

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

JUNE 30, 2020

CITY OF BLOOMFIELD, IOWA

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CITY OF BLOOMFIELD, IOWA

OFFICIALS  
JUNE 30, 2020

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dan Wiegand	Mayor	January 2022
Darin Garrett	Mayor Pro Tem	January 2022
Matt Cronin	Council Member	January 2024
Earl Howard	Council Member	January 2024
Scott Moore	Council Member	January 2022
Jake Bohl	Council Member	January 2024
Harrison, Moreland, Webber & Simplot P.C.	Attorney	January 2021



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, 2020, 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 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 U.S. generally accepted auditing standards 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 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, 2020, and the respective changes in its 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, 2019 (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 U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken 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 City 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 September 28, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Bloomfield, Iowa's internal control over financial reporting and compliance.

ANDERSON, LARKIN & CO., P.C.

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

Ottumwa, Iowa  
September 28, 2020

# CITY OF BLOOMFIELD, IOWA MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2020

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, 2020. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

## **2020 FINANCIAL HIGHLIGHTS**

- Receipts of the City's governmental activities decreased 23.0% or \$1,096,597 from fiscal year 2019 to fiscal year 2020. Proceeds from debt decreased \$1,915,000, and capital grants, contributions and restricted interest increased \$758,080.
- Disbursements of the City's governmental activities increased 53.5% or \$1,841,496 from fiscal year 2019 to fiscal year 2020. Capital projects disbursements increased \$1,646,069.
- The City's total cash basis net position decreased 4.8% or \$467,866 from June 30, 2019 to June 30, 2020. Of this amount, the cash basis net position of the governmental activities decreased \$926,363 and the cash basis net position of the business type activities increased by \$458,497.

## **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 nonmajor 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 which 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, decreasing from \$4,936,219 to \$4,009,856. 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>2020</u>	<u>2019</u>
Receipts:		
Program receipts:		
Charges for service	\$ 497,461	\$ 599,595
Operating grants, contributions and restricted interest	398,887	419,269
Capital grants, contributions and restricted interest	1,064,199	306,119
General receipts:		
Property tax	1,288,175	1,001,612
Tax increment financing	89,630	149,708
Local option sales tax	303,408	310,664
Proceeds from debt	-	1,915,000
Other general receipts	<u>28,471</u>	<u>64,861</u>
Total receipts	<u>3,670,231</u>	<u>4,766,828</u>
Disbursements:		
Public safety	1,069,828	1,299,816
Public works	683,358	569,337
Culture and recreation	512,828	553,292
Community and economic development	331,160	141,645
General government	195,833	273,779
Debt service	475,612	235,323
Capital projects	<u>2,014,059</u>	<u>367,990</u>
Total disbursements	<u>5,282,678</u>	<u>3,441,182</u>
Change in cash basis net position before transfers	(1,612,447)	1,325,646
Transfers, net	<u>686,084</u>	<u>1,139,070</u>
Change in cash basis net position	(926,363)	2,464,716
Cash basis net position beginning of year	<u>4,936,219</u>	<u>2,471,503</u>
Cash basis net position end of year	\$ <u>4,009,856</u>	\$ <u>4,936,219</u>

The City's total receipts for governmental activities decreased 23.0% or \$1,096,597. The decrease in receipts was primarily the result of a decrease in proceeds from debt and an increase in capital grants, contributions and restricted interest.

The cost of all programs and services increased by \$1,841,496 or 53.5%. The increase in disbursements was primarily the result of more expenditures for capital projects.

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

	Year Ended June 30,	
	<u>2020</u>	<u>2019</u>
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 934,838	\$ 959,808
Sewer	692,062	551,382
Electric	3,120,318	3,290,705
Gas	1,005,222	1,079,996
General receipts:		
Unrestricted interest on investments	60,082	71,287
Other general receipts	<u>95,935</u>	<u>83,554</u>
Total receipts	<u>5,908,457</u>	<u>6,036,732</u>
Disbursements:		
Water	843,172	1,002,342
Sewer	733,747	645,909
Electric	2,287,660	2,451,342
Gas	<u>899,297</u>	<u>1,221,110</u>
Total disbursements	<u>4,763,876</u>	<u>5,320,703</u>
Change in cash basis net position before transfers	1,144,581	716,029
Transfers, net	<u>(686,084)</u>	<u>(1,139,070)</u>
Change in cash basis net position	458,497	(423,041)
Cash basis net position beginning of year	<u>4,750,871</u>	<u>5,173,912</u>
Cash basis net position end of year	\$ <u>5,209,368</u>	\$ <u>4,750,871</u>

Total business type activities receipts for the fiscal year decreased \$128,275 or 2.1%. The decrease in receipts was primarily the result of a decrease in Electric Fund receipts in the current year.

Total business type activities disbursements decreased \$556,827 or 10.6% from the prior year. This resulted primarily from a decrease 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 \$4,009,856, a decrease of 18.8% from last year's total of \$4,936,219. 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 \$80,872 from the prior year to \$122,908 which was mainly attributable to an increase in miscellaneous receipts.
- The Water & Sewer CDBG cash balance decreased from the prior year to \$(144,972) due to an increase in expenditures.
- The Street Improvements cash balance decreased \$218,251 due to an increase in expenditures.

#### INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance decreased \$3,857 (prior year decrease was \$496,814) to \$729,858 due to a decrease in expenditures and transfers out.
- The Sewer Fund cash balance decreased \$79,586 (prior year decrease was \$493,779) to \$231,499 due primarily to an increase in receipts.
- The Electric Fund cash balance increased \$436,503 to \$3,343,427 due to a decrease in expenditures.
- The Gas Fund cash balance increased \$105,437 to \$904,584 due primarily to a decrease in expenditures.

