
	East Franklin	162,313
	Anderson Street Ext.	115,274
	Mainstreet	5,000
	Park improvements	852
	Water & Sewer CDBG	176,483
	Business-type activities:	
	Electric	<u>340,000</u>
		<u>1,328,199</u>
Special revenue fund: Employee benefits	Business-type activities: Electric	<u>30,000</u>
Special revenue fund: Local option sales tax	General	52,370
	Capital projects: East Street Bridge	<u>170,000</u>
		<u>222,370</u>
Debt service	General	235,324
	Special revenue: Local option sales tax	<u>222,581</u>
		<u>457,905</u>
Capital projects: Sport complex	Special revenue: Hotel/motel tax	<u>16,560</u>
Airport pond	Capital projects: Airport runway project	<u>38,423</u>
Airport runway project	Airport 2014	<u>11,822</u>
DC Trails/REAP	Business-type activities: Electric	51,650
	Special revenue: Hotel/motel tax	48,905
	Capital projects: Library building project	<u>94,486</u>
		<u>195,041</u>
East St Bridge	Special revenue: Road use tax	270,000
	Local option sales tax	<u>170,000</u>
		<u>440,000</u>
Water & Sewer CDBG	Business-type activities: Water	415,873
	Electric	13,940
	Sewer	<u>357,127</u>
		<u>786,940</u>
Special revenue: FEMA	General	<u>24,451</u>
Business-type activities: Electric	Capital projects: Sidewalk/streetscape	<u>69,520</u>
Gas	Business-type activities: Water	69,226
	Electric	69,226
	Sewer	<u>155,736</u>
		<u>294,188</u>
	<b>Total</b>	<b>\$ <u>3,915,419</u></b>

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 7: INTERFUND TRANSFERS (Continued)

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

NOTE 8: RISK MANAGEMENT

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 778 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at time of payment to the Pool. The City's contributions to the Pool for the year ended June 30, 2019 were \$68,422.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City also carries commercial insurance purchased from other insurers for coverage associated with workman's compensation and employee blanket bond. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

NOTE 9: HEALTH INSURANCE

The City has a group insurance policy which provides comprehensive medical coverage for eligible employees and, if elected, their spouses and dependents. The City's group insurance is a partially self-funded health plan. Under the self-funded plan, the City will reimburse eligible employees for a portion of their deductibles as well as out-of-pocket expenses. The amount of the deductibles and out-of-pocket expenses for employees are as follows:

	<u>Deductible</u>	
	<u>Single</u>	<u>Family</u>
Employee	\$ 500	\$ 1,000
	<u>Out-of-Pocket</u>	
	<u>Single</u>	<u>Family</u>
Employee	\$ 1,500	\$ 3,000

The policy period is from January 1 to December 31. For the policy period the City has a maximum liability commitment of \$149,000. As of June 30, 2019, there is a remaining maximum liability commitment of \$96,553.

NOTE 10: CONSTRUCTION COMMITMENTS

Prior to June 30, 2019, the City had signed several construction contracts that are summarized below:

Total commitments	\$	496,050
Less amounts paid		<u>68,862</u>
Remaining commitments	\$	<u>427,188</u>

These commitments are for water and other capital projects. The remaining balance at June 30, 2019 will be paid as work on the projects progress.

NOTE 11: DONOR RESTRICTED ENDOWMENTS

The City has received certain endowments for the maintenance of the Cemetery. The amount is reflected in net position as restricted for endowments. Investment income (including appreciation) is approved for expenditure by its individual Board. At June 30, 2019, net appreciation of \$15,701 was available to be spent, of which \$15,701 is restricted to specific purposes.

NOTE 12: OPERATING LEASE

During the year ended June 30, 2019, the City began leasing space at the Davis County Law Enforcement Center. The lease expires June 30, 2036.

The following is a schedule by year of future minimum rental payments required under the operating lease.

Year Ending <u>June 30,</u>		<u>Amount</u>
2020	\$	53,000
2021		53,000
2022		53,000
2023		53,000
2024		53,000
2025-2029		265,000
2030-2034		265,000
2035-2036		<u>106,000</u>
Total	\$	<u>901,000</u>

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 13: 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 receipts to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2019, \$9,854 of property tax was diverted from the City under the urban renewal and economic development agreements.

