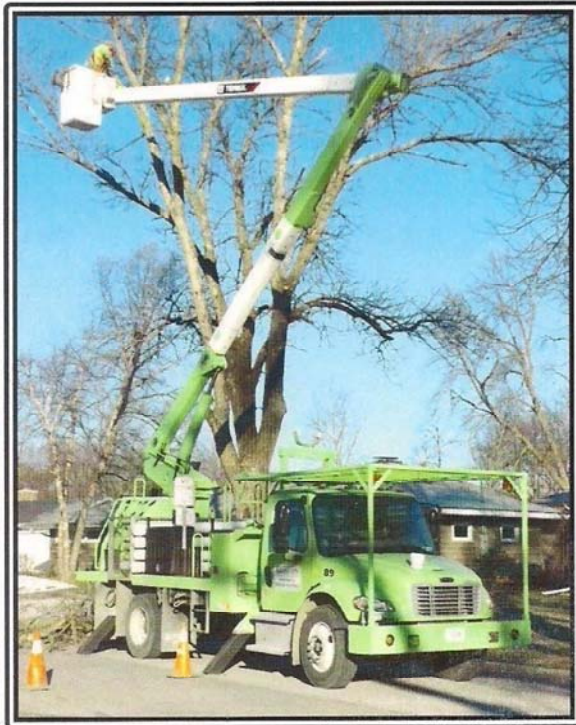




## OPERATIONS & MAINTENANCE



In memory of  
Kevin Jacobson, Finance Director  
1996-2021

# City of Mason City, IA

Annual Comprehensive Financial Report

Fiscal Year 2021 -2022

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City of Mason City, Iowa  
Annual Comprehensive Financial Report  
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For the Year Ended June 30, 2022

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INTRODUCTORY SECTION

CITY OF MASON CITY  
MASON CITY, IOWA

FOR THE YEAR ENDED  
JUNE 30, 2022

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

May 23, 2023

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

RE: FY22 Audit Transmittal

The Annual Comprehensive Financial Report of the City of Mason City, Iowa for the fiscal year ended June 30, 2022 (FY22) is submitted herewith in accordance with the provisions of Section 384.22 of the Code of Iowa, 1995, as amended, the recommendations of the Government Finance Officers Association and in conformity with accounting principles generally accepted in the United States of America (hereafter, "GAAP").

The annual comprehensive financial report is presented in four sections: introductory, financial, statistical and compliance. The introductory section includes a table of contents, a list of City Officials, the organizational chart, this transmittal letter, and a copy of the Certificate of Achievement for Excellence in Financial Reporting earned for the fiscal year ended June 30, 2021. The financial section includes management's discussion and analysis, the basic financial statements, and nonmajor funds and other schedules for the fiscal year ended June 30, 2022, as well as the independent auditors' report on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The compliance section encompasses requirements related to the single audit, various federal and state grants, and statutory and regulatory compliance.

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

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

## **GOVERNMENTAL STRUCTURE**

The City of Mason City operates under the Mayor/Council form of government with six City Council members, four of whom are elected from wards and two elected at large. The Mayor is elected at large for a four-year term. The City Council is elected to staggered four-year terms, with three Council seats up for election every two years. The City Administrator reports to the City Council. Ten departments are under the direction of the City Administrator. The City Attorney is a contracted position under the direction of the City Administrator. Six departments are under the direction of a board or commission. The Mayor and Council appoint members of the Airport, Human Rights Commission, and Youth Task Force Commissions, Library, Cemetery, and Museum Boards. Departments include City Clerk, Development Services, Engineering, Finance, Fire, Human Resources, Operations and Maintenance, Parks, Recreation, Police and Volunteer Services. The Development Services Department oversees Transit, Health, and Inspection services. The Police Department handles Animal Control. The City owns the Mason City Public Library, the Highland Park Golf Course and the Mason City Municipal Airport.

## **ECONOMIC CONDITION AND OUTLOOK**

The City's Development Services Department continues its planning and economic development efforts to spur development and redevelopment in the community in accordance with the City's Comprehensive Plan and City Council goals. Development activities are focused on both downtown and the community's commercial areas and industrial parks. A major concentration of the department is on Downtown development, particularly the River City Renaissance Reinvestment District. This project, which will be partially financed with rebated state sales and hotel/motel taxes, as well as tax increment financing and private fundraising, includes a select-service hotel, conversion of the Music Man Square museum into a mid-sized conference and convention facility, an indoor-outdoor performing arts pavilion, and a 2,000-seat multi-use arena. The pavilion and arena have been completed and have already had a positive impact on downtown development. These projects will increase the downtown tax base and retain/draw younger skilled workers and their families to Mason City. In addition, 131 new market-rate apartment units recently completed just south of Southbridge Mall have brought new residents and vitality to the city center. The success of this project has led the developer to begin construction on an additional 93-unit apartment building nearby.

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

NICEDC is partially funded by Mason City to serve as the City's economic development marketing and recruitment arm. They provide information and support to prospective employers, maintain a database of available buildings and sites within the region and partner with numerous local, regional, state and national organizations to market and

recruit business to North Iowa. Key industries targeted by NICEDC are bio/renewable energy, warehousing/distribution, value-added agriculture, food processing, and advanced manufacturing.

The population in the City of Mason City, IA was 27,338 per the 2020 U.S. Census. The city has a civilian labor force of 15,108 with a participation rate of 67.4%. Of individuals at least 25 years old in Mason City, Iowa, 20.9% have a bachelor's degree or higher, which compares with 32.9% in the nation. The median household income in Mason City is \$56,009 and the median house value (of owner-occupied units) is \$114,800 (2021 ACS Estimates).

The local economy continues to recover from the COVID pandemic. Efforts by local economic and community development partners rallied to support the business community, contributing to the recovery. As of 2023Q1, total employment for the City of Mason City, IA was 13,600. The non-seasonally adjusted unemployment rate for Mason City was 5.0% at its lowest point in June 2021, but has steadily improved to 3.2% as of February 2023. The city's unemployment rate was almost even with the state rate of 3.3%, but lower than the national rate of 3.9. One year earlier, in February 2022, the unemployment rate in Mason City, Iowa was 2.6% (Iowa Workforce Development LAUS; not seasonally adjusted). The average (mean) worker in the City of Mason City, IA earned an annual income of \$69,790 as of 2021 (2021 ACS 5-Year Estimates). Mean annual wages per worker increased 4.7% in the region over the preceding year. For comparison purposes, annual mean income was \$97,962 in the nation as of 2021 (2021 ACS 5-Year Estimates).

The Cost of Living Index estimates the relative price levels for consumer goods and services. When applied to wages and salaries, the result is a measure of relative purchasing power. The cost of living is 10.1% lower in City of Mason City, IA than the U.S. average.

Gross Domestic Product (GDP) is the total value of goods and services produced by a region. In 2021, nominal GDP in Cerro Gordo County, Iowa expanded 10.3%. This follows a contraction of 1.9% in 2020. As of 2021, total GDP in Cerro Gordo County, Iowa was \$2,645,575,000.

Of the sectors in Cerro Gordo County, Iowa, Health Care and Social Assistance contributed the largest portion of GDP in 2021, \$465,112,000. The next-largest contributions came from Manufacturing (\$366,668,000); Retail Trade (\$230,143,000); and Wholesale Trade (\$189,566,000).

The largest sector in the City of Mason City, IA is Health Care and Social Assistance, employing 4,378 workers. The next-largest sectors in the region are Retail Trade (2,842 workers) and Manufacturing (2,334). High location quotients (LQs) indicate sectors in which a region has high concentrations of employment compared to the national average. The sectors with the largest LQs in the region are Health Care and Social Assistance (LQ = 1.62), Manufacturing (1.53), and Retail Trade (1.50).

Sectors in the City of Mason City, IA with the highest average wages per worker are Utilities (\$121,073), Management of Companies and Enterprises (\$81,665), and Information (\$76,496). Regional sectors with the best job growth (or most moderate job losses) over the last 5 years are Agriculture, Forestry, Fishing and Hunting (+82 jobs), Construction (+74), and Transportation and Warehousing (+13).

Over the next 1 year, employment in the City of Mason City, IA is projected to contract by 172 jobs. The fastest growing sector in the region is expected to be Accommodation and Food Services with a +0.2% year-over-year rate of growth. The strongest forecast by number of jobs over this period is expected for Accommodation and Food Services (+2 jobs), Arts, Entertainment, and Recreation (0), and Information (-1).

A cluster is a geographic concentration of interrelated industries or occupations. The industry cluster in the City of Mason City, IA with the highest relative concentration is Food Mfg. with a location quotient of 3.47. This cluster employs 777 workers in the region with an average wage of \$65,360. Employment in the Food Mfg. cluster is projected to contract in the region about 1.0% per year over the next ten years.

The largest major occupation group in the City of Mason City, IA is Sales and Related Occupations, employing 2,020 workers. The next-largest occupation groups in the region are Office and Administrative Support Occupations (2,018 workers) and Transportation and Material Moving Occupations (1,867). High location quotients (LQs) indicate occupation groups in which a region has high concentrations of employment compared to the national average. The major groups with the largest LQs in the region are Healthcare Practitioners and Technical Occupations (LQ = 1.71), Production Occupations (1.39), and Healthcare Support Occupations (1.35).

Occupation groups in the City of Mason City, IA with the highest average wages per worker are Management Occupations (\$94,700), Healthcare Practitioners and Technical Occupations (\$92,500), and Computer and Mathematical Occupations (\$88,500). The unemployment rate in the region varied among the major groups from 1.2% among Management Occupations to 5.0% among Farming, Fishing, and Forestry Occupations.

Over the next 1 year, the fastest growing occupation group in the City of Mason City, IA is expected to be Personal Care and Service Occupations with a -0.1% year-over-year rate of growth. The strongest forecast by number of jobs over this period is expected for Personal Care and Service Occupations (0 jobs) and Legal Occupations (0). Over the same period, the highest separation demand (occupation demand due to retirements and workers moving from one occupation to another) is expected in Sales and Related Occupations (273 jobs) and Food Preparation and Serving Related Occupations (267).

Accomplishments for the past fiscal year include:

- The NICEDC worked with 20 potential business leads, with total capital investment potential over \$1.5 billion and potential for 450 new jobs. Primary sectors of opportunity have included bio-fuels, manufacturing, warehouse/distribution, and office.

- Of these projects, 2 major renewable fuels projects secured options on sites of 80 and 155 acres in the Mason City Industrial Park respectively. These 2 projects are working through due diligence, and the Corridor is working closely with them in the efforts to secure their investment in Mason City.
  - Multiple warehouse/distribution facility projects have also sought buildings or sites in North Iowa. The proximity to Minneapolis and Des Moines, and many other markets throughout the Midwest along major interstates and rail lines has continued to attract this industry.
- 
- Following the success of the \$16 million, 133-unit apartment and townhome complex “The River” in downtown MC, the NIC worked with the City and Talon Development on “The River Phase 2”. The new 93-unit apartment complex broke ground in October 2022 on a former Brownfield Site. NIC and the City worked with the developer to secure a \$1.5m Brownfield Tax Credit to assist in the cleanup and construction. This will dramatically improve a neglected downtown property and continue to drive density and activity in the downtown core. Construction is expected to be completed by winter 2023. Demand has already been significant, which may lead to a phase 3 in the coming years.
  - The North Iowa Corridor also worked on multiple other housing development prospects and has continued to make it a core focus for community growth. This includes a support role in the City’s Housing Rehabilitation project that received a \$1 million grant from the IEDA to improve existing housing around the downtown core. In addition, the Corridor is working with the owners of the former YWCA to seek assistance to convert a portion of the building to 10 housing units.
  - Workforce initiatives: The NICEDC worked in collaboration with local schools and North Iowa Area Community College (NIACC) to further post-high school degree attainment, engage our youth in the local business culture to encourage staying in the area post high school, and grow our curriculum to meet current and future workforce needs. A new Workforce Specialist position, in partnership with NIACC, was created to further lead these efforts and bring our businesses and schools together to help students experience the opportunities available here.
  - Business Retention and Expansion (BRE): The NICEDC staff makes weekly contact with businesses and each year conduct on-site in-depth interviews with local leaders of 15-20 program-targeted companies to gather comprehensive data and intelligence on business challenges and opportunities with each company. This information is used to identify common areas of concern, which are presented to the governing bodies and used to make adjustments to find solutions to issues. In addition to company interviews, the NICEDC has more than 300 company touches with discussions involving workforce, VNI, downtown projects, school/business connections, future planning, buildings and sites, operations, utilities, etc. industrial sites in Mason City’s South Industrial Park and other areas of the city, as well as a number of industrial and commercial buildings.

- The NICEDC assists with promotion of industrial park sites along the Avenue of the Saints, I-35, and other areas within the city. Also, promotion and marketing of the
- The NICEDC hosted visits from the Iowa Economic Development Authority and commercial real estate-generated prospect visits to buildings and sites in the community, with the City offering public financial incentive packages in some instances.
- The NICEDC continued to be the lead organization of the seven-county North Central Iowa Alliance regional marketing group, which markets the entire North Central Iowa region as a location to create jobs and wealth. This included increased efforts to grow and retain the region's workforce with refreshed marketing materials and a website.
- The City and the NICEDC continued their partnerships with small business development organizations, including the John Pappajohn Entrepreneurial Center and the Small Business Development Center, to ensure better information sharing and flow.

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

### **EXPANDED AND NEW INDUSTRIES 7/1/21 - 6/30/22**

The valuation of expanded industrial development totaled approximately \$4,807,331, while new or expanded commercial development totaled \$4,365,525 (these figures are based on construction value used to calculate permit fees).

FY22 saw several major commercial developments, redevelopments, and additions. Major projects included conversion of the former Sears Department Store to an indoor, climate-controlled self-storage facility, valued at \$825,000. New retail and service businesses included a Dollar General store (\$600,000), O'Reilly's Auto Parts (\$1,254,600), and relocation of Riddle's Jewelry from Southbridge Mall to a former restaurant building (\$150,000). Three new national retail chains constructed new stores: Old Navy (\$1,555,500), Ross Dress for Less (\$1,545,000), and Five Below (\$798,270).

### **DOWNTOWN**

In 2018, the City initiated the Downtown Revitalization Loan (DoRL) Program, which provides a matching loan of up to \$30,000, forgivable after seven years. Together with the Corridor Revitalization Loan (CoRL), which provides a forgivable loan for revitalization of

buildings along the city's aging commercial corridors, the City has approved \$ \$1,420,018 in loan funds, which have leveraged just under \$7.3 million dollars in private investment.

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

The MSMC organization and its many volunteers provide a program that includes economic development, organizational development, promotions/events/ marketing, and design (appearance) improvements in the downtown. The organization continued to provide several successful events, such as three Friday Night Live summer concerts, a tour of historic buildings in October, Home for the Holidays, and a St. Patrick's Day Bar Hop, as well as co-sponsoring several others. These events were impacted by the COVID-19 public health emergency, but the MSMC was able to hold some events online and have maintained their place as the premier organization promoting downtown Mason City. The organization maintains its recognition as a National Main Street Community and is working with Main Street Iowa to promote Downtown Mason City as a premier place to do business and be entertained.