## BUDGETARY HIGHLIGHTS

During the year ended June 30, 2020, the City amended its budget two times. Actual receipts were \$837,392 more than the amounts budgeted including intergovernmental by \$630,081. Actual expenditures were \$3,579,530 less than the amounts budgeted including capital projects by \$2,392,048. These differences were mainly due to the City slowing down certain projects.

The City exceeded the amounts budgeted in the community and economic development function for the year ended June 30, 2020.

## DEBT ADMINISTRATION

At June 30, 2020, the City had \$5,991,436 of notes and other long-term debt outstanding, compared to \$6,406,219 last year as shown below.

	<u>Outstanding Debt at Year-End</u>	
	2020	2019
General Obligation Capital Loan notes		
Series 2014A	\$ 1,110,000	\$ 1,320,000
Series 2019A	1,765,000	1,915,000
Water Revenue Capital Loan notes		
Taxable 2015A	1,385,386	1,408,857
Taxable 2016A	<u>1,731,050</u>	<u>1,762,362</u>
	\$ <u>5,991,436</u>	\$ <u>6,406,219</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 \$2,875,000 is below its constitutional debt limit of \$3,780,876. 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 2021 budget, tax rates and fees charged for various City activities. One of those factors is the economy. Unemployment in the county now stands at 5.7% versus 2.3% a year ago. This compares with the State's unemployment rate of 8.0% and the national rate of 11.1%.

Inflation in the Midwest is lower than the national Consumer Price Index. The Midwest had a CPI increase of .60% for fiscal year 2020 compared with the national increase of 1.7%. 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 2021. Amounts available for expenditure in FY 2021 are expected to decrease \$353,339 compared to the final FY 2020 budget. Expenditures in the FY 2021 budget are expected to increase \$1,229,509 compared to the final FY 2020 budget. As a result of the above receipts and expenditures, the ending cash balance is expected to decrease \$6,471,352 by the end of FY 2021.

## 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, 2020

Functions/Programs	Program Receipts			
	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>
<b>Governmental activities:</b>				
Public safety	\$ 1,069,828	\$ 97,176	\$ 34,163	\$ 14,431
Public works	683,358	198,769	345,215	597,485
Culture and recreation	512,828	105,514	16,721	301,429
Community and economic development	331,160	58,827	2,788	150,854
General government	195,833	37,175	-	-
Debt service	475,612	-	-	-
Capital projects	2,014,059	-	-	-
Total governmental activities	5,282,678	497,461	398,887	1,064,199
<b>Business type activities:</b>				
Water	843,172	934,838	-	-
Sewer	733,747	692,062	-	-
Electric	2,287,660	3,120,318	-	-
Gas	899,297	1,005,222	-	-
Total business type activities	4,763,876	5,752,440	-	-
Total	\$ 10,046,554	\$ 6,249,901	\$ 398,887	\$ 1,064,199

General receipts and transfers:  
 Property and other city tax levied for:  
     General purposes  
     Debt service  
 Tax increment financing  
 Local option sales tax  
 Unrestricted interest on investments  
 Miscellaneous  
 Transfers

Total general receipts and transfers

Change in cash basis net position

Cash basis net position beginning of year

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
\$ (924,058)	\$ -	\$ (924,058)
458,111	-	458,111
(89,164)	-	(89,164)
(118,691)	-	(118,691)
(158,658)	-	(158,658)
(475,612)	-	(475,612)
<u>(2,014,059)</u>	<u>-</u>	<u>(2,014,059)</u>
<u>(3,322,131)</u>	<u>-</u>	<u>(3,322,131)</u>
-	91,666	91,666
-	(41,685)	(41,685)
-	832,658	832,658
-	105,925	105,925
<u>-</u>	<u>988,564</u>	<u>988,564</u>
<u>(3,322,131)</u>	<u>988,564</u>	<u>(2,333,567)</u>
1,057,603	-	1,057,603
230,572	-	230,572
89,630	-	89,630
303,408	-	303,408
22,248	60,082	82,330
6,223	95,935	102,158
<u>686,084</u>	<u>(686,084)</u>	<u>-</u>
<u>2,395,768</u>	<u>(530,067)</u>	<u>1,865,701</u>
(926,363)	458,497	(467,866)
<u>4,936,219</u>	<u>4,750,871</u>	<u>9,687,090</u>
\$ <u>4,009,856</u>	\$ <u>5,209,368</u>	\$ <u>9,219,224</u>
\$ 138,647	\$ -	\$ 138,647
-	-	-
2,108,264	-	2,108,264
1,794,049	-	1,794,049
<u>(31,104)</u>	<u>5,209,368</u>	<u>5,178,264</u>
\$ <u>4,009,856</u>	\$ <u>5,209,368</u>	\$ <u>9,219,224</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, 2020