Tax Abatements of Other Entities

Property tax revenues of the City were reduced by the following amounts for the year ended June 30, 2019 under agreements entered into by the following entity.

<u>Entity</u>	<u>Tax Abatement Program</u>	<u>Amount of Tax Abated</u>
Davis County	Urban Renewal and economic development projects	\$ <u>28,590</u>

NOTE 14: RELATED PARTY TRANSACTIONS

The City business transactions between the City and City officials totaling \$5,841 during the year ended June 30, 2019.

NOTE 15: RECLASSIFICATIONS

Certain amounts for the year ended June 30, 2018 have been reclassified to conform to the presentation for the year ended June 30, 2019.

NOTE 16: ACCOUNTING CHANGE/RESTATEMENT

During the year ended June 30, 2019, it was determined that the cash balance for one of the Friends of the Library accounts had not been properly recorded for the year ended June 30, 2018:

	Government-Wide		
	<u>Friends of the Library</u>	<u>Governmental Activities</u>	<u>Total</u>
Cash basis net position June 30, 2018, as previously reported	\$ 44,727	\$ 2,448,988	\$ 7,622,900
Adjustments	<u>22,515</u>	<u>22,515</u>	<u>22,515</u>
Cash basis net position June 30, 2018, as restated	\$ <u>67,242</u>	\$ <u>2,471,503</u>	\$ <u>7,645,415</u>

NOTE 17: SUBSEQUENT EVENTS

The City has evaluated subsequent events through June 15, 2020, the date statements were available to be issued.

CITY OF BLOOMFIELD, IOWA

BUDGETARY COMPARISON SCHEDULE  
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -  
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
OTHER INFORMATION  
YEAR ENDED JUNE 30, 2019

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Less Funds not Required to <u>be Budgeted</u>
<u>RECEIPTS:</u>			
Property tax	\$ 1,001,612	\$ -	\$ -
Tax increment financing	149,708	-	-
Other City tax	383,176	-	-
License and permits	39,877	-	-
Use of money and property	38,976	71,287	400
Intergovernmental	705,333	-	-
Charges for service	303,012	5,881,891	-
Miscellaneous	<u>230,134</u>	<u>83,554</u>	<u>31,998</u>
Total receipts	<u>2,851,828</u>	<u>6,036,732</u>	<u>32,398</u>
<u>DISBURSEMENTS:</u>			
Public safety	1,299,816	-	6,388
Public works	569,337	-	-
Culture and recreation	553,292	-	27,618
Community and economic development	141,645	-	-
General government	273,779	-	-
Debt service	235,323	-	-
Capital projects	367,990	-	-
Business type activities	-	<u>5,320,703</u>	-
Total disbursements	<u>3,441,182</u>	<u>5,320,703</u>	<u>34,006</u>
Excess (deficiency) of receipts over (under) disbursements	(589,354)	716,029	(1,608)
Other financing sources (uses), net	<u>3,054,070</u>	<u>(1,139,070)</u>	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,464,716	(423,041)	(1,608)
<u>BALANCES</u> - Beginning of year, as restated	<u>2,471,503</u>	<u>5,173,912</u>	<u>77,002</u>
<u>BALANCES</u> - End of year	\$ <u>4,936,219</u>	\$ <u>4,750,871</u>	\$ <u>75,394</u>

See Accompanying Independent Auditor's Report

<u>Total</u>	<u>Budgeted Amounts Original/Final</u>	<u>Final to Total Variance</u>
\$ 1,001,612	\$ 1,032,411	\$ (30,799)
149,708	166,287	(16,579)
383,176	351,197	31,979
39,877	38,750	1,127
109,863	7,900	101,963
705,333	578,048	127,285
6,184,903	5,916,254	268,649
281,690	99,074	182,616
<u>8,856,162</u>	<u>8,189,921</u>	<u>666,241</u>
1,293,428	1,051,839	(241,589)
569,337	854,053	284,716
525,674	501,555	(24,119)
141,645	324,346	182,701
273,779	213,943	(59,836)
235,323	235,323	-
367,990	75,000	(292,990)
<u>5,320,703</u>	<u>5,766,408</u>	<u>445,705</u>
<u>8,727,879</u>	<u>9,022,467</u>	<u>294,588</u>
128,283	(832,546)	960,829
<u>1,915,000</u>	<u>37,500</u>	<u>1,877,500</u>
2,043,283	(795,046)	2,838,329
<u>7,568,413</u>	<u>5,610,255</u>	<u>1,958,158</u>
\$ <u>9,611,696</u>	\$ <u>4,815,209</u>	\$ <u>4,796,487</u>

CITY OF BLOOMFIELD, IOWA

NOTES TO OTHER INFORMATION – BUDGETARY REPORTING

JUNE 30, 2019

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the for blended component units. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. 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, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, the Permanent Funds and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, there were no budget amendments.