The most visible new development in Downtown Mason City is the Multi-Purpose Arena, within the Southbridge Mall, completed in November 2019. Valued at \$14,500,000, this 2,000-seat arena (which can accommodate more than 3,000 for concerts) has been constructed within the walls of the former J. C. Penney department store. The Arena opened in late 2019 for hockey and other ice sports. Unfortunately, the COVID-19 pandemic lead to cancellation of most other events. Regular scheduling of hockey and concerts has resumed. In addition, construction of a new indoor/outdoor Performing Arts Pavilion began in FY21, in the Federal Avenue Plaza. This venue opened for performances in Spring 2022. The Arena and Pavilion are part of the "River City Renaissance" program, which anticipates construction of a new select-service hotel and conversion of The Music Man Square to a conference center (while maintaining the Meredith Willson Music Man museum and exhibits).

## **HOUSING**

A 131-unit market rate apartment complex on land just south of Downtown, valued at \$16,000,000, was completed and opened for leasing in late 2020. The success of this venture led to the developer beginning a new, 93-unit building just a few blocks away in Fall 2022, which will open in Summer 2023.

New housing construction in FY22 included 7 new single-family dwellings and one two family twinhome. Three (3) single-family dwellings were demolished. After comparing the number of housing units built by the number demolished, there was no net housing gain or loss in FY22.

## **TRAFFIC**

In 2022, the Mason City Engineering Department completed the inspection and accepted the following transportation improvement projects within the City of Mason City. The purpose of these projects is to expand the existing network to accommodate the increase in vehicular and pedestrian traffic.

The 2020 Paving Program included the paving of a 25' wide Portland Cement Concrete (PCC) street South of 8th Street SE to the dead-end. This paving replaced the previous gravel street; the total length of the street is 430'. This project also included the paving of a 12' wide Portland Cement Concrete (PCC) alley between 27th Street SW and 28th Street SW, from South Jefferson Avenue to South Adams Avenue. This paving replaced the previous gravel alley; the total length of the alley is 480'. **(Project Accepted July 6, 2021)**

The South Monroe Avenue Street Paving and Utilities - RISE Project included utility improvements, new streetlights, pavement patching, curb and gutter replacement, and a Hot Mix Asphalt (HMA) overlay. The total length of the street overlay is approximately 1 mile and was performed between 5th Street SW (US 65) and 12th Street NW. Also completed was the upgrade of 84 pedestrian sidewalk ramps to meet ADA compliance. **(Project Accepted August 17, 2021)**

The 12th Street NW Reconstruction Project included the reconstruction of a 31' wide Portland Cement Concrete (PCC) street, construction of an improved storm sewer system, utility improvements and new streetlights. The total length of reconstructed street is 1,450' and was performed between South Madison Avenue and South Washington Avenue. Also completed was the upgrade of 23 pedestrian sidewalk ramps to meet ADA compliance. **(Project Accepted November 2, 2021)**

The 24th Street SW Paving Project included the paving of a 31' wide Portland Cement Concrete (PCC) street between South McKinley Avenue and South Grover Avenue. This paving replaced the previous gravel street; the total length of the street is 600'. **(Project Accepted November 2, 2021)**

The South Eisenhower Turn Lane Paving Project included the paving of a new 12' wide Portland Cement Concrete (PCC) southbound right-turn lane with granular shoulder at the intersection of South Eisenhower Avenue and 4th Street SW (IA HWY 122). The total length of the turn lane is 422'. **(Project Accepted December 21, 2021)**

The Stone Pillar 19th Subdivision project included a new 31' wide Portland Cement Concrete (PCC) street extension. The total length of the street extension, Opal Drive, is 480'. **(Project Acceptance Letter May 25, 2022)**



## **FINANCIAL INFORMATION**

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

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

As a part of the City's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year ended June 30, 2022 provided no instances of material weakness in the internal control structure.

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

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

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

General Governmental Functions: The following schedule presents a summary of general fund, special revenue fund and debt service fund revenues for the fiscal year ended June 30, 2022.

	Amount	Percent of Total
Revenues		
Taxes	\$ 26,238,130	69.23 %
Licenses and Permits	8,515	0.02
Intergovernmental	8,806,919	23.24
Service Revenues	1,382,833	3.65
Fines and Forfeitures	48,475	0.13
Use of Monies and Properties	314,099	0.83
Special Assessments	34,487	0.09
Miscellaneous	960,202	2.53
Refunds	105,990	0.28
<b>Total Revenues</b>	<b>\$ 37,899,650</b>	<b>100.00</b>

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2022.

	Amount	Percent of Total Amount
Expenditures		
Public Safety	\$ 11,921,140	27.36 %
Public Works	1,205,544	2.77
Health and Social Services	389,456	0.89
Culture and Recreation	3,710,544	8.52
Community & Economic Development	2,344,347	5.38
General Government	3,018,955	6.93
Capital Projects	15,165,518	34.80
Debt Service	5,817,662	13.35
<b>Total Revenues</b>	<b>\$ 43,573,166</b>	<b>100.00</b>

### GENERAL FUND BALANCE

The General Fund closed the FY22 with a fund balance of \$12,629,984 compared to \$10,857,414 on June 30, 2021. This was due to a \$618,919 increase of revenues over expenditures for FY22 and a prior period adjustment of \$1,153,651.

### ENTERPRISE FUNDS

The Enterprise Funds of the City include the following:

1. Waterworks Fund - Operating revenues were \$ 6,993,378 in FY22, an increase of 5% from FY21. Operating expenses were \$6,208,119 in FY22, an increase of 10% from FY21. Net income was \$ 785,259 in FY22, a 49.7% increase from FY21.

2. Sanitary Sewer Fund - Operating revenues were \$4,877,506 in FY22, an increase of 3.5 % from FY21. Operating expenses were \$3,951,495 in FY22, an increase of 602% from FY21. Net income was \$926,011 in FY22, a 16.4 % increase from FY21.
3. Parking Lots Fund - Operating revenues were \$31,691 in FY22, an increase of 681.9% from FY21. Operating expenses were \$77,267 in FY22, a decrease of 36% from FY21. Net income was \$-45576 in FY22, a 125.6 % decrease from FY21.
4. Storm Sewer Fund - Operating revenues were \$ 437,114 in FY22, an increase of 1.5 % from FY21. Operating expenses were \$ 217,288 in FY22, an increase of 12.2 % from FY21. Net income was \$ 219,826 in FY22, a -19.1 % increase from FY21.
5. Solid Waste Fund - Operating revenues were \$ 1,750,717 in FY22, an increase of 2.8 % from FY21. Operating expenses were \$ 1,859,634 in FY22, an increase of 12.8 % from FY21. Net income was \$ -108,917 in FY22, a 282 % decrease from FY21.
6. Golf Course Fund - Operating revenues were \$472,439 in FY22, an increase of 5 % from FY21. Operating expenses were \$434,763 in FY22, a decrease of 17.1% from FY21. Net income was \$37,676 in FY22, a 289.7% increase from FY21.
7. Ambulance Fund - Operating revenues were \$ 2,633,513 in FY22, an increase of 14.2 % from FY21. Operating expenses were \$1,677,978 in FY22, a decrease of 31.4% from FY21. Net income was \$955,535 in FY22, a 1037% increase from FY21.
8. RCR Arena Fund - Operating revenues were \$ 161,893 in FY22, an increase of 47.2 % from FY21. Operating expenses were \$1,225,007 in FY22, an increase of 126.6% from FY21. Net income was \$-1,063,114 in FY22, a 1353.5% decrease from FY21.

## **INTERNAL SERVICE FUNDS**

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

## **FIDUCIARY FUNDS**

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

**DEBT ADMINISTRATION**

The ratio of net bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the City's debt position to management, citizens, and investors. The following shows this information as of June 30, 2022:

	Amount	Ratios	
		Debt to Assessed Value	Debt Per Capita
Net Bonded Debt	\$ 43,537,208	1.96 %	1,604

The City issued \$10,967,850 of General Obligation bonds during the year to fund various public works, parks and utility-related projects.

**Financial Policies and Long-Term Financial Planning**

The City Council has adopted budget and fiscal policies. For the City's General Fund, the fund balance policy strives to maintain an unassigned general fund balance no less than \$5,000,000. These funds are necessary to meet cash flow needs during the initial months of the new fiscal year as property tax revenue, the primary source of funding for general operations, is collected semi-annually with the vast majority of those taxes remitted to the City in the months of October and April. Fund balance policies are also set for Road Use Tax, Local Option Sales & Service Tax (LOSST), Water, Sewer and Sanitation. During FY 2022, the City met all fund balance policies.

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

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

The City Council approves the Debt Service policy during the budget process. The policy establishes the following measures in regard to the issuance of debt. First, the City limits itself to 70% of the debt limitation allowed by the Iowa Constitution. Second, debt maturities shall be for the shortest time possible under the circumstances, and in no situation will debt maturities exceed the useful life of the asset being acquired or constructed. Third, the debt service property tax rate will be maintained between \$2.00 to \$3.00 per \$1,000 of valuation. Voter approved debt is removed from this calculation.

Finally, the City's debt shall be rated by Moody's Investor Services and the City shall maintain its current "Aa2" rating.

The City Council also adopted Investment and Fund Transfer policies. The Finance Director posts the monthly financial report online for public access following City Council approval at <https://www.masoncity.net/pview.aspx?id=48841&catid=477>.

## **OTHER INFORMATION**

**Independent Audit:** The Code of Iowa requires an annual audit be made of the financial condition and transactions of all administrative departments of the City by the State Auditor or by a Certified Public Accountant selected by the City Council. The audit for FY22 was made by Abdo, Certified Public Accountants. Their opinion has been included in this report.

**Awards:** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mason City, Iowa, for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2021. This was the thirty-fifth consecutive year that the government has achieved this prestigious award. The City of Mason City was one of only approximately 20 Iowa cities to receive the award for this fiscal year.

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

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

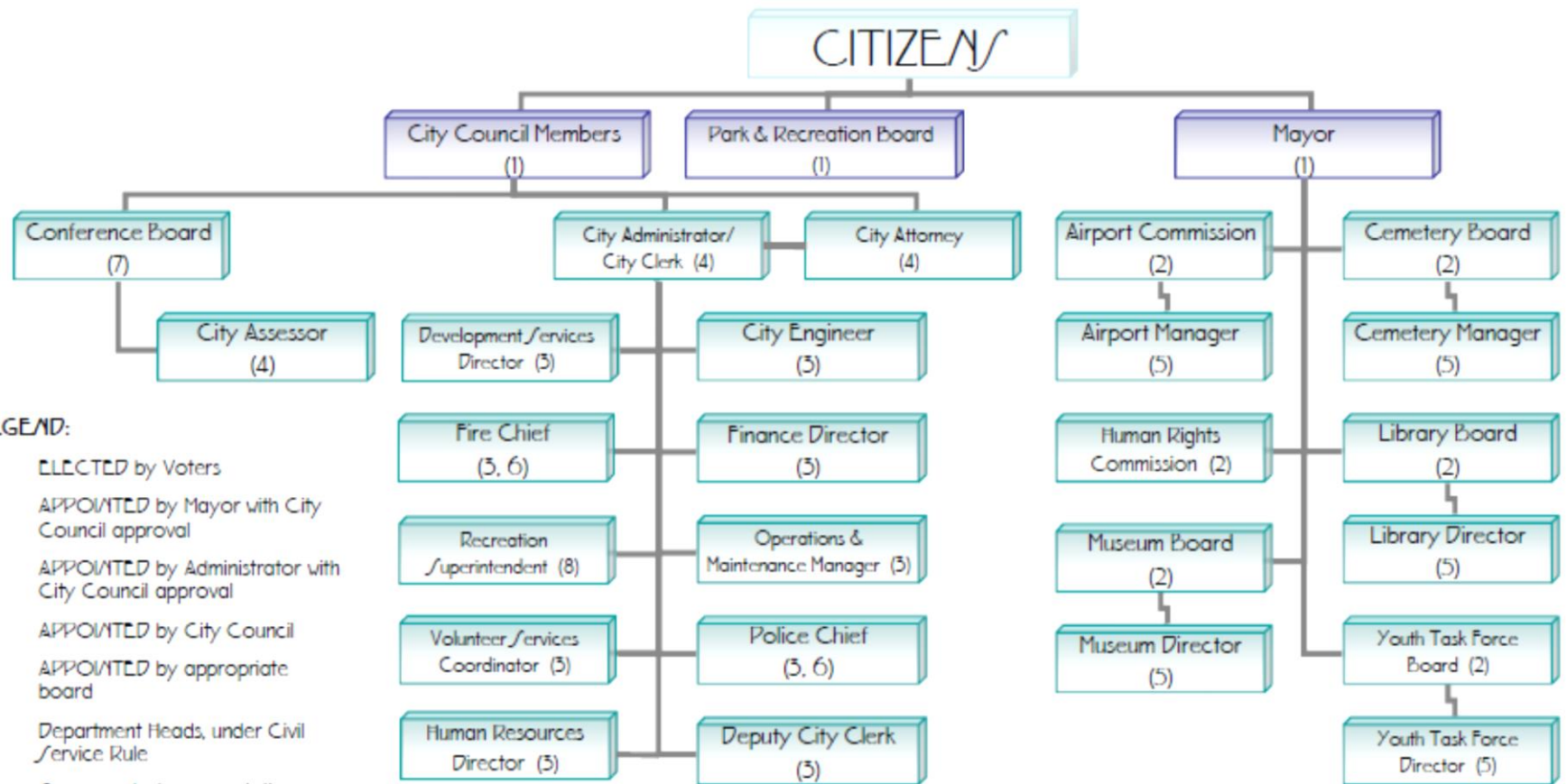
**Acknowledgments:** Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the entire staff of the Department of Finance and the various department heads and employees who assisted and contributed to its preparation. We wish to thank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

Sincerely,



Brent D. Hinson  
Deputy City Administrator/Finance Director

# City of Mason City



**LEGEND:**

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

City of Mason City, Iowa  
Principal City Officials  
For the Year Ended June 30, 2022

**ELECTED**

Name	Title	Term Expires
Bill Schickel	Mayor	2026
Paul Adams	At-Large Council Person	2024
Tom Thoma	At-Large Council Person	2026
Will Symonds	Council Person	2026
Joshua Masson	Council Person	2024
John Lee	Council Person	2024
John Jaszewski	Council Person	2026
Aaron Burnett	City Administrator	
Diana Black	Deputy City Clerk	
Brent Hinson	Finance Director/Deputy City	
Randy Nielsen	City Attorney, Civil Law	
David Sims	Airport Manger	
Edith Blanchard	MacNider Museum Director	
Tara Brueggeman	City Assessor	
Russ Kramer	Band Director	
Tyler Anderson	Elmwood Cemetery Manager	
Steven Van Steenhuyse	Development Services Director	
Erik Bullinger	Fire Chief	
Perry Buffington	Human Resources Manager	
Mary Markwalter	Library Director	
William Stangler	Operations and Maintenance Manager	
William Stangler	Parks Superintendent	
Jeffrey Brinkley	Police Chief	
Mark Rahm	City Engineer	
Brian Pauly	Superintendent of Recreation	



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Mason City  
Iowa**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO



FINANCIAL SECTION

CITY OF MASON CITY  
MASON CITY, IOWA

FOR THE YEAR ENDED  
JUNE 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Mason City, Iowa

### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Mason City, Iowa (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund and the Road and Use Tax fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Mason City Housing Authority, as of June 30, 2022, and the respective changes in financial position for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mason City Housing Authority is based solely on the report of the other auditors.

### Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 31 and the Schedules of Employer's Share of the Net Pension Liability, the Schedules of Employer's Contributions, the related note disclosures, and the Schedule of Changes in the City's OPEB Liability and Related Ratios, on page 108 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual fund financial statements and schedules and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in 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 statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects in relation to the basic financial statements as a whole.

## **Other Information**

Management is responsible for the other information in the report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statement do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2023, on our consideration of the City'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's internal control over financial reporting and compliance.



**Abdo**  
Minneapolis, Minnesota  
May 23, 2023



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## Management's Discussion and Analysis

As management of the City of Mason City, Iowa, (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022.

### Financial Highlights

- The assets and deferred outflows or resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year as shown in the summary of net position on the following pages. The unrestricted amount of net position may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased as shown in the summary of changes in net assets table on the following pages. The increase this year was due to an increase in capital grants and contributions and charges for services in the business-type activities continuing to outweigh expenses.
- For the current fiscal year, the City's governmental funds fund balances are shown in the Financial Analysis of the City's Funds section of the MD&A. The total fund balance increased in comparison with the prior year. This increase was mainly due to an unspent bond proceeds related to R.C. Renaissance project. The total of assigned and unassigned as shown in the governmental fund balance table is available for spending at the City's discretion.
- The unassigned fund balance in the General fund as shown in the financial analysis of the City's funds section increased from prior year.
- The City's total bonded debt increased during the fiscal year. The increase was a result of new bond issuances exceeding the scheduled debt service payments as shown on the outstanding debt table.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves. The following chart shows how the various parts of this annual report are arranged and related to one another:

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements. Internal service funds statements are also included, reflecting balances prior to their elimination from the government-wide financial statements, to avoid "doubling-up" effect within the governmental and business-type activities columns of said statements.

**Figure 1**  
**Required Components of the**  
**City's Annual Financial Report**

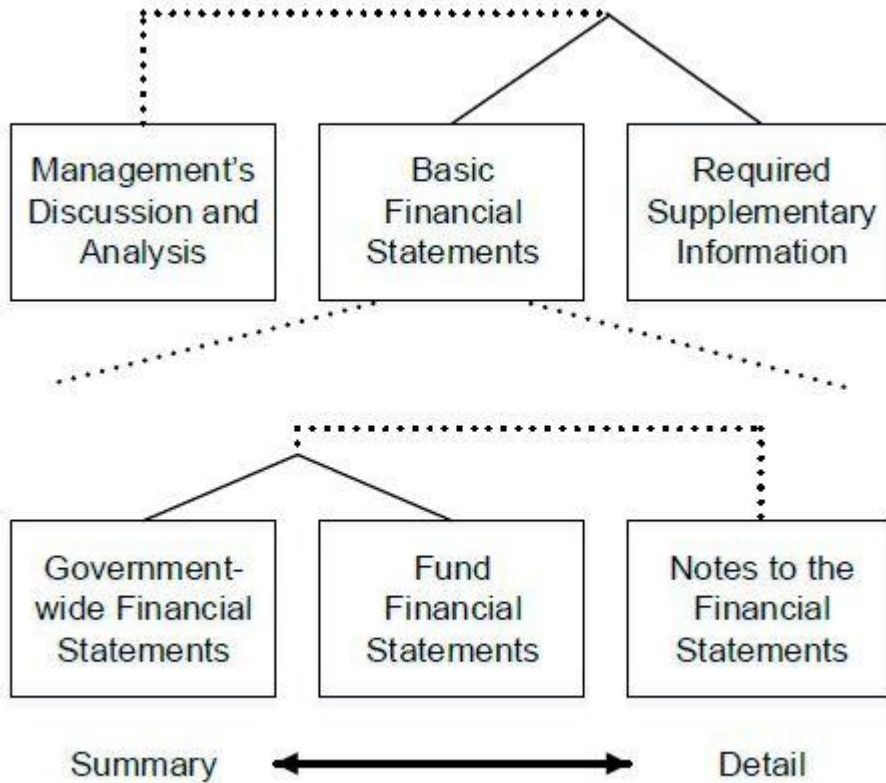




Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

**Figure 2  
Major Features of the Government-wide and Fund Financial Statements**

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government and the City’s component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statements of Net Position</li> <li>• Statements of Revenues, Expenses and Changes in Fund Net Position</li> <li>• Statements of Cash Flows</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid	Only deferred outflows of resources expected to be used up and deferred inflows or resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City’s assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenue (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, health and social services, culture and recreation, community and economic development, and interest on long-term debt. The business-type activities of the City include water, sewer, ambulance, cemetery, storm sewer, solid waste, golf course and RCR Arena.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Housing Authority (the Authority) for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements start on page 49 of this report.

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances (deficits) provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains various individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the major funds as noted on page 82. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for the General fund. Budgetary comparison statements have been provided for the General fund to demonstrate compliance with their budgets.

The basic governmental fund financial statements start on page 54 of this report.

**Proprietary Funds.** The City maintains ten proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, ambulance, cemetery, storm sewer, solid waste, golf course and the RCR Arena. *Internal Service funds* are used to report activities related to employee health insurance and central services.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for each of the enterprise funds which are considered to be major funds of the City.

The basic proprietary funds financial statements start on page 60 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 69 of this report.

**Required Supplementary Information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees. Required supplementary information can be found on page 108 of this report.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules start on page 116 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$163,529,019 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## City of Mason City's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Current and Other Assets	\$ 63,277,792	\$ 56,992,028	\$ 6,285,764	\$ 13,359,910	\$ 12,366,552	\$ 993,358
Capital Assets	111,923,960	107,329,334	4,594,626	73,409,899	72,725,130	684,769
Total Assets	<u>175,201,752</u>	<u>164,321,362</u>	<u>10,880,390</u>	<u>86,769,809</u>	<u>85,091,682</u>	<u>1,678,127</u>
Deferred Outflows of Resources	<u>4,972,702</u>	<u>4,735,538</u>	<u>237,164</u>	<u>1,352,624</u>	<u>1,203,716</u>	<u>148,908</u>
Noncurrent Liabilities	52,375,319	54,688,101	(2,312,782)	14,812,645	17,311,385	(2,498,740)
Other Liabilities	4,312,293	9,142,622	(4,830,329)	1,545,619	4,970,195	(3,424,576)
Total Liabilities	<u>56,687,612</u>	<u>63,830,723</u>	<u>(7,143,111)</u>	<u>16,358,264</u>	<u>22,281,580</u>	<u>(5,923,316)</u>
Deferred Inflows of Resources	<u>28,132,194</u>	<u>19,561,755</u>	<u>8,570,439</u>	<u>3,589,798</u>	<u>547,992</u>	<u>3,041,806</u>
Net Position						
Net investment in capital assets	94,244,550	88,686,867	5,557,683	59,863,200	57,668,962	2,194,238
Restricted	23,479,902	2,125,806	21,354,096	-	-	-
Unrestricted	<u>(22,369,804)</u>	<u>(5,148,251)</u>	<u>(17,221,553)</u>	<u>8,311,171</u>	<u>5,796,864</u>	<u>2,514,307</u>
Total Net Position	<u>\$ 95,354,648</u>	<u>\$ 85,664,422</u>	<u>\$ 9,690,226</u>	<u>\$ 68,174,371</u>	<u>\$ 63,465,826</u>	<u>\$ 4,708,545</u>
Net Position as a Percent of Total						
Net investment in capital assets	98.9 %	103.5 %		87.8 %	90.9 %	
Restricted	24.6	2.5		-	-	
Unrestricted	<u>(23.5)</u>	<u>(6.0)</u>		<u>12.2</u>	<u>9.1</u>	
	<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>	

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in two categories of net position for its separate governmental activities and positive balances in all three categories of net position for its business-type activities.

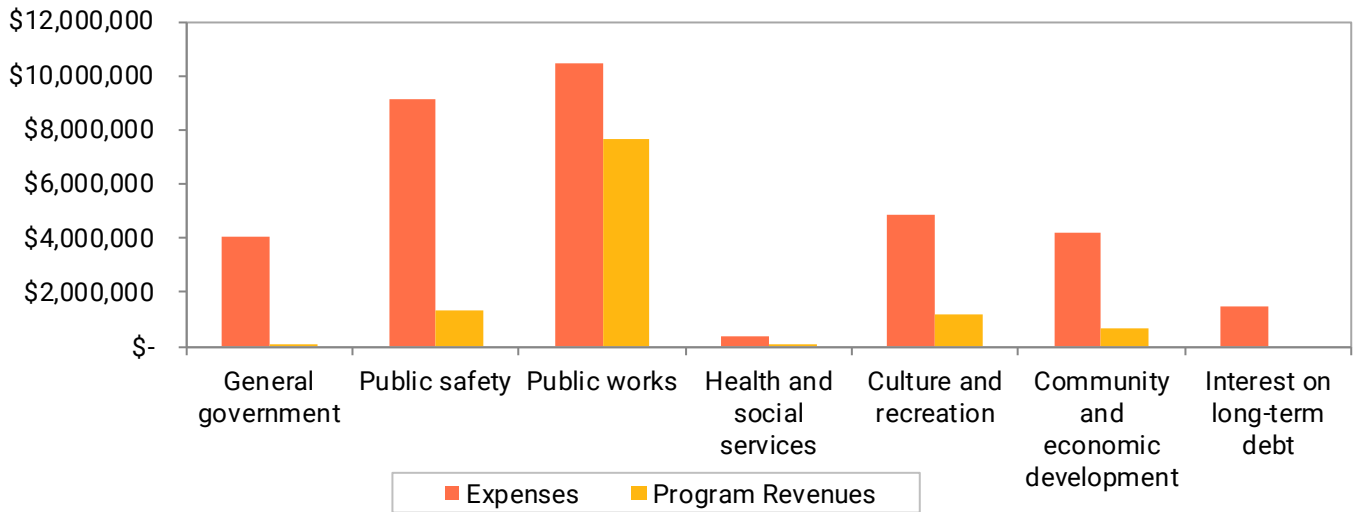
**Governmental Activities.** Governmental activities increased the City's net position, as shown below. This increase was mainly due to reductions in pension related balances along with increases in capital grants and contributions, property tax revenue and charges for services. Key elements of this increase are as follows:

### City of Mason City's Changes in Net Position

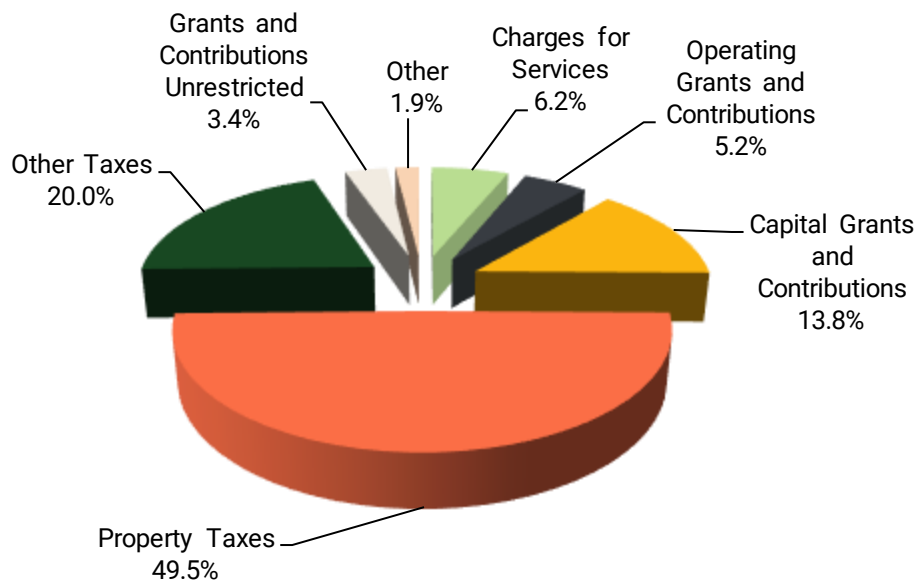
	Governmental Activities			Business-type Activities		
	2022	2021	Increase (Decrease)	2022	2021	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 2,684,377	\$ 1,431,472	\$ 1,252,905	\$ 17,769,442	\$ 16,577,706	\$ 1,191,736
Operating grants and contributions	2,259,186	9,115,987	(6,856,801)	474,656	73,500	401,156
Capital grants and contributions	6,005,701	3,261,853	2,743,848	246,704	82,866	163,838
General Revenues						
Property taxes	21,489,065	17,476,483	4,012,582	182,716	170,757	11,959
Other taxes	8,670,185	9,104,632	(434,447)	-	-	-
Grants and contributions not restricted to specific programs	1,477,344	25,107	1,452,237	-	-	-
Unrestricted Use of money and property	423,008	911,618	(488,610)	23,495	146,963	(123,468)
Miscellaneous	384,942	98,134	286,808	-	255,191	(255,191)
Gain on sale of capital assets	5,700	-	5,700	14,996	-	14,996
Total Revenues	<u>43,399,508</u>	<u>41,425,286</u>	<u>1,974,222</u>	<u>18,712,009</u>	<u>17,306,983</u>	<u>1,405,026</u>
Expenses						
General government	4,073,039	2,991,173	1,081,866	-	-	-
Public safety	9,131,740	11,718,887	(2,587,147)	-	-	-
Public works	10,486,854	11,367,141	(880,287)	-	-	-
Health and social services	378,880	515,411	(136,531)	-	-	-
Culture and recreation	4,872,161	4,934,891	(62,730)	-	-	-
Community and economic development	4,211,814	3,912,220	299,594	-	-	-
Interest on long-term debt	1,468,642	1,255,332	213,310	-	-	-
Water	-	-	-	6,313,249	5,790,532	522,717
Sewer	-	-	-	4,089,580	3,860,404	229,176
Ambulance	-	-	-	1,677,886	2,442,905	(765,019)
Cemetery	-	-	-	464,265	444,609	19,656
Storm sewer	-	-	-	251,440	230,236	21,204
Sold waste	-	-	-	1,859,634	1,650,409	209,225
Golf course	-	-	-	434,763	524,476	(89,713)
Parking lots	-	-	-	77,267	121,032	(43,765)
RCR Arena	-	-	-	1,225,007	540,683	684,324
Total Expenses	<u>34,623,130</u>	<u>36,695,055</u>	<u>(2,071,925)</u>	<u>16,393,091</u>	<u>15,605,286</u>	<u>787,805</u>
Increase (Decrease) in Net Position Before Transfers	8,776,378	4,730,231	4,046,147	2,318,918	1,701,697	617,221
Transfers	1,852,358	125,560	1,726,798	(1,852,358)	(125,560)	(1,726,798)
Change in Net Position	10,628,736	4,855,791	5,772,945	466,560	1,576,137	(1,109,577)
Net Position - July 1	85,664,422	80,808,631	4,855,791	63,465,826	61,889,689	1,576,137
Prior Period Adjustment (Note 9)	(938,510)	-	(938,510)	4,241,985	-	4,241,985
Net Position - June 30	<u>\$ 95,354,648</u>	<u>\$ 85,664,422</u>	<u>\$ 9,690,226</u>	<u>\$ 68,174,371</u>	<u>\$ 63,465,826</u>	<u>\$ 4,708,545</u>

The following graph depicts various governmental activities and shows the program revenues and expenses directly related to those activities.