		<u>Capital Projects</u>		
	<u>General</u>	<u>Water &amp; Sewer CDBG</u>	<u>Street Improvements</u>	<u>Nonmajor</u>
<u>RECEIPTS:</u>				
Property tax	\$ 659,296	\$ -	\$ -	\$ 628,879
Tax increment financing	-	-	-	89,630
Other city tax	-	-	-	350,544
Licenses and permits	37,175	-	-	-
Use of money and property	10,819	-	-	27,238
Intergovernmental	43,681	597,485	-	572,126
Charges for service	295,660	-	-	-
Miscellaneous	95,761	-	-	261,937
Total receipts	<u>1,142,392</u>	<u>597,485</u>	<u>-</u>	<u>1,930,354</u>
<u>DISBURSEMENTS:</u>				
Operating:				
Public safety	848,033	-	-	221,795
Public works	425,311	-	-	258,047
Culture and recreation	429,345	-	-	83,483
Community and economic development	144,023	-	-	187,137
General government	171,533	-	-	24,300
Debt service	-	-	-	475,612
Capital projects	-	1,404,067	218,251	391,741
Total disbursements	<u>2,018,245</u>	<u>1,404,067</u>	<u>218,251</u>	<u>1,642,115</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(875,853)</u>	<u>(806,582)</u>	<u>(218,251)</u>	<u>288,239</u>
Other financing sources (uses):				
Transfers in	956,725	-	-	651,000
Transfers out	-	(13,916)	-	(907,725)
Total other financing sources (uses)	<u>956,725</u>	<u>(13,916)</u>	<u>-</u>	<u>(256,725)</u>
Change in cash balances	80,872	(820,498)	(218,251)	31,514
<u>CASH BALANCES</u> - Beginning of year	<u>42,036</u>	<u>675,526</u>	<u>2,002,109</u>	<u>2,216,548</u>
<u>CASH BALANCES</u> - End of year	\$ <u>122,908</u>	\$ <u>(144,972)</u>	\$ <u>1,783,858</u>	\$ <u>2,248,062</u>
<u>Cash Basis Fund Balances</u>				
Nonspendable:				
Cemetery perpetual care	\$ -	\$ -	\$ -	\$ 138,647
Restricted:				
Streets	-	-	1,783,858	324,406
Other purposes	-	-	-	1,794,049
Unassigned	122,908	(144,972)	-	(9,040)
Total cash basis fund balances	\$ <u>122,908</u>	\$ <u>(144,972)</u>	\$ <u>1,783,858</u>	\$ <u>2,248,062</u>

Total

\$ 1,288,175  
 89,630  
 350,544  
 37,175  
 38,057  
 1,213,292  
 295,660  
357,698  
3,670,231

1,069,828  
 683,358  
 512,828

331,160  
 195,833  
 475,612  
2,014,059  
5,282,678

(1,612,447)

1,607,725  
(921,641)

686,084

(926,363)

4,936,219

\$ 4,009,856

\$ 138,647

2,108,264  
 1,794,049  
(31,104)

\$ 4,009,856

## 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, 2020

	Enterprise Funds				
	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Gas</u>	<u>Total</u>
<u>Operating receipts:</u>					
Charges for service	\$ 934,838	\$ 692,062	\$ 3,120,318	\$ 1,005,222	\$ 5,752,440
<u>Operating disbursements:</u>					
Business type activities	710,608	733,747	2,287,660	899,297	4,631,312
Excess (deficiency) of operating receipts over (under) operating disbursements	224,230	(41,685)	832,658	105,925	1,121,128
<u>Non-operating receipts (disbursements):</u>					
Interest on investments	7,573	9,837	33,109	9,563	60,082
Miscellaneous	21,904	27,262	31,820	14,949	95,935
Debt service	(132,564)	-	-	-	(132,564)
Net non-operating receipts (disbursements)	(103,087)	37,099	64,929	24,512	23,453
Transfers in	-	-	38,916	-	38,916
Transfers out	(125,000)	(75,000)	(500,000)	(25,000)	(725,000)
Change in cash balances	(3,857)	(79,586)	436,503	105,437	458,497
<u>CASH BALANCES - Beginning of year</u>	<u>733,715</u>	<u>311,085</u>	<u>2,906,924</u>	<u>799,147</u>	<u>4,750,871</u>
<u>CASH BALANCES - End of year</u>	\$ <u>729,858</u>	\$ <u>231,499</u>	\$ <u>3,343,427</u>	\$ <u>904,584</u>	\$ <u>5,209,368</u>
<u>Cash Basis Fund Balances:</u>					
Unrestricted	\$ <u>729,858</u>	\$ <u>231,499</u>	\$ <u>3,343,427</u>	\$ <u>904,584</u>	\$ <u>5,209,368</u>

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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, 2020

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.

Capital Projects – The Water & Sewer CDBG Fund is used to account for CDBG funded construction projects. The Street Improvements 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 wastewater 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, 2020

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. Property Taxes and Governmental Cash Basis Fund Balances:

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

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects tax asking contained in the budget certified to the City Council in March 2019.

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 are 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, 2020, disbursements exceeded the amounts budgeted in the community and economic development function.

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020

**NOTE 2: CASH AND POOLED INVESTMENTS**

The City's deposits in banks at June 30, 2020, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to 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 June 30,	General Obligation Capital Loan Notes 2014A		General Obligation Capital Loan Notes 2019A	
	Principal	Interest	Principal	Interest
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	230,000	5,520	195,000	42,200
2026-2030	-	-	860,000	88,000
2031-2035	-	-	-	-
2036-2040	-	-	-	-
2041-2045	-	-	-	-
2046-2050	-	-	-	-
2051-2055	-	-	-	-
2056	-	-	-	-
<b>Total</b>	<b>\$ 1,110,000</b>	<b>\$ 75,160</b>	<b>\$ 1,765,000</b>	<b>\$ 362,100</b>

Year Ending June 30,	Water Revenue Capital Loan Notes 2015A		Water Revenue Capital Loan Notes 2016A		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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	26,926	34,994	35,037	35,607	486,963	118,321
2026-2030	146,306	163,294	187,502	165,718	1,193,808	417,012
2031-2035	167,845	141,755	209,806	143,414	377,651	285,169
2036-2040	192,555	117,045	234,764	118,456	427,319	235,501
2041-2045	220,903	88,697	262,690	90,530	483,593	179,227
2046-2050	253,425	56,175	293,938	59,282	547,363	115,457
2051-2055	276,822	22,458	328,903	24,317	605,725	46,775
2056	-	-	45,879	1,217	45,879	1,217
<b>Total</b>	<b>\$ 1,385,386</b>	<b>\$ 771,494</b>	<b>\$ 1,731,050</b>	<b>\$ 788,586</b>	<b>\$ 5,991,436</b>	<b>\$ 1,997,340</b>

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

**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 wastewater 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 59.1% of net revenues. The total principal and interest remaining to be paid on the 2015 notes is \$2,156,880 and \$2,519,636 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.