During the year ended June 30, 2019, disbursements exceeded the amounts budgeted in the public safety, culture and recreation, general government and capital projects functions

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST FIVE YEARS\*

OTHER INFORMATION

	<u>2019</u>	<u>2018</u>
City's proportion of the net pension liability	0.0130666 %	0.0130054 %
City's proportionate share of the net pension liability	\$ 826,884	\$ 866,327
City's covered payroll	\$ 1,291,019	\$ 1,260,111
City's proportionate share of the net pension liability as a percentage of its covered payroll	64.05 %	68.75 %
IPERS' net position as a percentage of the total pension liability	83.62 %	82.21 %

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

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

	<u>2017</u>		<u>2016</u>		<u>2015</u>
	0.0139240 %		0.0125601 %		0.0115397 %
\$	876,284	\$	620,530	\$	457,652
\$	1,272,039	\$	1,202,353	\$	1,128,523
	68.89 %		51.61 %		40.55 %
	81.82 %		85.19 %		87.61 %

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF CITY CONTRIBUTIONS  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST SIX YEARS

OTHER INFORMATION

	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 152,659	\$ 118,084
Contributions in relation to the statutorily required contribution	<u>(152,659)</u>	<u>(118,084)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>
City's covered payroll	\$ 1,586,012	\$ 1,291,019
Contributions as a percentage of covered payroll	9.63 %	9.15 %

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 County will present information for those years for which information is available.

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$	115,322	\$ 116,015	\$ 110,861	\$ 103,998
	<u>(115,322)</u>	<u>(116,015)</u>	<u>(110,861)</u>	<u>(103,998)</u>
\$	<u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$	1,260,111	\$ 1,272,039	\$ 1,202,353	\$ 1,128,523
	9.15 %	9.12 %	9.22 %	9.22 %

CITY OF BLOOMFIELD, IOWA

NOTES TO OTHER INFORMATION – PENSION LIABILITY

YEAR ENDED JUNE 30, 2019

*Changes of benefit terms:*

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

*Changes of assumptions:*

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

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

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

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

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2016. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

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

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

**SUPPLEMENTARY INFORMATION**

CITY OF BLOOMFIELD, IOWA

**SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019**

Special Revenue

	Lib. Mem., S. Cem., VFD <u>Dare</u>	<u>Emergency</u>	LHAP- CDBG Housing <u>Grant</u>	FD <u>Grant</u>
<b>RECEIPTS:</b>				
Property tax	\$ -	\$ 19,007	\$ -	\$ -
Other city tax	-	-	-	-
Use of money and property	508	-	-	-
Intergovernmental	-	-	-	-
Miscellaneous	29,966	-	-	-
Total receipts	<u>30,474</u>	<u>19,007</u>	<u>-</u>	<u>-</u>
<b>DISBURSEMENTS:</b>				
Operating:				
Public safety	5,886	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	-	-	-
General government	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	<u>5,886</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>24,588</u>	<u>19,007</u>	<u>-</u>	<u>-</u>
Other financing uses:				
Transfers in	3,039	-	-	-
Transfers out	<u>(5,428)</u>	<u>(19,007)</u>	<u>(1,148)</u>	<u>-</u>
Total other financing uses	<u>(2,389)</u>	<u>(19,007)</u>	<u>(1,148)</u>	<u>-</u>
Change in cash balances	22,199	-	(1,148)	-
<b>CASH BALANCES - Beginning of year</b>	<u>27,384</u>	<u>-</u>	<u>1,148</u>	<u>6,132</u>
<b>CASH BALANCES - End of year</b>	\$ <u>49,583</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6,132</u>
<b>Cash Basis Fund Balances</b>				
Nonexpendable:				
Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Streets	-	-	-	-
Other purposes	<u>49,583</u>	<u>-</u>	<u>-</u>	<u>6,132</u>
	\$ <u>49,583</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>6,132</u>