**Expenses and Program Revenues - Governmental Activities**



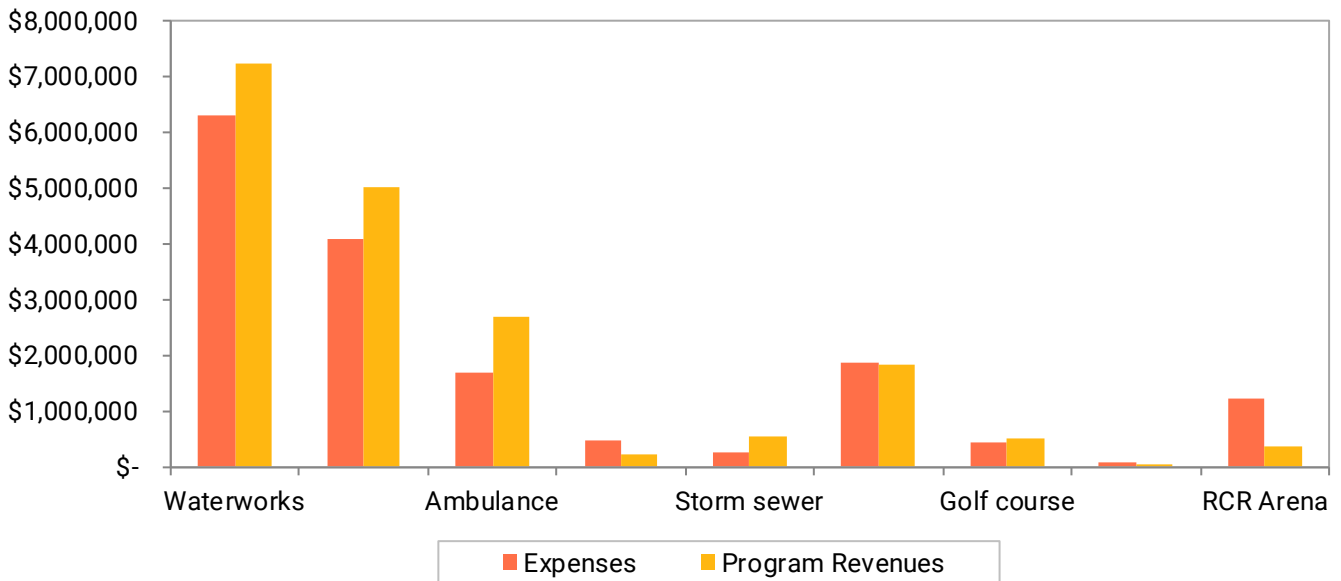
**Revenues by Source - Governmental Activities**



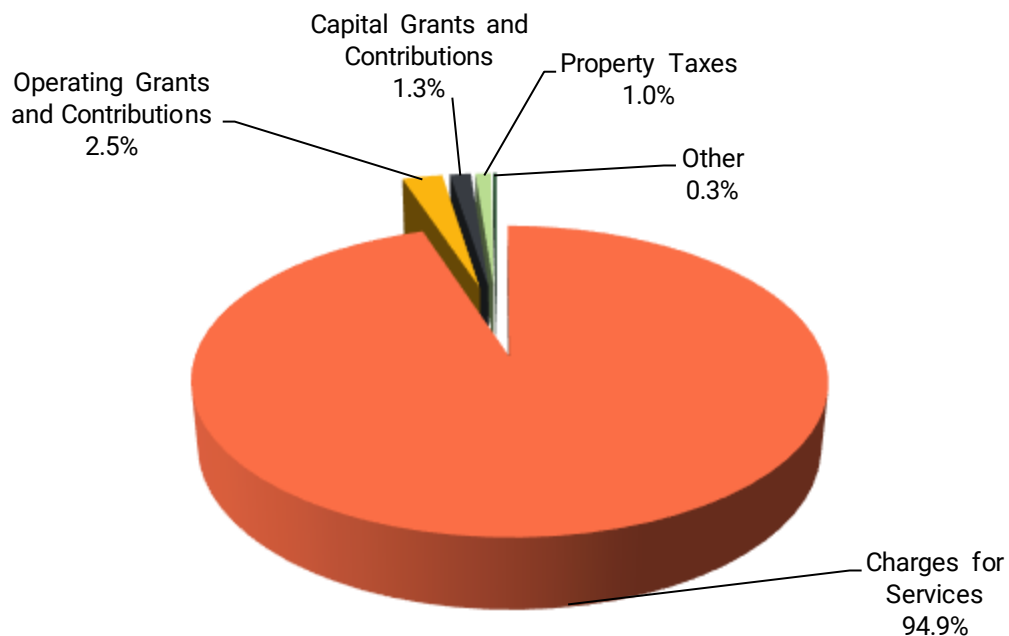
**Business-type Activities.** Business-type activities increased the City’s net position, as shown in the changes in net position table.

- Charges for services for business-type activities increased due to rate increases and an increase in ambulance charges.
- Total expenses for business-type activities increased due to increases in operating costs. The overall increase was offset with \$4.2 million of negative pension expense, which is mostly related to the change in deferred pension balances.
- A prior period adjustment was necessary to correct various prior year balances. See Note 9 of the accompanying financial statement for details of the prior period adjustment.

**Expenses and Program Revenues - Business-type Activities**



**Revenues by Source - Business-type Activities**



## Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

**Governmental Funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The table below outlines the governmental fund balances for the year ending June 30, 2022.

	General	Debt Service	Road and Use Tax	RC Renaissance	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances								
Nonspendable	\$ 214,952	\$ -	\$ 16,127	\$ -	\$ 697,680	\$ 928,759	\$ 833,531	\$ 95,228
Restricted	970,041	2,986,610	3,124,289	8,384,336	11,180,537	26,645,813	17,410,054	9,235,759
Assigned	828,626	-	-	-	1,722,850	2,551,476	3,027,048	(475,572)
Unassigned	10,616,365	-	-	-	(299,390)	10,316,975	8,678,072	1,638,903
	<u>\$ 12,629,984</u>	<u>\$ 2,986,610</u>	<u>\$ 3,140,416</u>	<u>\$ 8,384,336</u>	<u>\$ 13,301,677</u>	<u>\$ 40,443,023</u>	<u>\$ 29,948,705</u>	<u>\$ 10,494,318</u>

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances shown above. Additional information on the City's fund balances can be found in Note 1 starting on page 69 of this report.

The *General fund* is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund is shown in the table above. As a measure of the General fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. The total unassigned fund balance as a percent of total fund expenditures is shown in the chart below along with total fund balance as a percent of total expenditures.

	Current Year Ending Balance	Prior Year Ending Balance	Increase/ (Decrease)
General Fund Fund Balances			
Nonspendable	\$ 214,952	\$ 182,464	\$ 32,488
Restricted for	970,041	783,614	186,427
Assigned	828,626	1,233,276	(404,650)
Unassigned	10,616,365	8,658,060	1,958,305
	<u>\$ 12,629,984</u>	<u>\$ 10,857,414</u>	<u>\$ 1,772,570</u>
General Fund expenditures	\$26,133,961	\$19,846,999	
Unassigned as a percent of expenditures	40.6%	43.6%	
Total Fund Balance as a percent of expenditures	48.3%	54.7%	

The fund balance of the City's General fund increased during the current fiscal year as shown in the table above. The increase in fund balance was due to less than expected spending.



Other major governmental fund analysis is shown below:

	June 30, 2022	June 30, 2021	Increase (Decrease)
Debt Service fund	\$ 2,986,610	\$ 948,780	\$ 2,037,830
Road and Use Tax	\$ 3,140,416	\$ 3,285,718	\$ (145,302)
RC Renaissance	\$ 8,384,336	\$ 1,178,547	\$ 7,205,789

- The Debt Service fund increased from prior year due to unspent bond proceeds, which will be used to make the first debt payment on the newly issued bonds.
- The Road and Use Tax fund decreased slightly due to a planned use of reserves.
- The RC Renaissance fund increased from prior year due to unspent bond proceeds, which will be used over the next few years for the RC Renaissance project.

**Proprietary Funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position of the City's proprietary funds increased or (decreased) as follows:

	Ending Net Position June 30, 2022	Ending Net Position June 30, 2021	Increase/ (Decrease)
Waterworks	\$ 29,355,431	\$ 29,892,746	\$ (537,315)
Sewer	\$ 26,665,510	\$ 26,565,803	\$ 99,707
Ambulance	\$ 1,196,523	\$ 102,258	\$ 1,094,265
Other Enterprise Funds	\$ 10,270,729	\$ 9,857,118	\$ 413,611

- The Waterworks fund decreased from prior year due to reductions in pension related balances of about \$319,000 offset to charges for services being deficient to operating costs and transfers out to other funds. Net inv
- The Sewer fund increased from prior year due to reductions in pension related balances of about \$184,000 offset with charges for services being deficient to operating costs and transfers out to other funds.
- The Ambulance fund increased from prior year due to reductions in pension related balances of about \$940,000 and an increase in charges from services.

## General Fund Budgetary Highlights

	Original Budgeted Amounts	Budget Amendments	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 33,052,086	\$ 2,064,006	\$ 35,116,092	\$ 24,843,094	\$ (10,272,998)
Expenditures	<u>35,101,720</u>	<u>4,937,466</u>	<u>40,039,186</u>	<u>26,133,961</u>	<u>13,905,225</u>
Excess of Revenues Over Expenditures	<u>(2,049,634)</u>	<u>(2,873,460)</u>	<u>(4,923,094)</u>	<u>(1,290,867)</u>	<u>3,632,227</u>
Other Financing Sources (Uses)					
Sale of capital assets	-	153,098	153,098	129,406	(23,692)
Bonds issued	460,330	-	460,330	438,450	(21,880)
Premium on bonds issued	-	-	-	21,880	21,880
Transfers in	1,621,314	-	1,621,314	1,557,757	(63,557)
Transfers out	<u>(302,166)</u>	<u>(67,926)</u>	<u>(370,092)</u>	<u>(237,707)</u>	<u>132,385</u>
Total Other Financing Sources (Uses)	<u>1,779,478</u>	<u>85,172</u>	<u>1,864,650</u>	<u>1,909,786</u>	<u>45,136</u>
Net Change in Fund Balances	(270,156)	(2,788,288)	(3,058,444)	618,919	3,677,363
Fund Balances, July 1	10,857,414	-	10,857,414	10,857,414	-
Prior period adjustment	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,153,651</u>	<u>1,153,651</u>
Fund Balances, June 30	<u>\$ 10,587,258</u>	<u>\$ (2,788,288)</u>	<u>\$ 7,798,970</u>	<u>\$ 12,629,984</u>	<u>\$ 4,831,014</u>

The City's General fund budget was amended during the year as shown above. The budget amendment increased revenues relating to intergovernmental revenue and increased expenditures relating in each department. Actual revenues were under the final budget and expenditures were under the final budget amounts as shown above.

Significant budget variances include:

- Intergovernmental revenues were \$11 million less than budget, mostly due to the delay of certain capital projects funded with grant revenue.
- Public works current and capital expenditures were \$3,368,747 and \$8,824,659 less than budget, respectively, due to airport related projects and other grant fund projects that did not take place in 2022.

## Capital Asset and Debt Administration

**Capital Assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2022, is shown below in capital asset table (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, vehicles, roads, highways and bridges.

Major public project capital asset events during the current fiscal year were as follows:

- Completion of the following projects:
  - Various street rehab and reconstruction projects
  - Trail Maintenance and Rehab projects
  - City Hall Secure Entrance Project
  - Airport projects:
    - Hanger Taxi Lane Project
    - Hanger Access Pavement Phase 2
    - Terminal Building Improvements
  - Water system projects:
    - PLC Board Replacements
    - Valve Replacements
    - Water Tower Maintenance Program
  - Storm Water Improvement Projects
  - Sewer system projects:
    - System Maintenance Programs
    - Sewer Televising
  - Aquatic Center Improvements
  - Equipment Purchases, including:
    - 2021 Vactor Jet Truck
    - 2021 Peirce Pumper Truck
    - 2022 Ford E-450 Ambulance

Additional information on the City's capital assets can be found in Note 3C starting on page 82 of this report.

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

	Governmental Activities			Business-type Activities		
	June 30, 2022	June 30, 2021	Increase (Decrease)	June 30, 2022	June 30, 2021	Increase (Decrease)
Land	\$ 20,972,492	\$ 20,972,492	\$ -	\$ 4,876,962	\$ 4,876,962	\$ -
Construction in Progress	5,073,477	9,652,263	(4,578,786)	8,309,729	6,732,407	1,577,322
Buildings	11,415,018	12,301,521	(886,503)	9,369,547	9,749,241	(379,694)
Improvements	23,097,878	15,578,061	7,519,817	17,314,027	18,030,615	(716,588)
Machinery and Equipment	6,731,418	6,360,811	370,607	2,872,565	2,301,557	571,008
Infrastructure	44,633,677	42,464,186	2,169,491	30,667,069	31,034,348	(367,279)
<b>Total</b>	<b>\$111,923,960</b>	<b>\$107,329,334</b>	<b>\$ 4,594,626</b>	<b>\$ 73,409,899</b>	<b>\$ 72,725,130</b>	<b>\$ 684,769</b>

**Long-term Debt.** At the end of the current fiscal year, the City had total bonded debt outstanding consisting of tax increment debt, revenue related debt and general obligation debt as noted in the table below. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

**City of Mason City's Outstanding Debt**

	Governmental Activities			Business-type Activities		
	June 30, 2022	June 30, 2021	Increase (Decrease)	June 30, 2022	June 30, 2021	Increase (Decrease)
General Obligation Bonds	\$ 17,434,546	\$ 17,899,000	\$ (464,454)	\$ -	\$ -	\$ -
General Obligation Tax Increment Bor	28,315,000	21,175,000	7,140,000	-	-	-
General Obligation Revenue Bonds	-	-	-	6,897,453	6,941,000	(43,547)
Revenue Bonds	-	-	-	6,525,000	8,193,000	(1,668,000)
Bond discount	(145,927)	(147,648)	1,721	(67,523)	(77,832)	10,309
Bond premium	920,199	741,181	179,018	191,769	149,934	41,835
<b>Total</b>	<b>\$ 46,523,818</b>	<b>\$ 39,667,533</b>	<b>\$ 6,856,285</b>	<b>\$ 13,546,699</b>	<b>\$ 15,206,102</b>	<b>\$ (1,659,403)</b>

The City's total debt increased by during the current fiscal year. The key factor in this increase was newly issued debt exceeding scheduled bond payments.