**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, any time 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, 2020

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 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 2020, 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 6.61% of covered payroll and the City contributed 9.91% of covered payroll, for a total rate of 16.52%.

The City's contributions to IPERS for the year ended June 30, 2020 totaled \$135,362.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the City reported a liability of \$831,248 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the City's proportion was 0.0143550%, which was an increase of 0.001288% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020 the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$218,155, \$336,424 and \$186,574 respectively.

There were no non-employer contributing entities to IPERS.

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

Rate of inflation (effective June 30, 2017)	2.60% 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, 2020

NOTE 4: PENSION PLAN (Continued)

Actuarial Assumptions (Continued)

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

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

The long-term expected rate of return on 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 %	5.60 %
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	<u>3.0</u>	3.01
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:	\$ 1,686,483	\$ 831,248	\$ 114,149

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, 2020

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. For the year ended June 30, 2020, the City contributed \$284,734 and plan members eligible for benefits contributed \$37,935 to the plan. At June 30, 2020, 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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	<u>30</u>
Total	<u>31</u>

NOTE 6: COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation, compensatory time 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 and sick leave payments payable to employees at June 30, 2020, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 70,157
Compensatory time	15,067
Sick leave	<u>86,869</u>
Total	\$ <u>172,093</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, 2020.

NOTE 7: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2020 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special revenue:	
	Lib. Mem., S. Cem., VFD, Dare	\$ 11,923
	Emergency	19,855
	FEMA	14,431
	Hotel/motel tax	7,500
	Road use tax	175,000
	Spec Building	18,016

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

NOTE 7: INTERFUND TRANSFERS (Continued)

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
	Permanent:	
	IOOF Cemetery Perpetual Care	10,000
	Business-type activities:	
	Sewer	75,000
	Water	125,000
	Electric	<u>500,000</u>
		<u>956,725</u>
Debt service	Special revenue:	
	Local option sales tax	<u>236,000</u>
Capital projects:	Special revenue:	
New housing incentive	Other TIF	<u>150,000</u>
East St bridge	Road use tax	<u>40,000</u>
Special revenue:		
Courthouse square lighting	Other TIF	<u>225,000</u>
Business-type activities:	Capital projects:	
Electric	Water & Sewer CDBG	13,916
	Business-type activities	
	Gas	<u>25,000</u>
		<u>38,916</u>
	Total	\$ <u>1,646,641</u>

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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 779 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, 2020 were \$78,342.

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. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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, 2020

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>	
	Single	Family
Employee	\$ 500	\$ 1,000
	<u>Out-of-Pocket</u>	
	Single	Family
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 \$144,000. As of June 30, 2020, there is a remaining maximum liability commitment of \$100,571.

NOTE 10: CONSTRUCTION COMMITMENTS

Prior to June 30, 2020, the City had signed several construction contracts that are summarized below:

Total commitments	\$	8,917,955
Less amounts paid		<u>182,953</u>
Remaining commitments	\$	<u>8,735,002</u>

These commitments are for water and other capital projects. The remaining balance at June 30, 2020 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, 2020, net appreciation of \$8,134 was available to be spent, of which \$8,134 is restricted to specific purposes.

NOTE 12: OPERATING LEASE

During the year ended June 30, 2020, the City leased 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>
2021	53,000
2022	53,000
2023	53,000
2024	53,000
2025	53,000
2026-2030	265,000
2031-2035	265,000
2036	<u>53,000</u>
Total	\$ <u>848,000</u>

CITY OF BLOOMFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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, 2020, \$10,585 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, 2020 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>29,579</u>

NOTE 14: RELATED PARTY TRANSACTIONS

The City business transactions between the City and City officials totaling \$223,565 during the year ended June 30, 2020.

NOTE 15: DEFICIT BALANCE

The City had deficit net position balances of \$144,972 and \$9,040 in the Water & Sewer CDBG and Debt Service funds, respectively, at June 30, 2020.

NOTE 16: SUBSEQUENT EVENTS

The City has evaluated subsequent events through September 28, 2020, the date statements were available to be issued.

Subsequent to June 30, 2020, the City issued \$8,004,000 of sewer revenue capital loan notes in connection with an upcoming sewer project. Contracts related to this project total \$7,035,674 at June 30, 2020.

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

## OTHER INFORMATION

CITY OF BLOOMFIELD, IOWA

BUDGETARY COMPARISON SCHEDULE  
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -  
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
OTHER INFORMATION  
YEAR ENDED JUNE 30, 2020

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	Less Funds not Required to <u>be Budgeted</u>
<u>RECEIPTS:</u>			
Property tax	\$ 1,288,175	\$ -	\$ -
Tax increment financing	89,630	-	-
Other city tax	350,544	-	-
License and permits	37,175	-	-
Use of money and property	38,057	60,082	168
Intergovernmental	1,213,292	-	-
Charges for service	295,660	5,752,440	-
Miscellaneous	357,698	95,935	10,426
Total receipts	<u>3,670,231</u>	<u>5,908,457</u>	<u>10,594</u>
<u>DISBURSEMENTS:</u>			
Public safety	1,069,828	-	3,979
Public works	683,358	-	-
Culture and recreation	512,828	-	2,899
Community and economic development	331,160	-	-
General government	195,833	-	-
Debt service	475,612	-	-
Capital projects	2,014,059	-	-
Business type activities	-	4,763,876	-
Total disbursements	<u>5,282,678</u>	<u>4,763,876</u>	<u>6,878</u>
Excess (deficiency) of receipts over (under) disbursements	(1,612,447)	1,144,581	3,716
Other financing sources (uses), net	<u>686,084</u>	<u>(686,084)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(926,363)	458,497	3,716
<u>BALANCES</u> - Beginning of year	<u>4,936,219</u>	<u>4,750,871</u>	<u>75,394</u>
<u>BALANCES</u> - End of year	\$ <u>4,009,856</u>	\$ <u>5,209,368</u>	\$ <u>79,110</u>