SCHEDULE 1

<u>Hotel/ Motel Tax</u>	<u>Parks &amp; Recreation</u>	<u>Employee Benefits</u>	<u>Fire Department</u>	<u>FEMA</u>	<u>Debt Service</u>
\$ -	\$ -	\$ 340,061	\$ -	\$ -	\$ -
72,512	-	-	-	-	-
366	-	-	-	-	-
-	180	-	9,800	197,817	-
<u>72,878</u>	<u>180</u>	<u>340,061</u>	<u>9,800</u>	<u>197,817</u>	<u>-</u>
-	-	206,470	6,388	222,268	-
-	-	53,597	-	-	-
-	-	73,839	-	-	-
5,511	-	-	-	-	-
-	-	46,474	-	-	-
-	-	-	-	-	235,323
<u>5,511</u>	<u>-</u>	<u>380,380</u>	<u>6,388</u>	<u>222,268</u>	<u>235,323</u>
<u>67,367</u>	<u>180</u>	<u>(40,319)</u>	<u>3,412</u>	<u>(24,451)</u>	<u>(235,323)</u>
-	-	30,000	-	24,451	457,905
<u>(120,465)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(120,465)</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>24,451</u>	<u>457,905</u>
(53,098)	180	(10,319)	3,412	-	222,582
<u>92,710</u>	<u>2,350</u>	<u>223,716</u>	<u>7,410</u>	<u>-</u>	<u>(222,582)</u>
\$ <u>39,612</u>	\$ <u>2,530</u>	\$ <u>213,397</u>	\$ <u>10,822</u>	\$ <u>-</u>	\$ <u>-</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>39,612</u>	<u>2,530</u>	<u>213,397</u>	<u>10,822</u>	<u>-</u>	<u>-</u>
\$ <u>39,612</u>	\$ <u>2,530</u>	\$ <u>213,397</u>	\$ <u>10,822</u>	\$ <u>-</u>	\$ <u>-</u>

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

Capital Projects

	<u>Spec Building</u>	<u>Mainstreet</u>	<u>Airport Pond Removal</u>	<u>East St Bridge</u>	<u>Sidewalk/ Streetscape</u>	<u>Park Improvements</u>	<u>Airport 2014</u>
<b>RECEIPTS:</b>							
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other city tax	-	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Miscellaneous	<u>7,210</u>	-	-	-	-	-	-
Total receipts	<u>7,210</u>	-	-	-	-	-	-
<b>DISBURSEMENTS:</b>							
Operating:							
Public safety	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Community and economic development	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	<u>30,861</u>	<u>58,258</u>	<u>34,278</u>	-	-
Total disbursements	-	-	<u>30,861</u>	<u>58,258</u>	<u>34,278</u>	-	-
Excess (deficiency) of receipts over (under) disbursements	<u>7,210</u>	-	<u>(30,861)</u>	<u>(58,258)</u>	<u>(34,278)</u>	-	-
Other financing sources (uses):							
Transfers in	-	-	<u>38,423</u>	<u>440,000</u>	-	-	-
Transfers out	-	<u>(5,000)</u>	-	<u>(170,000)</u>	<u>(69,520)</u>	<u>(852)</u>	<u>(11,822)</u>
Total other financing sources (uses)	-	<u>(5,000)</u>	<u>38,423</u>	<u>270,000</u>	<u>(69,520)</u>	<u>(852)</u>	<u>(11,822)</u>
Change in cash balances	7,210	(5,000)	7,562	211,742	(103,798)	(852)	(11,822)
<b>CASH BALANCES</b> - Beginning of year	<u>10,805</u>	<u>5,000</u>	-	-	<u>103,798</u>	<u>852</u>	<u>11,822</u>
<b>CASH BALANCES</b> - End of year	\$ <u>18,015</u>	\$ -	\$ <u>7,562</u>	\$ <u>211,742</u>	\$ -	\$ -	\$ -
<b>Cash Basis Fund Balances</b>							
Nonexpendable:							
Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:							
Streets	-	-	-	<u>211,742</u>	-	-	-
Other purposes	<u>18,015</u>	-	<u>7,562</u>	-	-	-	-
	\$ <u>18,015</u>	\$ -	\$ <u>7,562</u>	\$ <u>211,742</u>	\$ -	\$ -	\$ -

SCHEDULE 1 (Continued)