State statutes limit the amount of General Obligation Debt a governmental entity may issue to 5% of its total assessed valuation. The current debt limitation for the City of Mason City at June 30, 2022 is \$100,405,809 and the City of Mason City total is currently at \$46,015,000 or 45.3% of its outstanding General Obligation Debt. As a comparison, the legal debt limit was \$96,908,456 and the City of Mason City had issued \$45,565,000 or 47.0% of its legal debt capacity for the previous fiscal year.

Additional information on the City's long-term debt can be found in Note 3D starting on page 86 of this report.

## **Economic Factors and Next Year's Budgets and Rates**

- The national average unemployment for June 2022 is 3.6%. The unemployment level for June 2021 was 5.9%. Cerro Gordo County's rate for June 2022 is 2.8%, and the state's rate is 2.6%.
- The median household income in Mason City was \$58,271 as of 2021 (2021 ACS estimates). Median household income increased 3.9% in the region over the preceding four quarters. For comparison purposes, median household income for the nation were \$69,717 for this time period.
- The reported valuation of building permits for calendar year 2021 was approximately \$7.0 million. This compares with an amount of \$40.6 million for calendar year 2020 and \$19.7 million for calendar year 2019.

Approximately 75% of our operating costs in the General Fund are for personal services, including wages and benefits. Changes in personal services can be due to changes in the pay rates, changes in benefits, changes in the number of employees, or any combination of these. To retain and attract good employees in a tight labor market, the City conducted and has implemented an updated compensation plan, which was fully implemented as of the end of FY21.

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

The City is planning to continue with a similar amount of spending on improvements for water and sewer infrastructure as well as to increase spending on street improvements. There are anticipated increases in fees for water, sewer and sanitation being projected for FY23, as part of a 5-year rate plan adopted by the City Council in April 2022. The proposed \$25.4 million River City Renaissance Project has \$8 million in bonding left and consists of a hotel, convention area, skywalk and will continue with construction in FY23 & FY24. The arena was completed in December 2019. The project will be funded with State of Iowa tax credits, incremental revenues from new valuation, local option sales tax, hotel taxes and the city's debt service levy. The capital projects will be funded with General Obligation or Revenue Bonds, existing fund balances or new revenues from sales tax, road use tax, and water and sewer charges for FY23. With the projected increases, the City expects to remain the 5<sup>th</sup> lowest in combined rates of the 39 cities in Iowa over 10,000 population.

All of these factors were considered in the preparation of the City's budget for the 2023 year.

## **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Brent Hinson, Deputy City Administrator/ Finance Director, City of Mason City, 10 1st Street N.W., Mason City, Iowa 50401.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MASON CITY  
MASON CITY, IOWA

FOR THE YEAR ENDED  
JUNE 30, 2022

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City of Mason City, Iowa  
Statement of Net Position  
June 30, 2022

	Primary Government			Mason City Housing Authority
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash and temporary investments	\$ 44,363,420	\$ 9,825,705	\$ 54,189,125	\$ 258,325
Cash and temporary investments - restricted	-	-	-	49,462
Receivables				
Interest	9,487	4,737	14,224	-
Property taxes	207,443	2,134	209,577	-
Succeeding year property taxes	17,492,083	189,044	17,681,127	-
Accounts, net of allowances	9,699	2,219,473	2,229,172	38,774
Special assessments	203,882	31,646	235,528	-
Intergovernmental	1,382,591	-	1,382,591	7,550
Internal balances	(686,178)	686,178	-	-
Inventories	-	319,592	319,592	-
Prepaid items	295,365	81,401	376,766	5,394
Capital assets				
Nondepreciable	26,045,969	13,186,691	39,232,660	-
Depreciable, net of accumulated depreciation	85,877,991	60,223,208	146,101,199	36,519
Total Assets	<u>175,201,752</u>	<u>86,769,809</u>	<u>261,971,561</u>	<u>396,024</u>
<b>Deferred Outflows of Resources</b>				
Deferred pension resources	4,885,035	1,314,351	6,199,386	36,018
Deferred other postemployment benefit resources	87,667	38,273	125,940	-
Total Deferred Outflows of Resources	<u>4,972,702</u>	<u>1,352,624</u>	<u>6,325,326</u>	<u>36,018</u>
<b>Liabilities</b>				
Accounts payable	2,063,546	971,238	3,034,784	3,361
Due to other governments	3,584	26,683	30,267	-
Accrued interest payable	101,589	20,207	121,796	-
Accrued salaries payable	773,955	296,069	1,070,024	13,994
Unearned revenue	1,369,619	231,422	1,601,041	-
Noncurrent liabilities				
Due within one year				
Long-term liabilities	5,159,806	3,115,303	8,275,109	8,929
Due in more than one year				
Long-term liabilities	42,726,863	10,833,462	53,560,325	-
Net pension liability	3,773,407	551,638	4,325,045	3,988
Other postemployment benefits liability	715,243	312,242	1,027,485	-
Total Liabilities	<u>56,687,612</u>	<u>16,358,264</u>	<u>73,045,876</u>	<u>30,272</u>
<b>Deferred Inflows of Resources</b>				
Deferred pension resources	10,134,732	3,180,130	13,314,862	161,191
Deferred other postemployment benefit resources	505,379	220,624	726,003	-
Succeeding year property taxes	17,492,083	189,044	17,681,127	-
Total Deferred Inflows of Resources	<u>28,132,194</u>	<u>3,589,798</u>	<u>31,721,992</u>	<u>161,191</u>
<b>Net Position</b>				
Net investment in capital assets	94,244,550	59,863,200	154,107,750	36,519
Restricted				
Tort liability	970,041	-	970,041	-
Debt service	6,173,441	-	6,173,441	-
Road and use tax	3,212,542	-	3,212,542	-
Tax increment financing	1,281,790	-	1,281,790	-
Hotel / motel tax	105,102	-	105,102	-
Employee benefits	8,307,153	-	8,307,153	-
Grant programs	70,941	-	70,941	-
Street and park improvements	2,277,699	-	2,277,699	-
Cemetery perpetual care	617,005	-	617,005	-
Museum funding	464,188	-	464,188	-
Housing authority	-	-	-	49,462
Unrestricted	<u>(22,369,804)</u>	<u>8,311,171</u>	<u>(14,058,633)</u>	<u>154,598</u>
Total Net Position	<u>\$ 95,354,648</u>	<u>\$ 68,174,371</u>	<u>\$ 163,529,019</u>	<u>\$ 240,579</u>

The notes to the financial statements are an integral part of this statement.

City of Mason City, Iowa  
Statement of Activities  
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities				
General government	\$ 4,073,039	\$ -	\$ 37,974	\$ -
Public safety	9,131,740	934,237	382,196	-
Public works	10,486,854	768,481	876,345	6,005,701
Health and social services	378,880	31,421	49,486	-
Culture and recreation	4,872,161	949,652	234,743	-
Community and economic development	4,211,814	586	678,442	-
Interest on long-term debt	1,468,642	-	-	-
Total Governmental Activities	<u>34,623,130</u>	<u>2,684,377</u>	<u>2,259,186</u>	<u>6,005,701</u>
Business-type Activities				
Water	6,313,249	7,054,308	68,626	124,585
Sewer	4,089,580	4,919,133	11,956	77,430
Ambulance	1,677,886	2,666,612	41,922	-
Cemetery	464,265	229,785	6,455	-
Storm sewer	251,440	437,114	69,500	44,689
Solid waste	1,859,634	1,786,665	38,620	-
Golf course	434,763	478,951	23,155	-
Parking lots	77,267	33,663	-	-
RCR Arena	1,225,007	163,211	214,422	-
Total Business-type Activities	<u>16,393,091</u>	<u>17,769,442</u>	<u>474,656</u>	<u>246,704</u>
<b>Total Primary Government</b>	<u>\$ 51,016,221</u>	<u>\$ 20,453,819</u>	<u>\$ 2,733,842</u>	<u>\$ 6,252,405</u>
<b>Component units</b>				
Housing and redevelopment	<u>\$ 2,142,112</u>	<u>\$ -</u>	<u>\$ 2,270,986</u>	<u>\$ -</u>

<b>General Revenues</b>
Property taxes, levied for general purposes
Property taxes, levied for debt service
Other Taxes
Tax increments
Local option sales tax
Hotel/motel tax
Airport passenger facility charge
Grants and contributions not restricted to specific programs
Use of money and property
Miscellaneous
Gain on sale of capital assets
Transfers
Total General Revenues and Transfers

Change in Net Position

Net Position - July 1

Prior Period Adjustment (Note 9)

Net Position, July 1, Restated

Net Position - June 30

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and  
CFanges in Net Position

Primary Government			Housing and Redevelopment Authority
Governmental Activities	Business-type Activities	Total	
\$ (4,035,065)		\$ (4,035,065)	\$ -
(7,815,307)		(7,815,307)	-
(2,836,327)		(2,836,327)	-
(297,973)		(297,973)	-
(3,687,766)		(3,687,766)	-
(3,532,786)		(3,532,786)	-
(1,468,642)		(1,468,642)	-
<u>(23,673,866)</u>	<u>-</u>	<u>(23,673,866)</u>	<u>-</u>
-	934,270	934,270	-
-	918,939	918,939	-
-	1,030,648	1,030,648	-
-	(228,025)	(228,025)	-
-	299,863	299,863	-
-	(34,349)	(34,349)	-
-	67,343	67,343	-
-	(43,604)	(43,604)	-
-	(847,374)	(847,374)	-
<u>-</u>	<u>2,097,711</u>	<u>2,097,711</u>	<u>-</u>
<u>(23,673,866)</u>	<u>2,097,711</u>	<u>(21,576,155)</u>	<u>-</u>
-	-	-	128,874
18,164,436	182,716	18,347,152	-
3,324,629	-	3,324,629	-
1,548,436	-	1,548,436	-
6,259,486	-	6,259,486	-
826,097	-	826,097	-
36,166	-	36,166	-
1,477,344	-	1,477,344	-
423,008	23,495	446,503	902
384,942	-	384,942	-
5,700	14,996	20,696	-
1,852,358	(1,852,358)	-	-
<u>34,302,602</u>	<u>(1,631,151)</u>	<u>32,671,451</u>	<u>902</u>
<u>10,628,736</u>	<u>466,560</u>	<u>11,095,296</u>	<u>129,776</u>
85,664,422	63,465,826	149,130,248	110,803
(938,510)	4,241,985	3,303,475	-
<u>84,725,912</u>	<u>67,707,811</u>	<u>152,433,723</u>	<u>110,803</u>
<u>\$ 95,354,648</u>	<u>\$ 68,174,371</u>	<u>\$ 163,529,019</u>	<u>\$ 240,579</u>

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

CITY OF MASON CITY  
MASON CITY, IOWA

FOR THE YEAR ENDED  
JUNE 30, 2022

City of Mason City, Iowa

Balance Sheet  
Governmental Funds  
June 30, 2022

	General	210 Debt Service	110 Road and Use Tax	310 RC Renaissance	Other Governmental Funds	Total
<b>Assets</b>						
Cash and investments	\$ 12,500,485	\$ 2,955,591	\$ 2,992,248	\$ 8,620,789	\$ 15,112,701	\$ 42,181,814
Receivables						
Interest	1,920	75	610	231	5,747	8,583
Property taxes	118,567	36,320	-	-	39,918	194,805
Succeeding years property taxes	10,466,717	3,283,044	-	-	1,935,726	15,685,487
Accounts, net of allowances	9,699	-	-	-	-	9,699
Special assessments	115,629	-	88,253	-	-	203,882
Due from other governments	826,074	-	289,281	-	267,236	1,382,591
Due from other funds	65,632	-	-	-	-	65,632
Prepaid items	214,952	-	16,127	-	64,042	295,121
<b>Total Assets</b>	<b>\$ 24,319,675</b>	<b>\$ 6,275,030</b>	<b>\$ 3,386,519</b>	<b>\$ 8,621,020</b>	<b>\$ 17,425,370</b>	<b>\$ 60,027,614</b>
<b>Liabilities</b>						
Accounts payable	\$ 402,338	\$ -	81,080	236,684	\$ 744,701	\$ 1,464,803
Due to other funds	-	-	-	-	65,632	65,632
Due to other governments	3,184	-	-	-	400	3,584
Accrued salaries payable	686,685	-	76,770	-	-	763,455
Unearned revenue	-	-	-	-	1,369,619	1,369,619
<b>Total Liabilities</b>	<b>1,092,207</b>	<b>-</b>	<b>157,850</b>	<b>236,684</b>	<b>2,180,352</b>	<b>3,667,093</b>
<b>Deferred Inflows of Resources</b>						
Unavailable revenue - taxes	17,479	5,376	-	-	7,615	30,470
Unavailable Revenue - special assessments	113,288	-	88,253	-	-	201,541
Succeeding year property taxes	10,466,717	3,283,044	-	-	1,935,726	15,685,487
<b>Total Deferred Inflows of Resources</b>	<b>10,597,484</b>	<b>3,288,420</b>	<b>88,253</b>	<b>-</b>	<b>1,943,341</b>	<b>15,917,498</b>
<b>Fund Balances</b>						
Nonspendable	214,952	-	16,127	-	697,680	928,759
Restricted	970,041	2,986,610	3,124,289	8,384,336	11,180,537	26,645,813
Assigned	828,626	-	-	-	1,722,850	2,551,476
Unassigned	10,616,365	-	-	-	(299,390)	10,316,975
<b>Total Fund Balances</b>	<b>12,629,984</b>	<b>2,986,610</b>	<b>3,140,416</b>	<b>8,384,336</b>	<b>13,301,677</b>	<b>40,443,023</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 24,319,675</b>	<b>\$ 6,275,030</b>	<b>\$ 3,386,519</b>	<b>\$ 8,621,020</b>	<b>\$ 17,425,370</b>	<b>\$ 60,027,614</b>

The notes to the financial statements are an integral part of this statement.