<u>Total</u>	<u>Budgeted Amounts</u>		<u>Final to Total Variance</u>
	<u>Original</u>	<u>Final</u>	
\$ 1,288,175	\$ 1,285,115	\$ 1,285,115	\$ 3,060
89,630	84,895	84,895	4,735
350,544	320,228	320,228	30,316
37,175	53,300	53,300	(16,125)
97,971	94,543	104,543	(6,572)
1,213,292	807,211	583,211	630,081
6,048,100	5,977,580	5,977,580	70,520
<u>443,207</u>	<u>86,830</u>	<u>321,830</u>	<u>121,377</u>
<u>9,568,094</u>	<u>8,709,702</u>	<u>8,730,702</u>	<u>837,392</u>
1,065,849	1,111,070	1,138,070	72,221
683,358	713,043	848,043	164,685
509,929	560,768	564,768	54,839
331,160	266,156	316,156	(15,004)
195,833	198,113	213,113	17,280
475,612	476,000	476,000	388
2,014,059	2,375,000	2,907,132	893,073
<u>4,763,876</u>	<u>5,825,924</u>	<u>7,155,924</u>	<u>2,392,048</u>
<u>10,039,676</u>	<u>11,526,074</u>	<u>13,619,206</u>	<u>3,579,530</u>
(471,582)	(2,816,372)	(4,888,504)	4,416,922
<u>-</u>	<u>7,250,000</u>	<u>6,500,000</u>	<u>(6,500,000)</u>
(471,582)	4,433,628	1,611,496	(2,083,078)
<u>9,611,696</u>	<u>6,773,368</u>	<u>9,611,699</u>	<u>(3)</u>
\$ <u>9,140,114</u>	\$ <u>11,206,996</u>	\$ <u>11,223,195</u>	\$ <u>(2,083,081)</u>

CITY OF BLOOMFIELD, IOWA

NOTES TO OTHER INFORMATION – BUDGETARY REPORTING

JUNE 30, 2020

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 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 two budget amendments.

During the year ended June 30, 2020, disbursements exceeded the amounts budgeted in the community and economic development function.

CITY OF BLOOMFIELD, IOWA

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

OTHER INFORMATION

	<u>2020</u>		<u>2019</u>	
City's proportion of the net pension liability	0.0143550	%	0.0130666	%
City's proportionate share of the net pension liability	\$ 831,248	\$	826,884	
City's covered payroll	\$ 1,586,012	\$	1,291,019	
City's proportionate share of the net pension liability as a percentage of its covered payroll	52.41	%	64.05	%
IPERS' net position as a percentage of the total pension liability	85.45	%	83.62	%

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	0.0130054 %	0.0139240 %	0.0125601 %	0.0115397 %
\$	866,327	\$ 876,284	\$ 620,530	\$ 457,652
\$	1,260,111	\$ 1,272,039	\$ 1,202,353	\$ 1,128,523
	68.75 %	68.89 %	51.61 %	40.55 %
	82.21 %	81.82 %	85.19 %	87.61 %

CITY OF BLOOMFIELD, IOWA

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

OTHER INFORMATION

	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 135,362	\$ 152,659
Contributions in relation to the statutorily required contribution	<u>(135,362)</u>	<u>(152,659)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>
City's covered payroll	\$ 1,418,373	\$ 1,586,012
Contributions as a percentage of covered payroll	9.54 %	9.63 %

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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 118,084	\$ 115,322	\$ 116,015	\$ 110,861	\$ 103,998
<u>(118,084)</u>	<u>(115,322)</u>	<u>(116,015)</u>	<u>(110,861)</u>	<u>(103,998)</u>
\$ <u>-</u>				
\$ 1,291,019	\$ 1,260,111	\$ 1,272,039	\$ 1,202,353	\$ 1,128,523
9.15 %	9.15 %	9.12 %	9.22 %	9.22 %

CITY OF BLOOMFIELD, IOWA

NOTES TO OTHER INFORMATION – PENSION LIABILITY

YEAR ENDED JUNE 30, 2020

*Changes of benefit terms:*

There are no significant changes in benefit terms.

*Changes of assumptions:*

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

- Changed 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.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