						Permanent		
Airport Runway Project	Anderson Street Ext.	Sports Complex	DC Trails/ REAP	Library Building Project	East Franklin	IOOF Cemetery Perpetual Care	Library Bequest	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 359,068
-	-	-	-	-	-	-	-	72,512
-	-	-	-	-	-	2,157	67	3,098
9,463	-	-	7,117	11,133	-	-	-	225,530
-	-	-	-	4,650	-	2,080	-	53,886
<u>9,463</u>	<u>-</u>	<u>-</u>	<u>7,117</u>	<u>15,783</u>	<u>-</u>	<u>4,237</u>	<u>67</u>	<u>714,094</u>
-	-	-	-	-	-	-	-	441,012
-	-	-	-	-	-	-	-	53,597
-	-	-	-	-	-	-	-	73,839
-	-	-	-	-	-	-	-	5,511
-	-	-	-	-	-	-	-	46,474
-	-	-	-	-	-	-	-	235,323
6,309	-	-	-	36,332	-	-	-	166,038
<u>6,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,332</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,021,794</u>
3,154	-	-	7,117	(20,549)	-	4,237	67	(307,700)
11,822	-	16,560	195,041	-	-	-	-	1,214,202
(38,423)	(115,274)	-	-	(94,486)	(162,313)	-	-	(813,738)
<u>(26,601)</u>	<u>(115,274)</u>	<u>16,560</u>	<u>195,041</u>	<u>(94,486)</u>	<u>(162,313)</u>	<u>-</u>	<u>-</u>	<u>400,464</u>
(23,447)	(115,274)	16,560	202,158	(115,035)	(162,313)	4,237	67	92,764
<u>23,447</u>	<u>115,274</u>	<u>24,815</u>	<u>(202,158)</u>	<u>115,035</u>	<u>162,313</u>	<u>137,496</u>	<u>5,658</u>	<u>652,425</u>
\$ -	\$ -	\$ 41,375	\$ -	\$ -	\$ -	\$ 141,733	\$ 5,725	\$ 745,189
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 141,733	\$ -	\$ 141,733
-	-	-	-	-	-	-	-	211,742
-	-	41,375	-	-	-	-	5,725	394,753
\$ -	\$ -	\$ 41,375	\$ -	\$ -	\$ -	\$ 141,733	\$ 5,725	\$ 748,228

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF INDEBTEDNESS  
YEAR ENDED JUNE 30, 2019

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
General Obligation Capital Loan Notes: Series 2014A	June 15, 2014	1.35 - 2.40%	\$ 2,345,000
General Obligation Capital Loan Notes: Series 2019A	February 21, 2019	3.00 - 4.00%	1,915,000
Water Revenue Capital Loan Notes: Taxable 2015A	April 2, 2015	2.75%	1,500,000
Water Revenue Capital Loan Notes: Taxable 2016A	April 6, 2016	2.25%	<u>1,857,000</u>
			\$ <u>7,617,000</u>

SCHEDULE 2

<u>Balance</u> <u>Beginning</u> <u>of Year</u>	<u>Issued</u> <u>During</u> <u>Year</u>	<u>Redeemed</u> <u>During</u> <u>Year</u>	<u>Balance</u> <u>End</u> <u>of Year</u>	<u>Interest</u> <u>Paid</u>	<u>Interest</u> <u>Due and</u> <u>Unpaid</u>
\$ 1,525,000	\$ -	\$ 205,000	\$ 1,320,000	\$ 29,823	\$ -
-	1,915,000	-	1,915,000	-	-
1,431,692	-	22,835	1,408,857	39,087	-
<u>1,792,979</u>	<u>-</u>	<u>30,617</u>	<u>1,762,362</u>	<u>40,029</u>	<u>-</u>
\$ <u>4,749,671</u>	\$ <u>1,915,000</u>	\$ <u>258,452</u>	\$ <u>6,406,219</u>	\$ <u>108,939</u>	\$ <u>-</u>