City of Mason City, Iowa  
Reconciliation of the Balance Sheet  
to the Statement of Net Position  
Governmental Funds  
June 30, 2022

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

Total Fund Balances - Governmental Funds	\$ 40,443,023
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	224,629,412
Less: accumulated depreciation	(112,864,546)
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Compensated absences	(1,349,122)
Other postemployment benefit obligation	(715,243)
Net pension liability	(3,773,407)
Bonds payable	(45,749,546)
Bond discounts	145,927
Bond premiums	(920,199)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are delayed in the funds.	
Special assessments	201,541
Property taxes	30,470
Governmental funds do not report long-term amounts related to pensions and other post employment benefits.	
Deferred outflows of pension resources	4,885,035
Deferred inflows of pension resources	(10,134,732)
Deferred outflows of other postemployment benefit resources	87,667
Deferred inflows of other postemployment benefit resources	(505,379)
Governmental funds do not report a liability for accrued interest until due and payable.	
	(101,589)
Internal service funds are used by management to charge the costs of various services to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	
	1,045,336
Total Net Position - Governmental Activities	\$ 95,354,648

The notes to the financial statements are an integral part of this statement.

City of Mason City, Iowa  
Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2022

	210 Debt Service	110 Road and Use Tax	310 RC Renaissance	Other Governmental Funds	Total	
	General					
<b>Revenues</b>						
Taxes	\$ 14,574,541	\$ 3,324,629	\$ 3,647,554	\$ -	\$ 7,195,201	\$ 28,741,925
Special assessments	17,993	-	-	16,494	-	34,487
Licenses and permits	8,515	-	-	-	-	8,515
Intergovernmental	7,819,930	-	506,075	320,517	480,914	9,127,436
Charges for services	1,370,895	-	-	-	11,938	1,382,833
Fines and forfeits	48,475	-	-	-	-	48,475
Use of money and property	162,717	35,452	-	299	182,722	381,190
Refunds	105,990	-	-	-	-	105,990
Miscellaneous	734,038	-	39,469	170,575	359,999	1,304,081
Total Revenues	<u>24,843,094</u>	<u>3,360,081</u>	<u>4,193,098</u>	<u>491,391</u>	<u>8,247,268</u>	<u>41,134,932</u>
<b>Expenditures</b>						
<b>Current</b>						
General government	2,204,500	-	-	-	814,455	3,018,955
Public safety	9,971,464	-	-	-	1,949,676	11,921,140
Public works	1,144,804	-	-	-	60,740	1,205,544
Health and social services	378,425	-	-	-	11,031	389,456
Culture and recreation	3,362,135	-	-	-	348,409	3,710,544
Community and economic development	1,244,172	-	-	-	1,100,175	2,344,347
<b>Capital outlay</b>						
General government	38,997	-	-	-	300,359	339,356
Public safety	910,644	-	-	-	-	910,644
Public works	6,295,841	-	7,028,704	-	617,179	13,941,724
Culture and recreation	153,122	-	-	-	378,075	531,197
Community and economic development	429,857	-	-	1,759,636	-	2,189,493
<b>Debt service</b>						
Principal	-	4,292,304	-	-	-	4,292,304
Interest and other	-	1,378,428	-	-	-	1,378,428
Bond issuance costs	-	35,794	-	111,136	-	146,930
Total Expenditures	<u>26,133,961</u>	<u>5,706,526</u>	<u>7,028,704</u>	<u>1,870,772</u>	<u>5,580,099</u>	<u>46,320,062</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,290,867)</u>	<u>(2,346,445)</u>	<u>(2,835,606)</u>	<u>(1,379,381)</u>	<u>2,667,169</u>	<u>(5,185,130)</u>
<b>Other Financing Sources (Uses)</b>						
Sale of capital assets	129,406	-	-	-	-	129,406
Transfers in	1,557,757	3,806,284	782,363	317,399	183,507	6,647,310
Bonds issued	438,450	519,500	1,824,900	8,185,000	-	10,967,850
Premium on bonds issued	21,880	58,491	84,565	82,771	-	247,707
Transfers out	(237,707)	-	(30,000)	-	(3,227,245)	(3,494,952)
Total Other Financing Sources (Uses)	<u>1,909,786</u>	<u>4,384,275</u>	<u>2,661,828</u>	<u>8,585,170</u>	<u>(3,043,738)</u>	<u>14,497,321</u>
Net Change in Fund Balances	<u>618,919</u>	<u>2,037,830</u>	<u>(173,778)</u>	<u>7,205,789</u>	<u>(376,569)</u>	<u>9,312,191</u>
Fund Balances, July 1	10,857,414	948,780	3,285,718	1,178,547	13,678,246	29,948,705
Prior Period Adjustment (Note 9)	1,153,651	-	28,476	-	-	1,182,127
Fund Balances, July 1 As Restated	<u>12,011,065</u>	<u>948,780</u>	<u>3,314,194</u>	<u>1,178,547</u>	<u>13,678,246</u>	<u>31,130,832</u>
Fund Balances, June 30	<u>\$ 12,629,984</u>	<u>\$ 2,986,610</u>	<u>\$ 3,140,416</u>	<u>\$ 8,384,336</u>	<u>\$ 13,301,677</u>	<u>\$ 40,443,023</u>

The notes to the financial statements are an integral part of this statement.



City of Mason City, Iowa  
Reconciliation of the Statement of Revenues, Expenditures  
and Changes in Fund Balances of Governmental Funds  
to the Statement of Activities  
Governmental Funds  
For the Year Ended June 30, 2022

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

Net Change in Fund Balances - Governmental Funds	\$ 9,312,191
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.	
Capital outlay	12,461,109
Depreciation expense	(7,678,788)
The net effect of various miscellaneous transactions involving capital assets is to increase (decrease) net position.	
Sale/disposal of capital assets	(164,650)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Principal repayments	4,292,304
Debt issued	(10,967,850)
Premium on bonds issued	(247,707)
Bond discount amortization	(1,721)
Bond premium amortization	68,689
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	
	(10,252)
Long-term pension activity is not reported in governmental funds.	
Pension expense	3,557,336
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Property taxes	30,470
Special assessments	57,261
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated absences	(22,715)
Other postemployment benefits costs	53,245
Internal service funds are used by management to charge the costs of various services to individual funds. The net revenues of certain activities of internal service funds is reported with governmental activities.	
	(110,186)
Change in Net Position - Governmental Activities	\$ 10,628,736

The notes to the financial statements are an integral part of this statement.

City of Mason City, Iowa  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
General Fund  
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 13,833,187	\$ 13,833,187	\$ 14,574,541	\$ 741,354
Licenses and permits	5,925	5,925	8,515	2,590
Intergovernmental	17,257,228	19,189,974	7,819,930	(11,370,044)
Charges for services	1,295,826	1,295,826	1,370,895	75,069
Fines and forfeits	39,000	39,000	48,475	9,475
Special assessments	1,500	1,500	17,993	16,493
Use of money and property	61,000	61,000	162,717	101,717
Refunds	17,000	148,260	105,990	(42,270)
Miscellaneous	541,420	541,420	734,038	192,618
Total Revenues	<u>33,052,086</u>	<u>35,116,092</u>	<u>24,843,094</u>	<u>(10,272,998)</u>
Expenditures				
Current				
General government	2,401,999	2,624,012	2,204,500	419,512
Public safety	9,929,748	11,143,059	9,971,464	1,171,595
Public works	1,238,400	4,513,551	1,144,804	3,368,747
Culture and recreation	3,350,789	3,418,014	3,362,135	55,879
Community and economic development	1,266,360	1,357,126	1,244,172	112,954
Health and social	407,479	476,479	378,425	98,054
Capital outlay				
General government	75,000	75,000	38,997	36,003
Public safety	459,870	459,870	910,644	(450,774)
Public works	15,120,500	15,120,500	6,295,841	8,824,659
Culture and recreation	166,775	166,775	153,122	13,653
Community and economic development	684,800	684,800	429,857	254,943
Total Expenditures	<u>35,101,720</u>	<u>40,039,186</u>	<u>26,133,961</u>	<u>13,905,225</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,049,634)</u>	<u>(4,923,094)</u>	<u>(1,290,867)</u>	<u>3,632,227</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	153,098	129,406	(23,692)
Bonds issued	460,330	460,330	438,450	(21,880)
Premium on bonds issued	-	-	21,880	21,880
Transfers in	1,621,314	1,621,314	1,557,757	(63,557)
Transfers out	(302,166)	(370,092)	(237,707)	132,385
Total Other Financing Sources (Uses)	<u>1,779,478</u>	<u>1,864,650</u>	<u>1,909,786</u>	<u>45,136</u>
Net Change in Fund Balances	<u>(270,156)</u>	<u>(3,058,444)</u>	<u>618,919</u>	<u>3,677,363</u>
Fund Balances, July 1	10,857,414	10,857,414	10,857,414	-
Prior Period Adjustment (Note 9)	-	-	1,153,651	1,153,651
Fund Balances, July 1 As Restated	<u>10,857,414</u>	<u>10,857,414</u>	<u>12,011,065</u>	<u>1,153,651</u>
Fund Balances, June 30	<u>\$ 10,587,258</u>	<u>\$ 7,798,970</u>	<u>\$ 12,629,984</u>	<u>\$ 4,831,014</u>

The notes to the financial statements are an integral part of this statement.

City of Mason City, Iowa  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual  
Road and Use Tax  
For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 3,525,000	\$ 3,525,000	\$ 3,647,554	\$ 122,554
Intergovernmental	1,346,250	1,346,250	506,075	(840,175)
Miscellaneous	125,000	125,000	39,469	(85,531)
Total Revenues	<u>4,996,250</u>	<u>4,996,250</u>	<u>4,193,098</u>	<u>(803,152)</u>
Expenditures				
Capital outlay				
Public works	<u>8,027,813</u>	<u>8,027,813</u>	<u>7,028,704</u>	<u>999,109</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,031,563)</u>	<u>(3,031,563)</u>	<u>(2,835,606)</u>	<u>195,957</u>
Other Financing Sources (Uses)				
Transfers in	788,000	788,000	782,363	(5,637)
Bonds issued	2,062,848	2,062,848	1,824,900	(237,948)
Premium on bonds issued	-	-	84,565	84,565
Transfers out	(30,000)	(30,000)	(30,000)	-
Total Other Financing Sources (Uses)	<u>2,820,848</u>	<u>2,820,848</u>	<u>2,661,828</u>	<u>(159,020)</u>
Net Change in Fund Balances	<u>(210,715)</u>	<u>(210,715)</u>	<u>(173,778)</u>	<u>36,937</u>
Fund Balances, July 1	3,285,718	3,285,718	3,285,718	-
Prior Period Adjustment (Note 9)	<u>-</u>	<u>-</u>	<u>28,476</u>	<u>28,476</u>
Fund Balances, July 1 As Restated	<u>3,285,718</u>	<u>3,285,718</u>	<u>3,314,194</u>	<u>28,476</u>
Fund Balances, June 30	<u><u>\$ 3,075,003</u></u>	<u><u>\$ 3,075,003</u></u>	<u><u>\$ 3,140,416</u></u>	<u><u>\$ 65,413</u></u>

City of Mason City, Iowa  
Statement of Net Position  
Proprietary Funds (Continued on the Following Pages)  
June 30, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	600	610	660			
	Waterworks	Sewer	Ambulance	Other Enterprise Funds	Total	
<b>Assets</b>						
<b>Current Assets</b>						
Cash and investments	\$ 3,990,920	\$ 2,650,168	\$ 801,217	\$ 2,383,400	\$ 9,825,705	\$ 2,181,606
Receivables						
Interest	1,643	1,311	279	1,504	4,737	904
Accounts, net of allowance	787,202	482,123	672,173	277,975	2,219,473	-
Property taxes	-	-	-	2,134	2,134	12,638
Succeeding year property taxes	-	-	-	189,044	189,044	1,806,596
Special assessments	12,062	18,987	-	597	31,646	-
Inventories	304,052	15,540	-	-	319,592	-
Prepaid items	28,663	43,088	3,915	5,735	81,401	244
Total Current Assets	<u>5,124,542</u>	<u>3,211,217</u>	<u>1,477,584</u>	<u>2,860,389</u>	<u>12,673,732</u>	<u>4,001,988</u>
<b>Noncurrent Assets</b>						
<b>Capital assets</b>						
Land	167,220	369,809	-	4,339,933	4,876,962	-
Buildings and structures	53,202,630	-	447,043	1,142,965	54,792,638	-
Infrastructure and improvements	-	35,057,839	-	3,399,480	38,457,319	-
Machinery and equipment	5,066,596	22,142,836	2,179,541	9,266,757	38,655,730	309,338
Improvements	-	-	-	-	-	21,546
Construction in progress	1,114,433	6,278,391	-	916,905	8,309,729	-
Less accumulated depreciation	<u>(29,159,298)</u>	<u>(31,953,502)</u>	<u>(1,728,183)</u>	<u>(8,841,496)</u>	<u>(71,682,479)</u>	<u>(171,790)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>30,391,581</u>	<u>31,895,373</u>	<u>898,401</u>	<u>10,224,544</u>	<u>73,409,899</u>	<u>159,094</u>
Total Assets	<u>35,516,123</u>	<u>35,106,590</u>	<u>2,375,985</u>	<u>13,084,933</u>	<u>86,083,631</u>	<u>4,161,082</u>
<b>Deferred Outflows of Resources</b>						
Deferred pension resources	336,438	250,301	455,217	272,395	1,314,351	-
Deferred other postemployment benefit resources	12,295	8,401	6,675	10,902	38,273	-
Total Deferred Outflows of Resources	<u>348,733</u>	<u>258,702</u>	<u>461,892</u>	<u>283,297</u>	<u>1,352,624</u>	<u>-</u>

The notes to the financial statements are an integral part of this statement.