CITY OF BLOOMFIELD, IOWA  
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

Special Revenue

	Lib. Mem., S. Cem., VFD <u>Dare</u>	<u>Emergency</u>	Courthouse Square <u>Lighting</u>	FD <u>Grant</u>	Hotel/ <u>Motel Tax</u>	Parks & <u>Recreation</u>
<b>RECEIPTS:</b>						
Property tax	\$ -	\$ 20,042	\$ -	\$ -	\$ -	\$ -
Tax increment financing	-	-	-	-	-	-
Other city tax	-	-	-	-	47,136	-
Use of money and property	1,406	-	-	-	355	-
Intergovernmental	-	-	-	-	-	-
Miscellaneous	239,820	-	-	-	-	100
Total receipts	<u>241,226</u>	<u>20,042</u>	<u>-</u>	<u>-</u>	<u>47,491</u>	<u>100</u>
<b>DISBURSEMENTS:</b>						
Operating:						
Public safety	5,123	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community and economic development	-	-	-	-	19,000	-
General government	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Total disbursements	<u>5,123</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,000</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>236,103</u>	<u>20,042</u>	<u>-</u>	<u>-</u>	<u>28,491</u>	<u>100</u>
Other financing sources (uses):						
Transfers in	-	-	225,000	-	-	-
Transfers out	(11,923)	(19,855)	-	-	(7,500)	-
Total other financing sources (uses)	<u>(11,923)</u>	<u>(19,855)</u>	<u>225,000</u>	<u>-</u>	<u>(7,500)</u>	<u>-</u>
Change in cash balances	224,180	187	225,000	-	20,991	100
<b>CASH BALANCES</b> - Beginning of year	<u>46,544</u>	<u>-</u>	<u>-</u>	<u>6,132</u>	<u>39,612</u>	<u>2,530</u>
<b>CASH BALANCES</b> - End of year	<u>\$ 270,724</u>	<u>\$ 187</u>	<u>\$ 225,000</u>	<u>\$ 6,132</u>	<u>\$ 60,603</u>	<u>\$ 2,630</u>
<b>Cash Basis Fund Balances</b>						
Nonexpendable:						
Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:						
Streets	-	-	-	-	-	-
Other purposes	270,724	187	225,000	6,132	60,603	2,630
Unassigned	-	-	-	-	-	-
	<u>\$ 270,724</u>	<u>\$ 187</u>	<u>\$ 225,000</u>	<u>\$ 6,132</u>	<u>\$ 60,603</u>	<u>\$ 2,630</u>

Employee Benefits	Fire Department	FEMA	Local Option Sales Tax	Road Use Tax	Other TIF	Friends of the Bloomfield Library	Debt Service
\$ 378,265	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 230,572
-	-	-	-	-	89,630	-	-
-	-	-	303,408	-	-	-	-
-	-	-	5,163	5,874	11,748	168	-
-	-	14,431	-	339,341	-	-	-
-	4,942	-	-	-	-	5,384	-
<u>378,265</u>	<u>4,942</u>	<u>14,431</u>	<u>308,571</u>	<u>345,215</u>	<u>101,378</u>	<u>5,552</u>	<u>230,572</u>
212,693	3,979	-	-	-	-	-	-
56,885	-	-	-	201,162	-	-	-
80,584	-	-	-	-	-	2,899	-
6,211	-	-	-	-	48,826	-	-
24,300	-	-	-	-	-	-	475,612
-	-	-	-	-	-	-	-
<u>380,673</u>	<u>3,979</u>	<u>-</u>	<u>-</u>	<u>201,162</u>	<u>48,826</u>	<u>2,899</u>	<u>475,612</u>
<u>(2,408)</u>	<u>963</u>	<u>14,431</u>	<u>308,571</u>	<u>144,053</u>	<u>52,552</u>	<u>2,653</u>	<u>(245,040)</u>
-	-	-	-	-	-	-	236,000
-	-	(14,431)	(236,000)	(215,000)	(375,000)	-	-
-	-	(14,431)	(236,000)	(215,000)	(375,000)	-	236,000
(2,408)	963	-	72,571	(70,947)	(322,448)	2,653	(9,040)
<u>213,397</u>	<u>10,822</u>	<u>-</u>	<u>328,183</u>	<u>349,655</u>	<u>731,479</u>	<u>62,042</u>	<u>-</u>
\$ <u>210,989</u>	\$ <u>11,785</u>	\$ <u>-</u>	\$ <u>400,754</u>	\$ <u>278,708</u>	\$ <u>409,031</u>	\$ <u>64,695</u>	\$ <u>(9,040)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	278,708	-	-	-
210,989	11,785	-	400,754	-	409,031	64,695	-
-	-	-	-	-	-	-	(9,040)
\$ <u>210,989</u>	\$ <u>11,785</u>	\$ <u>-</u>	\$ <u>400,754</u>	\$ <u>278,708</u>	\$ <u>409,031</u>	\$ <u>64,695</u>	\$ <u>(9,040)</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, 2020

Capital Projects

	<u>Spec Building</u>	<u>Airport Pond Removal</u>	<u>East St Bridge</u>	<u>New Housing Incentive</u>	<u>Sports Complex</u>	<u>DC Trails/ REAP</u>
<b>RECEIPTS:</b>						
Property tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment financing	-	-	-	-	-	-
Other city tax	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-
Intergovernmental	-	150,854	-	-	-	67,500
Miscellaneous	7,210	-	-	-	-	-
<b>Total receipts</b>	<u>7,210</u>	<u>150,854</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>67,500</u>
<b>DISBURSEMENTS:</b>						
Operating:						
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community and economic development	-	-	-	45,600	-	67,500
General government	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital projects	-	144,322	247,419	-	-	-
<b>Total disbursements</b>	<u>-</u>	<u>144,322</u>	<u>247,419</u>	<u>45,600</u>	<u>-</u>	<u>67,500</u>
Excess (deficiency) of receipts over (under) disbursements	<u>7,210</u>	<u>6,532</u>	<u>(247,419)</u>	<u>(45,600)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):						
Transfers in	-	-	40,000	150,000	-	-
Transfers out	(18,016)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(18,016)</u>	<u>-</u>	<u>40,000</u>	<u>150,000</u>	<u>-</u>	<u>-</u>
Change in cash balances	(10,806)	6,532	(207,419)	104,400	-	-
<b>CASH BALANCES - Beginning of year</b>	<u>18,015</u>	<u>7,562</u>	<u>211,742</u>	<u>-</u>	<u>41,375</u>	<u>-</u>
<b>CASH BALANCES - End of year</b>	\$ <u>7,209</u>	\$ <u>14,094</u>	\$ <u>4,323</u>	\$ <u>104,400</u>	\$ <u>41,375</u>	\$ <u>-</u>
<b>Cash Basis Fund Balances</b>						
Nonexpendable:						
Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:						
Streets	-	-	4,323	-	41,375	-
Other purposes	7,209	14,094	-	104,400	-	-
Unassigned	-	-	-	-	-	-
	<u>7,209</u>	<u>14,094</u>	<u>4,323</u>	<u>104,400</u>	<u>41,375</u>	<u>-</u>