## CITY OF BLOOMFIELD, IOWA

## NOTE MATURITIES

JUNE 30, 2019

Year Ending June 30,	General Obligation Capital Loan Notes Series 2014 A Issued June 15, 2014		General Obligation Capital Loan Notes Series 2019A Issued February 21, 2019		Water Revenue Capital Loan Notes 2015A Issued April 2015		Water Revenue Capital Loan Notes 2016A Issued April 2016	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2020	1.60%	\$ 210,000	4.00%	\$ 150,000	2.75%	\$ 23,471	2.25%	\$ 31,312
2021	1.80%	215,000	4.00%	170,000	2.75%	24,124	2.25%	32,024
2022	2.00%	220,000	3.00%	175,000	2.75%	24,796	2.25%	32,752
2023	2.15%	220,000	3.00%	180,000	2.75%	25,487	2.25%	33,497
2024	2.30%	225,000	4.00%	185,000	2.75%	26,197	2.25%	34,258
2025	2.40%	230,000	4.00%	195,000	2.75%	26,926	2.25%	35,037
2026		-	4.00%	200,000	2.75%	27,676	2.25%	35,834
2027		-	4.00%	210,000	2.75%	28,447	2.25%	36,648
2028		-	4.00%	220,000	2.75%	29,239	2.25%	37,481
2029		-	4.00%	230,000	2.75%	30,053	2.25%	38,334
2030		-		-	2.75%	30,891	2.25%	39,205
2031		-		-	2.75%	31,751	2.25%	40,096
2032		-		-	2.75%	32,635	2.25%	41,008
2033		-		-	2.75%	33,544	2.25%	41,940
2034		-		-	2.75%	34,478	2.25%	42,894
2035		-		-	2.75%	35,437	2.25%	43,869
2036		-		-	2.75%	36,425	2.25%	44,866
2037		-		-	2.75%	37,439	2.25%	45,885
2038		-		-	2.75%	38,482	2.25%	46,929
2039		-		-	2.75%	39,554	2.25%	47,996
2040		-		-	2.75%	40,655	2.25%	49,087
2041		-		-	2.75%	41,787	2.25%	50,203
2042		-		-	2.75%	42,951	2.25%	51,344
2043		-		-	2.75%	44,147	2.25%	52,511
2044		-		-	2.75%	45,377	2.25%	53,705
2045		-		-	2.75%	46,641	2.25%	54,926
2046		-		-	2.75%	47,939	2.25%	56,175
2047		-		-	2.75%	49,275	2.25%	57,452
2048		-		-	2.75%	50,647	2.25%	58,758
2049		-		-	2.75%	52,057	2.25%	60,094
2050		-		-	2.75%	53,507	2.25%	61,460
2051		-		-	2.75%	54,997	2.25%	62,857
2052		-		-	2.75%	56,529	2.25%	64,286
2053		-		-	2.75%	58,103	2.25%	65,747
2054		-		-	2.75%	59,721	2.25%	67,242
2055		-		-	2.75%	47,472	2.25%	68,771
2056		-		-		-	2.25%	45,879
Total		\$ 1,320,000		\$ 1,915,000		\$ 1,408,857		\$ 1,762,362

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION  
ALL GOVERNMENTAL FUNDS

FOR THE LAST TEN YEARS

	<u>2019</u>		<u>2018</u>		<u>2017</u>		<u>2016</u>
<u>RECEIPTS:</u>							
Property tax	\$ 1,001,612	\$	904,586	\$	887,237	\$	895,658
Tax increment financing	149,708		600,042		535,507		542,487
Other city tax	383,176		319,214		344,083		310,794
Licenses and permits	39,877		39,032		39,441		41,338
Use of money and property	38,976		12,118		7,872		8,498
Intergovernmental	705,333		911,145		1,135,483		455,254
Charges for service	303,012		305,162		321,042		310,416
Miscellaneous	230,134		967,050		298,079		387,772
Total	\$ <u>2,851,828</u>	\$	<u>4,058,349</u>	\$	<u>3,568,744</u>	\$	<u>2,952,217</u>
<u>DISBURSEMENTS:</u>							
Operating:							
Public safety	\$ 1,299,816	\$	928,796	\$	940,343	\$	816,082
Public works	569,337		594,140		469,382		680,823
Culture and recreation	553,292		1,129,616		656,546		412,100
Community and economic development	141,645		114,054		93,507		248,546
General government	273,779		198,277		175,180		238,639
Debt service	235,323		237,577		239,217		240,243
Capital projects	367,990		1,369,185		1,621,958		290,334
Total	\$ <u>3,441,182</u>	\$	<u>4,571,645</u>	\$	<u>4,196,133</u>	\$	<u>2,926,767</u>