City of Mason City, Iowa  
Statement of Net Position  
Proprietary Funds (Continued)  
June 30, 2022

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	600	610	660	Other Enterprise Funds	Total	
	Waterworks	Sewer	Ambulance			
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Accounts payable	\$ 459,598	\$ 306,717	\$ 29,334	\$ 175,589	\$ 971,238	\$ 598,743
Due to other governments	14,220	9,705	-	2,758	26,683	-
Accrued interest payable	6,898	10,451	25	2,833	20,207	-
Accrued salaries payable	85,813	55,716	71,900	82,640	296,069	10,500
Compensated absences	60,461	57,655	74,959	54,678	247,753	8,812
Unearned revenue	-	-	-	231,422	231,422	-
Bonds payable - current	1,756,378	917,143	11,250	182,779	2,867,550	-
Total Current Liabilities	<u>2,383,368</u>	<u>1,357,387</u>	<u>187,468</u>	<u>732,699</u>	<u>4,660,922</u>	<u>618,055</u>
<b>Noncurrent Liabilities</b>						
Compensated absences	29,456	38,435	49,972	36,450	154,313	4,917
Other postemployment benefit obligation	100,309	68,539	54,458	88,936	312,242	-
Net pension liability	22,682	16,875	493,717	18,364	551,638	-
Bonds payable	2,972,822	6,478,286	11,773	1,216,268	10,679,149	-
Total Noncurrent Liabilities	<u>3,125,269</u>	<u>6,602,135</u>	<u>609,920</u>	<u>1,360,018</u>	<u>11,697,342</u>	<u>4,917</u>
Total Liabilities	<u>5,508,637</u>	<u>7,959,522</u>	<u>797,388</u>	<u>2,092,717</u>	<u>16,358,264</u>	<u>622,972</u>
<b>Deferred Inflows of Resources</b>						
Deferred pension resources	929,912	691,832	805,487	752,899	3,180,130	-
Deferred other postemployment benefit resources	70,876	48,428	38,479	62,841	220,624	-
Succeeding year property taxes	-	-	-	189,044	189,044	1,806,596
Total Deferred Inflows of Resources	<u>1,000,788</u>	<u>740,260</u>	<u>843,966</u>	<u>1,004,784</u>	<u>3,589,798</u>	<u>1,806,596</u>
<b>Net Position</b>						
Net investment in capital assets	25,662,381	24,499,944	875,378	8,825,497	59,863,200	159,094
Unrestricted	<u>3,693,050</u>	<u>2,165,566</u>	<u>321,145</u>	<u>1,445,232</u>	<u>7,624,993</u>	<u>1,572,420</u>
Total Net Position	<u>\$ 29,355,431</u>	<u>\$ 26,665,510</u>	<u>\$ 1,196,523</u>	<u>\$ 10,270,729</u>	67,488,193	<u>\$ 1,731,514</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					<u>686,178</u>	
Net position of business-type activities					<u>\$ 68,174,371</u>	

The notes to the financial statements are an integral part of this statement.

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City of Mason City, Iowa  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	600	610	660	Other		
	Waterworks	Sewer	Ambulance	Enterprise Funds		
Operating Revenues						
Charges for services	\$ 6,993,378	\$ 4,877,506	\$ 2,633,513	\$ 3,075,369	\$ 17,579,766	\$ 278,678
Health insurance contributions	-	-	-	-	-	3,948,265
Total Operating Revenues	<u>6,993,378</u>	<u>4,877,506</u>	<u>2,633,513</u>	<u>3,075,369</u>	<u>17,579,766</u>	<u>4,226,943</u>
Operating Expenses						
Personal services	1,996,706	1,451,096	512,755	1,702,343	5,662,900	221,574
Supplies and maintenance	784,855	276,593	163,345	449,001	1,673,794	53,695
Medical and dental claims	-	-	-	-	-	4,067,960
Other services and charges	1,685,546	920,457	874,116	1,758,183	5,238,302	8,591
Depreciation	1,741,012	1,303,349	127,762	367,461	3,539,584	23,045
Total Operating Expenses	<u>6,208,119</u>	<u>3,951,495</u>	<u>1,677,978</u>	<u>4,276,988</u>	<u>16,114,580</u>	<u>4,374,865</u>
Operating Income (Loss)	<u>785,259</u>	<u>926,011</u>	<u>955,535</u>	<u>(1,201,619)</u>	<u>1,465,186</u>	<u>(147,922)</u>
Nonoperating Revenues (Expenses)						
Property taxes	-	-	-	182,716	182,716	1,321,245
Other taxes	-	-	-	-	-	29,444
Intergovernmental	-	-	-	156,984	156,984	-
Use of money and property	2,198	1,831	2,379	17,087	23,495	41,818
Other income	68,626	11,956	41,922	195,168	317,672	134,905
Gain on sale of capital assets	-	10,496	4,500	-	14,996	-
Interest expense and other	(105,130)	(138,085)	92	(35,388)	(278,511)	-
Total Nonoperating Revenues (Expenses)	<u>(34,306)</u>	<u>(113,802)</u>	<u>48,893</u>	<u>516,567</u>	<u>417,352</u>	<u>1,527,412</u>
Income (Loss) Before Contributions and Transfers	750,953	812,209	1,004,428	(685,052)	1,882,538	1,379,490
Transfers In	-	-	-	1,142,905	1,142,905	-
Capital Contributions	124,585	77,430	-	44,689	246,704	-
Transfers Out	(1,649,501)	(997,859)	(41,218)	(306,685)	(2,995,263)	(1,300,000)
Change in Net Position	<u>(773,963)</u>	<u>(108,220)</u>	<u>963,210</u>	<u>195,857</u>	<u>276,884</u>	<u>79,490</u>
Net Position, July 1	29,892,746	26,565,803	102,258	9,857,118	66,417,925	1,652,024
Prior Period Adjustment (Note 9)	236,648	207,927	131,055	217,754	793,384	-
Net Position, July 1 as Restated	<u>30,129,394</u>	<u>26,773,730</u>	<u>233,313</u>	<u>10,074,872</u>	<u>67,211,309</u>	<u>1,652,024</u>
Net Position, June 30	<u>\$ 29,355,431</u>	<u>\$ 26,665,510</u>	<u>\$ 1,196,523</u>	<u>\$ 10,270,729</u>	<u>\$ 67,488,193</u>	<u>\$ 1,731,514</u>
					\$ 276,884	
					189,676	
					<u>\$ 466,560</u>	

The notes to the financial statements are an integral part of this statement.

City of Mason City, Iowa  
Statement of Cash Flows  
Proprietary Funds (Continued on Following Pages)  
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds		
	600	610	660
	Waterworks	Sewer	Ambulance
Cash Flows from Operating Activities			
Payments to and on behalf of employees	\$ 7,101,597	\$ 4,941,765	\$ 2,533,733
Receipts from interfund services provided	-	-	-
Other receipts	68,626	11,956	41,922
Payments to vendors and suppliers	(2,743,771)	(1,012,382)	(971,051)
Payments to and on behalf of employees	(1,988,330)	(1,400,777)	(1,306,614)
Other payments	-	-	-
Net Cash Provided (Used) by Operating Activities	<u>2,438,122</u>	<u>2,540,562</u>	<u>297,990</u>
Cash Flows from Noncapital Financing Activities			
Transfers out	(1,649,501)	(997,859)	(41,218)
Transfers in	-	-	-
(Increase) decrease in due from other funds	980,962	1,465,448	67
Increase (decrease) in due to other funds	(1,487,057)	(1,039,604)	-
Property taxes received	-	-	-
Grants received	-	-	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(2,155,596)</u>	<u>(572,015)</u>	<u>(41,151)</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(465,602)	(1,896,449)	(303,848)
Bond proceeds received	506,500	630,000	-
Principal paid on long-term debt	(1,874,880)	(827,778)	(12,977)
Interest paid on long-term debt	(114,308)	(131,666)	(739)
Net Cash Used by Capital and Related Financing Activities	<u>(1,948,290)</u>	<u>(2,225,893)</u>	<u>(317,564)</u>
Cash Flows from Investing Activities			
Interest received on investments	<u>2,198</u>	<u>1,830</u>	<u>2,379</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,663,566)	(255,516)	(58,346)
Cash and Cash Equivalents, July 1	<u>5,654,486</u>	<u>2,905,684</u>	<u>859,563</u>
Cash and Cash Equivalents, June 30	<u>\$ 3,990,920</u>	<u>\$ 2,650,168</u>	<u>\$ 801,217</u>

The notes to the financial statements are an integral part of this statement.



Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
\$ 3,066,308	\$ 17,643,403	\$ -
-	-	4,226,943
195,168	317,672	134,905
(2,349,037)	(7,076,241)	(4,385,978)
(1,740,698)	(6,436,419)	(221,425)
-	-	-
<u>(828,259)</u>	<u>4,448,415</u>	<u>(245,555)</u>
(306,685)	(2,995,263)	(1,300,000)
1,142,905	1,142,905	-
-	2,446,477	300,281
(773,703)	(3,300,364)	-
183,569	183,569	1,352,636
367,500	367,500	-
<u>613,586</u>	<u>(2,155,176)</u>	<u>352,917</u>
(1,051,412)	(3,717,311)	-
85,300	1,221,800	-
(163,062)	(2,878,697)	-
(37,179)	(283,892)	-
<u>(1,166,353)</u>	<u>(5,658,100)</u>	<u>-</u>
17,088	23,495	41,818
(1,363,938)	(3,341,366)	149,180
<u>3,747,338</u>	<u>13,167,071</u>	<u>2,032,426</u>
<u>\$ 2,383,400</u>	<u>\$ 9,825,705</u>	<u>\$ 2,181,606</u>

The notes to the financial statements are an integral part of this statement.

City of Mason City, Iowa  
Statement of Cash Flows  
Proprietary Funds (Continued on Following Pages)  
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds		
	600	610	660
	Water	Sewer	Ambulance
Reconciliation of Operating Income (Loss) to Net Cash			
Provided (Used) by Operating Activities			
Operating income (loss)	\$ 785,259	\$ 926,011	\$ 955,535
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Other income related to operations	68,626	11,956	41,922
Depreciation and amortization (see note below)	1,741,012	1,303,349	127,762
Loss on disposal of equipment	-	-	-
(Increase) decrease in assets			
Accounts receivable	120,281	64,259	(99,780)
Special assessments	(12,062)	-	-
Inventories	(24,477)	35,851	91,120
Prepaid items	(4,449)	(6,441)	(1,565)
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	137,960	109,320	383,983
Deferred other postemployment benefit resources	(12,295)	(8,401)	(6,675)
Increase (decrease) in liabilities			
Accounts payable	(146,932)	145,553	(23,145)
Due to other governments	(11,060)	9,705	-
Due to third party payers	(86,452)	-	-
Accrued salaries payable	4,068	(3,753)	13,142
Compensated Absences	(2,263)	(8,552)	(3,365)
Prepaid internments	-	-	-
Other postemployment benefit obligation	8,713	9,775	6,200
Net pension liability	(1,094,462)	(773,255)	(1,730,087)
Unearned revenue	-	-	-
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	1,006,608	708,233	566,220
Deferred other postemployment benefit resources	(39,953)	16,952	(23,277)
	<u>\$ 2,438,122</u>	<u>\$ 2,540,562</u>	<u>\$ 297,990</u>
Schedule of Noncash Investing, Capital and Financing Activities			
Gain (loss) on disposal of capital assets	\$ -	\$ 10,496	\$ 4,500
Capital assets acquired on account	<u>\$ 391,600</u>	<u>\$ 100,177</u>	<u>\$ -</u>
Capital assets contributed by developers	<u>\$ 124,585</u>	<u>\$ 77,430</u>	<u>\$ -</u>
Amortization of bond (premium) discount	<u>\$ (7,287)</u>	<u>\$ 7,386</u>	<u>\$ (545)</u>

The notes to the financial statements are an integral part of this statement.

Other Enterprise Funds	Total	Governmental Activities - Internal Service Funds
\$ (1,201,619)	\$ 1,465,186	\$ (147,922)
195,168	317,672	134,905
367,461	3,539,584	23,045
8,580	8,580	-
(19,445)	65,315	-
-	(12,062)	-
21,256	123,750	-
(1,720)	(14,175)	10
114,548	745,811	-
(10,902)	(38,273)	-
(148,583)	(173,107)	(255,742)
(480)	(1,835)	-
-	(86,452)	-
5,187	18,644	149
(7,622)	(21,802)	-
(20,906)	(20,906)	-
(1,874)	22,814	-
(1,025,347)	(4,623,151)	-
10,384	10,384	-
824,814	3,105,875	-
62,841	16,563	-
<u>\$ (828,259)</u>	<u>\$ 4,448,415</u>	<u>\$ (245,555)</u>
<u>\$ (8,580)</u>	<u>\$ 6,416</u>	<u>\$ -</u>
<u>\$ 100,681</u>	<u>\$ 592,458</u>	<u>\$ -</u>
<u>\$ 44,689</u>	<u>\$ 246,704</u>	<u>\$ -</u>
<u>\$ (2,060)</u>	<u>\$ (2,506)</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

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City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

## Note 1: Summary of Significant Accounting Policies

### A. Reporting Entity

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

The City has considered all potential 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 (GASB) 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 primary government 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 primary government. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the City.

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

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

### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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.

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, other postemployment benefits, and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments and property taxes receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

The City reports the following major governmental funds:

The *General fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Debt Service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

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

The *RC Renaissance* is used to account for the River City Renaissance economic development project.

The City reports the following major proprietary funds:

The *Waterworks fund* is used to account for the operation, maintenance, and capital improvements of the City's water system.

The *Sewer fund* is used to account for the operation, maintenance, and capital improvements of the City's sewer system.

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

Additionally, the City reports the following fund types:

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

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the City's internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position/Fund Balance**

***Deposits and Investments***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statements of cash flows.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments.

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

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. There were no changes in valuation techniques that have a significant impact to the City and there are no nonrecurring fair value measurements. The City has the following recurring fair value measurements as of June 30, 2022:

- Government agency securities are valued using quoted market prices (Level 1 inputs)
- Nonnegotiable certificates of deposits are valued using a matrix pricing model (Level 2 inputs)

***Property Taxes***

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

Property taxes levied by the Cerro Gordo County Auditor and collectible for the year ended June 30, 2022, were due by July 1, 2021, with the first half installment being delinquent after September 30, 2021, and the second half installment being delinquent after March 31, 2022. Any collections remitted to the City within thirty days subsequent to year end are recorded as property tax revenue. The succeeding year property tax receivable represents the 2022 levy certified on March 15, 2022, based on 2021 assessed valuations. As the levy is intended for use in the fiscal year ended June 30, 2022, the revenue has been recorded as a deferred inflow of resources.



City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year end in the governmental fund financial statements.

**Accounts Receivable**

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2022. All trade receivables are shown net of an allowance for uncollectible accounts.

The City has the following account receivable and allowance balances at June 30, 2022:

	Accounts Receivable	Allowance for uncollectable accounts	Accounts Receivable, Net
General	\$ 45,538	\$ (35,839)	\$ 9,699
Road and Use Tax	39,778	(39,778)	-
Nonmajor governmental	1,097,457	(1,097,457)	-
Waterworks	824,110	(36,908)	787,202
Sewer	491,323	(9,200)	482,123
Ambulance	1,493,717	(821,544)	672,173
Nonmajor enterprise	286,975	(9,000)	277,975
Total	\$ 4,278,898	\$ (2,049,726)	\$ 2,229,172

**Special Assessments**

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

**Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds."

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

**Inventories and Prepaid Items**

The inventories are stated at cost on the first-in, first-out (FIFO) method. The cost of inventory is recorded as expenditure at the time inventory is purchased in the General fund and as an expense when consumed in the proprietary fund types.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

**Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) for all other assets and an estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

As the City constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the acquisition value of the item at the date of its donation.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	20 to 50
Improvements	5 to 100
Equipment and machinery	3 to 20
Infrastructure	10 to 45

**Deferred Outflows of Resources**

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items which qualify for reporting in this category. Accordingly, the items, deferred pension resources and deferred other postemployment benefit resources, are reported only in the statement of net position. These items result from actuarial calculations and current year pension contributions and OPEB contributions made subsequent to the measurement dates.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Iowa Public Employee's Retirement System (IPERS) and Municipal Fire and Police Retirement System of Iowa (MFPRSI) and additions to/deductions from IPERS's and MFPRSI's fiduciary net position have been determined on the same basis as they are reported by IPERS and MFPRSI. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For the most part, the General fund is typically used to liquidate governmental net pension liability.