<u>Permanent</u>		
IOOF Cemetery Perpetual Care	Library Bequest	<u>Total</u>
\$ -	\$ -	\$ 628,879
-	-	89,630
-	-	350,544
2,433	91	27,238
-	-	572,126
<u>4,481</u>	<u>-</u>	<u>261,937</u>
<u>6,914</u>	<u>91</u>	<u>1,930,354</u>
-	-	221,795
-	-	258,047
-	-	83,483
-	-	187,137
-	-	24,300
-	-	475,612
<u>-</u>	<u>-</u>	<u>391,741</u>
<u>-</u>	<u>-</u>	<u>1,642,115</u>
<u>6,914</u>	<u>91</u>	<u>288,239</u>
-	-	651,000
<u>(10,000)</u>	<u>-</u>	<u>(907,725)</u>
<u>(10,000)</u>	<u>-</u>	<u>(256,725)</u>
(3,086)	91	31,514
<u>141,733</u>	<u>5,725</u>	<u>2,216,548</u>
\$ <u>138,647</u>	\$ <u>5,816</u>	\$ <u>2,248,062</u>
\$ 138,647	\$ -	\$ 138,647
-	-	324,406
-	5,816	1,794,049
<u>-</u>	<u>-</u>	<u>(9,040)</u>
\$ <u>138,647</u>	\$ <u>5,816</u>	\$ <u>2,248,062</u>

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF INDEBTEDNESS  
YEAR ENDED JUNE 30, 2020

<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	1.80 - 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 Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$ 1,320,000	\$ -	\$ 210,000	\$ 1,110,000	\$ 27,055	\$ -
1,915,000	-	150,000	1,765,000	87,457	-
1,408,857	-	23,471	1,385,386	38,449	-
<u>1,762,362</u>	<u>-</u>	<u>31,312</u>	<u>1,731,050</u>	<u>39,332</u>	<u>-</u>
\$ <u>6,406,219</u>	\$ <u>-</u>	\$ <u>414,783</u>	\$ <u>5,991,436</u>	\$ <u>192,293</u>	\$ <u>-</u>

CITY OF BLOOMFIELD, IOWA

NOTE MATURITIES  
JUNE 30, 2020

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 2, 2015		Water Revenue Capital Loan Notes 2016A Issued April 6, 2016		Total
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2021	1.80 %	\$ 215,000	4.00 %	\$ 170,000	2.75 %	\$ 24,124	2.25 %	\$ 32,024	\$ 441,148
2022	2.00	220,000	3.00	175,000	2.75	24,796	2.25	32,752	452,548
2023	2.15	220,000	3.00	180,000	2.75	25,487	2.25	33,497	458,984
2024	2.30	225,000	4.00	185,000	2.75	26,197	2.25	34,258	470,455
2025	2.40	230,000	4.00	195,000	2.75	26,926	2.25	35,037	486,963
2026	-	-	4.00	200,000	2.75	27,676	2.25	35,834	263,510
2027	-	-	4.00	210,000	2.75	28,447	2.25	36,648	275,095
2028	-	-	4.00	220,000	2.75	29,239	2.25	37,481	286,720
2029	-	-	4.00	230,000	2.75	30,053	2.25	38,334	298,387
2030	-	-	-	-	2.75	30,891	2.25	39,205	70,096
2031	-	-	-	-	2.75	31,751	2.25	40,096	71,847
2032	-	-	-	-	2.75	32,635	2.25	41,008	73,643
2033	-	-	-	-	2.75	33,544	2.25	41,940	75,484
2034	-	-	-	-	2.75	34,478	2.25	42,894	77,372
2035	-	-	-	-	2.75	35,437	2.25	43,869	79,306
2036	-	-	-	-	2.75	36,425	2.25	44,866	81,291
2037	-	-	-	-	2.75	37,439	2.25	45,885	83,324
2038	-	-	-	-	2.75	38,482	2.25	46,929	85,411
2039	-	-	-	-	2.75	39,554	2.25	47,996	87,550
2040	-	-	-	-	2.75	40,655	2.25	49,087	89,742
2041	-	-	-	-	2.75	41,787	2.25	50,203	91,990
2042	-	-	-	-	2.75	42,951	2.25	51,344	94,295
2043	-	-	-	-	2.75	44,147	2.25	52,511	96,658
2044	-	-	-	-	2.75	45,377	2.25	53,705	99,082
2045	-	-	-	-	2.75	46,641	2.25	54,926	101,567
2046	-	-	-	-	2.75	47,939	2.25	56,175	104,114
2047	-	-	-	-	2.75	49,275	2.25	57,452	106,727
2048	-	-	-	-	2.75	50,647	2.25	58,758	109,405
2049	-	-	-	-	2.75	52,057	2.25	60,094	112,151
2050	-	-	-	-	2.75	53,507	2.25	61,460	114,967
2051	-	-	-	-	2.75	54,997	2.25	62,857	117,854
2052	-	-	-	-	2.75	56,529	2.25	64,286	120,815
2053	-	-	-	-	2.75	58,103	2.25	65,747	123,850
2054	-	-	-	-	2.75	59,721	2.25	67,242	126,963
2055	-	-	-	-	2.75	47,472	2.25	68,771	116,243
2056	-	-	-	-	-	-	2.25	45,879	45,879
Total		\$ 1,110,000		\$ 1,765,000		\$ 1,385,386		\$ 1,731,050	\$ 5,991,436