SCHEDULE 4

	<u>2015</u>		<u>2014</u>		<u>2013</u>		<u>2012</u>		<u>2011</u>		<u>2010</u>
\$	838,158	\$	845,602	\$	814,929	\$	766,138	\$	742,459	\$	687,520
	477,372		389,312		358,255		349,999		331,049		341,642
	308,554		274,763		261,866		233,036		226,184		264,442
	38,992		39,183		38,590		38,011		29,456		38,537
	10,893		17,592		10,503		11,859		20,014		16,337
	607,913		944,948		1,568,953		917,290		764,773		597,863
	291,699		309,400		293,741		278,377		277,143		296,742
	113,395		87,693		44,551		121,068		176,536		87,598
\$	<u>2,686,976</u>	\$	<u>2,908,493</u>	\$	<u>3,391,388</u>	\$	<u>2,715,778</u>	\$	<u>2,567,614</u>	\$	<u>2,330,681</u>
\$	799,090	\$	1,047,316	\$	740,675	\$	705,974	\$	700,429	\$	911,793
	671,399		645,132		617,026		867,334		686,137		601,284
	380,295		384,864		358,343		360,449		399,727		367,633
	231,934		294,830		127,412		117,653		207,620		137,729
	140,723		141,254		142,302		146,189		117,912		134,076
	239,680		-		-		-		-		-
	<u>2,333,187</u>		<u>920,982</u>		<u>1,549,160</u>		<u>459,915</u>		<u>1,301,895</u>		<u>2,028,762</u>
\$	<u>4,796,308</u>	\$	<u>3,434,378</u>	\$	<u>3,534,918</u>	\$	<u>2,657,514</u>	\$	<u>3,413,720</u>	\$	<u>4,181,277</u>



ANDERSON, LARKIN & CO., P.C.  
Certified Public Accountants  
"Your Success Is Our Business."

Kenneth E. Crosser, CPA  
April D. Crosser, CPA  
Michael J. Podliska, CPA  
Alexander T. Barr, CPA

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

To the Honorable Mayor and Members of the City Council of the City of Bloomfield, 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 Bloomfield, Iowa, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Bloomfield, Iowa's basic financial statements and have issued our report thereon dated June 15, 2020. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Bloomfield, Iowa's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bloomfield, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Bloomfield, Iowa's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items II-A-19 and II-D-19 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings costs as items II-B-19 and II-C-19 to be significant deficiencies.

## Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2019 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

## The City of Bloomfield, Iowa's Responses to the Findings

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Bloomfield, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

ANDERSON, LARKIN & CO., P.C.

Anderson, Larkin & Co., P.C.

Ottumwa, Iowa  
June 15, 2020

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2019

Part I: Summary of the Independent Auditor's Results

- a) Unmodified opinions were issued on the financial statements prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles.
- b) Significant deficiencies and material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

Internal Control Deficiencies:

II-A-19 Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements.

Condition – One individual in the City has control over cash receipts and the posting of cash receipts to the cash receipts journal.

Cause – The City has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect – Inadequate segregation of duties could adversely affect the City's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation – The City should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response – We will look into making changes in this area.

Conclusion – Response accepted.

II-B-19 Reconciliation of Utility Billings, Collections and Delinquent Accounts

Criteria – An effective internal control system provides for internal controls related to reconciling utility billings, collections and delinquent accounts and comparing utility collections to deposits to ensure proper recording of utility receipts, the propriety of adjustments and write-offs and the propriety of delinquent account balances.

Condition – Utility billings, collections and delinquent accounts were not reconciled throughout the year. Also, utility collections were not reconciled to deposits.

Cause – Policies have not been established and procedures have not been implemented to reconcile utility billings, collections and to reconcile utility collections to deposits.

Effect – This condition could result in unrecorded or misstated utility receipts, improper or unauthorized adjustments and write-offs and /or misstated delinquent account balances.

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2019

Part II: Findings Related to the Financial Statements (Continued)

II-B-19 Reconciliation of Utility Billings, Collections and Delinquent Accounts (Continued)

Recommendation – Procedures should be established to reconcile utility billings, collections and delinquent accounts for each billing period and to reconcile collections to deposits. The City Council or a Council-designated independent person should review the reconciliations and monitor delinquents. The review of the reconciliations should be documented by the signature or initials of the reviewer and the date of review.

Response – We will look into this.