CITY OF BLOOMFIELD, IOWA

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

FOR THE LAST TEN YEARS

	<u>2020</u>		<u>2019</u>		<u>2018</u>		<u>2017</u>
<u>RECEIPTS:</u>							
Property tax	\$ 1,288,175	\$	1,001,612	\$	904,586	\$	887,237
Tax increment financing	89,630		149,708		600,042		535,507
Other city tax	350,544		383,176		319,214		344,083
Licenses and permits	37,175		39,877		39,032		39,441
Use of money and property	38,057		38,976		12,118		7,872
Intergovernmental	1,213,292		705,333		911,145		1,135,483
Charges for service	295,660		303,012		305,162		321,042
Miscellaneous	<u>357,698</u>		<u>230,134</u>		<u>967,050</u>		<u>298,079</u>
Total	\$ <u>3,670,231</u>	\$	\$ <u>2,851,828</u>	\$	\$ <u>4,058,349</u>	\$	\$ <u>3,568,744</u>
<u>DISBURSEMENTS:</u>							
Operating:							
Public safety	\$ 1,069,828	\$	1,299,816	\$	928,796	\$	940,343
Public works	683,358		569,337		594,140		469,382
Culture and recreation	512,828		553,292		1,129,616		656,546
Community and economic development	331,160		141,645		114,054		93,507
General government	195,833		273,779		198,277		175,180
Debt service	475,612		235,323		237,577		239,217
Capital projects	<u>2,014,059</u>		<u>367,990</u>		<u>1,369,185</u>		<u>1,621,958</u>
Total	\$ <u>5,282,678</u>	\$	\$ <u>3,441,182</u>	\$	\$ <u>4,571,645</u>	\$	\$ <u>4,196,133</u>

SCHEDULE 4

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 895,658	\$ 838,158	\$ 845,602	\$ 814,929	\$ 766,138	\$ 742,459
542,487	477,372	389,312	358,255	349,999	331,049
310,794	308,554	274,763	261,866	233,036	226,184
41,338	38,992	39,183	38,590	38,011	29,456
8,498	10,893	17,592	10,503	11,859	20,014
455,254	607,913	944,948	1,568,953	917,290	764,773
310,416	291,699	309,400	293,741	278,377	277,143
387,772	113,395	87,693	44,551	121,068	176,536
<u>\$ 2,952,217</u>	<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>
\$ 816,082	\$ 799,090	\$ 1,047,316	\$ 740,675	\$ 705,974	\$ 700,429
680,823	671,399	645,132	617,026	867,334	686,137
412,100	380,295	384,864	358,343	360,449	399,727
248,546	231,934	294,830	127,412	117,653	207,620
238,639	140,723	141,254	142,302	146,189	117,912
240,243	239,680	-	-	-	-
290,334	2,333,187	920,982	1,549,160	459,915	1,301,895
<u>\$ 2,926,767</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>



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 U.S. generally accepted auditing standards 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, 2020, 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 September 28, 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 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 have not been identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control we consider to be a material weakness.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control described in part II of the accompanying schedule of findings as item II-A-20 to be a material weakness.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bloomfield, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters which 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, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### 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  
September 28, 2020

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2020

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) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- c) The audit did not disclose any non-compliance which is material to the financial statements.

Part II: Findings Related to the Financial Statements

Internal Control Deficiencies:

II-A-20 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.

Part III: Other Findings Related to Required Statutory Reporting

III-A-20 Certified Budget – Disbursements during the year ended June 30, 2020 exceeded the amounts budgeted in the community and economic development function. 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-20 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. No disbursements were noted which we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion.

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2020

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

III-C-20 Travel Expenses – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

III-D-20 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	\$ 1,826
	Fire Department Supplies	1,470
Darrin Garrett, Council Member, Co-Owner Bloomfield Bridge and Culvert	Construction	220,269

The transactions with the Mayor for pool concessions and the Council Member for construction do not appear to represent conflicts of interest since they were entered into through competitive bidding in accordance with Chapter 362.5(3)(d) of the Code of Iowa. The transaction with the Mayor for fire department supplies does not appear to represent a conflict of interest because the total amount was less than \$6,000.

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

III-F-20 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.

III-G-20 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 19, 2019, October 10, 2019, November 7, 2019, December 5, 2019 and February 6, 2020 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-H-20 Deposits and Investments – No instances of non-compliance with the deposit investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investments policy were noted.

III-I-20 Revenue Bonds – No instances of non-compliance with the revenue bond provisions were noted.

III-J-20 Annual Urban Renewal Report – The annual urban renewal report was approved and certified to the Iowa Department of Management on or before December 1.

III-K-20 Financial Condition – The Water & Sewer CDBG and Debt Service funds had deficit balances of \$144,972 and \$9,040, respectively, at June 30, 2020.

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

Response – The deficits will be eliminated.

Conclusion – Response accepted.

CITY OF BLOOMFIELD, IOWA

SCHEDULE OF FINDINGS  
YEAR ENDED JUNE 30, 2020

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

III-L-20 Council Resolution – The Council adopted a resolution to remove the Mayor from all City financial accounts. It was later determined that this resolution conflicted with a City ordinance.

Recommendation – The City should pass a new ordinance if it wishes to change who is included on City financial accounts.

Response – Once we became aware of the conflict, we took steps to pass a new ordinance.

Conclusion – Response accepted.