Conclusion – Response accepted.

II-C-19 Credit Cards

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity's governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes included establishing policies addressing proper asset use and proper supporting documentation.

Condition – The city has credit cards for use by various employees while on City business. The city has not adopted a formal policy to regulate the use of credit cards and to establish procedures for the proper accounting of credit card charges.

Cause – Adoption of a formal policy to regulate the use of credit cards has not been prioritized by the City Council.

Effect – Lack of written policies and procedures to regulate the use of credit cards could result in unauthorized and unsupported transactions and the opportunity for misappropriation.

Recommendation – The City should adopt a formal written policy regulating the use of City credit cards. The policy, at a minimum, should address who controls the credit cards, who is authorized to use the credit cards and for what purposes, as well as the types of supporting documentation required to substantiate charges.

Response – We will look into this.

Conclusion – Response accepted.

II-D-19 Financial Reporting

Criteria – Internal controls over financial reporting constitute processes, effected by an entity's governing body, management and other personnel designed to provide reasonable assurance that assets and liabilities are reported in the financial statements at the proper amounts. Such processes include establishing policies regarding bank account reconciliation.

Condition – The financial statements at June 30, 2018, did not include all bank accounts for the Friends of the Library.

Cause – Monthly reconciliations are not prepared for all City accounts.

Effect – The governmental funds and government-wide balances were understated at June 30, 2018.

Recommendation – Care should be given to make sure all bank accounts are included in the monthly reconciliations.

Response – We will do so from now on.

Conclusion – Response accepted.

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2019

Part II: Findings Related to the Financial Statements (Continued)

Instances of Non-Compliance

No matters were noted.

Part III: Other Findings Related to Required Statutory Reporting

III-A-19 Certified Budget – Disbursements during the year ended June 30, 2019 exceeded the amounts budgeted in the public safety, culture and recreation, general government and capital projects functions. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation."

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

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

Conclusion – Response accepted.

III-B-19 Questionable Disbursements – In accordance with Article III, Section 31 of the Iowa Constitution and an Attorney General's opinion dated April 25, 1979, public funds may only be spent for public benefit. Certain disbursements were noted which we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. These disbursements are detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Department of Treasury	Payroll tax penalties	\$ 30

In addition, the City pays for part of a summer picnic, a thanksgiving meal and a Christmas party held for City employees.

According to the opinion, it is possible for certain disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The City Council should determine and document the public purpose served by these types of disbursements prior to authorizing any further payments. If this practice is continued, the City should establish written policies and procedures, including the requirement for proper documentation.

Response – We will comply with this recommendation.

Conclusion – Response accepted.

III-C-19 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Dan Wiegand, Mayor, Owner Wiggy Enterprises, LLC	Pool Concessions	\$ 5,841

The transaction with the Mayor for Pool Concessions does not appear to represent a conflict of interest since it was entered into through competitive bidding in accordance with Chapter 362.5(3)(d) of the Code of Iowa.

III-D-19 Travel Expenses – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

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

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2019

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

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

However, in accordance with the Code of Iowa, minutes are required to be published within 15 days of the Council meeting. The minutes for the meetings held July 5, 2018, August 2, 2018, August 23, 2018, September 27, 2018, October 18, 2018, November 15, 2018, December 20, 2018, January 10, 2019, January 24, 2019 and February 14, 2019 were not published within 15 days of the Council meeting.

Recommendation – The council should ensure all minutes are published to comply with the Code of Iowa.

Response – We will do so from now on.

Conclusion – Response accepted.

III-G-19 Deposits and Investments – No instances of non-compliance with the deposit investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the City's investments policy were noted.

III-H-19 Revenue Bonds – The following instance of non-compliance with the revenue bond provisions was noted.

The provisions of the revenue bond resolutions require the City to produce net operating revenues equal to at least 120% of the principal and interest on the bonds as they become due. The City's fiscal year 2019 net operating receipts of \$90,030 were less than 120% of the \$132,564 of the revenue bond principal and interest due during fiscal year 2019.

Recommendation – The City should establish utility rates at a sufficient level to allow net receipts to comply with the bond provisions.

Response – The City is reviewing this and will make changes to ensure compliance with the above requirement.

Conclusion – Response accepted.

III-I-19 Annual Urban Renewal Report – The annual urban renewal report was approved and certified to the Iowa Department of Management on or before December 1.