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

The total pension expense for the IPERS's and MFPRSI's plans are as follows:

	Pension Plans		Total
	IPERS	MFPRSI	
Pension Expense	\$ 435,448	\$ 2,159,057	\$ 2,594,505

***Compensated Absences***

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

***Postemployment Benefits Other Than Pensions***

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

***Long-term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

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

***Deferred Inflows of Resources***

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

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 1: Summary of Significant Accounting Policies (Continued)**

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

***Fund Balance***

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are as follows:

*Nonspendable* - consists of amounts that cannot be spent because it is not in spendable form, such as prepaid items.

*Restricted* - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* - consists of amounts that are constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.

*Assigned* - consists of amounts intended to be used for specific purposes set by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to the City's fund balance policy, the City Administrator is authorized to establish assignments of fund balance.

*Unassigned* - is the residual classification for the General fund and also reflects negative residual amounts in other funds.

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order: (1) committed, (2) assigned, and (3) unassigned.

***Net Position***

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

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

## **Note 2: Stewardship, Compliance and Accountability**

### **A. Budgetary Information**

The City prepares and adopts an annual program budget, as prescribed by the Code of Iowa, for all funds except Forest Park TIF, FEMA Grant fund, ADDI, ESGP Grant, HMGP Voluntary Acquisition, FMA Voluntary Acquisition, ARPA Fund, 22<sup>nd</sup> Street Buyout fund, Police forfeitures and MacNider Museum Foundation special revenue funds; and Cemetery Perpetual Care permanent fund. The statutory level of control is on the program level for all funds rather than at the individual fund level. The City's budget as prescribed by the Code of Iowa must contain the following:

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

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

- To permit the appropriation and expenditure of unexpended unencumbered cash balances on hand at the end of the preceding fiscal year.
- To permit the appropriation and expenditure of amounts anticipated to be available from sources other than property taxation.
- To permit transfers between funds as prescribed by state law.
- To permit transfers between programs.

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

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 2: Stewardship, Compliance and Accountability (Continued)**

The following table presented on a budgetary basis demonstrates the statutory compliance with the annual fiscal year 2022 budget:

Fund	Revenues			Expenditures / Expense		
	Original Certified Budget	Final Certified Budget	Budget Amendments	Original Certified Budget	Final Certified Budget	Budget Amendments
General Fund	\$ 35,133,730	\$ 37,350,835	\$ 2,217,105	\$ 35,403,886	\$ 40,409,278	\$ 5,005,392
Debt Service	6,489,768	7,354,867	865,099	6,564,713	7,060,841	496,128
Road and Use Tax	7,847,098	7,847,098	-	8,057,813	8,057,813	-
RC Renaissance	10,075,000	10,392,399	317,399	12,225,000	12,225,000	-
Nonmajor governmental	8,175,066	12,481,370	4,306,304	8,619,108	12,429,927	3,810,819
Waterworks	8,483,640	8,483,640	-	8,699,405	9,061,448	362,043
Sewer	6,344,221	6,344,221	-	6,341,207	7,013,924	672,717
Ambulance	2,385,454	2,385,454	-	2,589,115	2,835,115	246,000
Nonmajor enterprise	3,840,757	4,455,465	614,708	5,213,558	6,053,253	839,695
Internal Service	5,902,654	5,902,654	-	5,872,693	6,322,693	450,000
	<u>\$ 94,677,388</u>	<u>\$102,998,003</u>	<u>\$ 8,320,615</u>	<u>\$ 99,586,498</u>	<u>\$111,469,292</u>	<u>\$ 11,882,794</u>

**B. Excess of Expenditures Over Appropriations**

For the year ended June 30, 2022, expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Nonmajor Funds			
Hotel / Motel Tax	\$ 602,000	\$ 642,744	\$ 40,744
Police Retirement	859,225	891,213	31,988
Fire Retirement	551,950	612,045	60,095
Employee Retirement	632,496	650,158	17,662
Southside Gateway	-	3,385	3,385
Youth Softball Complex Trust	29,000	30,072	1,072

The excess expenditures over appropriations were funded by more revenues than anticipated and available fund balance reserves.

**C. Deficit Fund Equity**

The following funds had fund equity deficits at June 30, 2022:

Fund	Amount
Nonmajor Funds	
Special Revenue	
Downtown Reinvestment	\$ 27,376
Southside Gateway	36,650
City Administered Grant	553
Softball Trust	432
Capital Projects	
G.O. Capital Projects	226,379
LOSST Capital Projects	8,000

The City intends to fund these deficits through future levies, grants, transfers from other funds and various other sources.

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 3: Detailed Notes on All Funds**

**A. Deposits and Investments**

**Deposits**

The City's deposits at June 30, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

As of June 30, 2022, the City and the Authority have the following carrying amount of deposits, bank balances, federal depository insurance coverage and State Sinking Fund coverage:

	<u>Primary Government</u>	<u>Component Unit Mason City Housing Authority</u>	<u>Total Reporting Entity</u>
Carrying amount of deposits	<u>\$ 51,236,352</u>	<u>\$ 92,378</u>	<u>\$ 51,328,730</u>
Bank Balance	\$ 52,761,944	\$ 99,194	\$ 52,861,138
Less: Covered by FDIC	<u>(1,459,894)</u>	<u>(99,194)</u>	<u>(1,559,088)</u>
Collateralized with securities pledged in City's name	<u>\$ 51,302,050</u>	<u>\$ -</u>	<u>\$ 51,302,050</u>

**Investments**

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved pursuant to Chapter 12C, Code of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

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

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

As of June 30, 2022, the City and the Authority had the following investments that are insured or registered, or securities held by the City and Authority or its agent in the City's and Authority's name:

Primary Government						
Types of Investments	Credit Quality Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
Iowa Public Agency Investment Trust	N/A	less than 6 months	\$ 35,000			
Non-pooled Investments at Fair Value						
Government Agency Securities	AAA	More than 10 years	1,950,477	\$ 1,950,477	\$ -	\$ -
Negotiable Certificates of Deposit	N/A	1 to 5 years	967,296	-	967,296	-
Total Investments			<u>\$ 2,952,773</u>	<u>\$ 1,950,477</u>	<u>\$ 967,296</u>	<u>\$ -</u>

Component Unit - Mason City Housing Authority						
Types of Investments	Credit Quality Ratings (1)	Segmented Time Distribution (2)	Amount	Fair Value Measurement Using		
				Level 1	Level 2	Level 3
Pooled Investments at Amortized Costs						
Broker Money Market	N/A	less than 6 months	\$ 215,409	\$ -	\$ -	\$ -

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available.

The investments of the City are subject to the following risks:

- *Credit Risk.* The credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Iowa Statutes limit the City's investments to the list on page 74 of the notes.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City typically limits its exposure by purchasing insured or registered investments.
- *Concentration of Credit Risk.* The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At June 30, 2022, there were no investments in one issuer (other than investments issued by or explicitly guaranteed by U.S. government, mutual funds, external investment pools, and other pooled investments) that represent 5 percent or more of the City's investments.
- *Interest Rate Risk.* In accordance with its investment policy, the City diversifies its investment portfolio to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity. The maturities selected shall provide for stability of income and reasonable liquidity.



City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

***Cash and Investments Summary***

Cash and investments as shown on the statement of net position for the City and Authority as follows:

	Primary Government	Component Unit	Total Reporting Entity
		Mason City Housing Authority	
Deposits	\$ 51,236,352	\$ 92,378	\$ 51,328,730
Investments	2,952,773	215,409	3,168,182
<b>Total</b>	<b>\$ 54,189,125</b>	<b>\$ 307,787</b>	<b>\$ 54,496,912</b>
Cash and Investments			
Unrestricted	\$ 54,189,125	\$ 258,325	\$ 54,447,450
Restricted	-	49,462	49,462
<b>Total</b>	<b>\$ 54,189,125</b>	<b>\$ 307,787</b>	<b>\$ 54,496,912</b>

**B. Interfund Receivables, Payables and Transfers**

***Advances from/to Other Funds***

Interfund balances at June 30, 2022 consisted of the following amounts:

Receivable Fund	Payable Fund	Purpose	Amount
Major Funds	Nonmajor Funds		
General Fund	Gateway TIF Urban Renewal Fund	Tax increment activity	\$ 36,678
General Fund	Downtown Reinvestment Fund	Fund negative cash flow	28,954
<b>Total</b>			<b>\$ 65,632</b>

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

**Interfund Transfers**

The following transfers were made for the year ended June 30, 2022:

Fund	Transfer In						Total
	General	Debt Service	Road and Use Tax	RC Renaissance	Nonmajor Governmental	Nonmajor Enterprise	
Transfer Out							
General	\$ -	\$ -	\$ -	\$ -	\$ 174,666	\$ 63,041	\$ 237,707
Road and Use Tax	30,000	-	-	-	-	-	30,000
Nonmajor governmental	167,757	1,595,384	58,000	317,399	8,841	1,079,864	3,227,245
Waterworks	30,000	1,244,501	375,000	-	-	-	1,649,501
Sewer	30,000	618,496	349,363	-	-	-	997,859
Ambulance	-	41,218	-	-	-	-	41,218
Nonmajor enterprise	-	306,685	-	-	-	-	306,685
Internal Service funds	1,300,000	-	-	-	-	-	1,300,000
<b>Total</b>	<b>\$ 1,557,757</b>	<b>\$ 3,806,284</b>	<b>\$ 782,363</b>	<b>\$ 317,399</b>	<b>\$ 183,507</b>	<b>\$ 1,142,905</b>	<b>\$ 7,790,215</b>

For the year ended June 30, 2022, the City made various routine transfers as budgeted. The City made the following one-time transfers:

- From the General fund (\$174,666) to the Nonmajor Governmental Funds to move designated fund balance, fund projects and close out funds.
- From the General fund (\$63,041) to the Nonmajor Enterprise Funds to assist with funding certain year end shortfalls.
- From the Nonmajor Governmental Funds (\$167,757) to the General Fund to assist with vehicle lease payments and reimbursement of prior year tax increment related activity.
- From the Nonmajor Governmental Funds (\$1,079,864) to the Nonmajor Enterprise Funds to assist with related to the mall lease payoff and reimbursement of project costs.
- From the Nonmajor Governmental Funds (\$317,399) to the RC Renaissance Fund to for reimbursement of past tax increment related activity.
- From the Nonmajor Governmental Funds (\$8,841) to the Nonmajor Governmental Fund to assist with funding certain shortfalls at year end.

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

**C. Capital Assets**

**Primary Government**

Capital asset activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 20,972,492	\$ -	\$ -	\$ 20,972,492
Construction in progress	9,652,263	10,351,072	(14,929,858)	5,073,477
Total Capital Assets not Being Depreciated	<u>30,624,755</u>	<u>10,351,072</u>	<u>(14,929,858)</u>	<u>26,045,969</u>
Capital Assets Being Depreciated				
Buildings	26,344,905	20,350	(7,245)	26,358,010
Improvements	35,211,795	9,228,804	(14,620)	44,425,979
Machinery and equipment	19,335,509	1,867,234	(785,005)	20,417,738
Infrastructure	101,716,248	5,996,352	-	107,712,600
Total Capital Assets Being Depreciated	<u>182,608,457</u>	<u>17,112,740</u>	<u>(806,870)</u>	<u>198,914,327</u>
Less Accumulated Depreciation for				
Buildings	(14,043,384)	(906,853)	7,245	(14,942,992)
Improvements	(19,633,734)	(1,707,303)	12,936	(21,328,101)
Machinery and equipment	(12,974,698)	(1,251,365)	539,743	(13,686,320)
Infrastructure	(59,252,062)	(3,836,312)	9,451	(63,078,923)
Total Accumulated Depreciation	<u>(105,903,878)</u>	<u>(7,701,833)</u>	<u>569,375</u>	<u>(113,036,336)</u>
Total Capital Assets Being Depreciated, Net	<u>76,704,579</u>	<u>9,410,907</u>	<u>(237,495)</u>	<u>85,877,991</u>
Governmental Activities Capital Assets, Net	<u>\$107,329,334</u>	<u>\$ 19,761,979</u>	<u>\$ (15,167,353)</u>	<u>\$111,923,960</u>

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type Activities</b>				
Capital Assets not Being Depreciated				
Land	\$ 4,876,962	\$ -	\$ -	\$ 4,876,962
Construction in progress	6,732,407	2,750,052	(1,172,730)	8,309,729
Total Capital Assets not Being Depreciated	<u>11,609,369</u>	<u>2,750,052</u>	<u>(1,172,730)</u>	<u>13,186,691</u>
Capital Assets Being Depreciated				
Buildings	17,451,639	44,441	-	17,496,080
Improvements	38,429,813	27,506	-	38,457,319
Machinery and equipment	8,371,567	1,090,635	(618,661)	8,843,541
Infrastructure	65,591,713	1,517,034	-	67,108,747
Total Capital Assets Being Depreciated	<u>129,844,732</u>	<u>2,679,616</u>	<u>(618,661)</u>	<u>131,905,687</u>
Less Accumulated Depreciation for				
Buildings	(7,702,398)	(424,135)	-	(8,126,533)
Improvements	(20,399,198)	(744,094)	-	(21,143,292)
Machinery and equipment	(6,070,010)	(487,042)	586,076	(5,970,976)
Infrastructure	(34,557,365)	(1,884,313)	-	(36,441,678)
Total Accumulated Depreciation	<u>(68,728,971)</u>	<u>(3,539,584)</u>	<u>586,076</u>	<u>(71,682,479)</u>
Total Capital Assets Being Depreciated, Net	<u>61,115,761</u>	<u>(859,968)</u>	<u>(32,585)</u>	<u>60,223,208</u>
Business-type Activities Capital Assets, Net	<u>\$ 72,725,130</u>	<u>\$ 1,890,084</u>	<u>\$ (1,205,315)</u>	<u>\$ 73,409,899</u>

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

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

**Governmental Activities**

General government	\$ 157,203
Public safety	652,126
Public works	5,570,851
Culture and recreation	1,170,110
Community and economic development	128,498
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>23,045</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 7,701,833</u></u>

**Business-type Activities**

Water	\$ 1,741,012
Sewer	1,303,349
Ambulance	127,762
Nonmajor Enterprise funds	<u>367,461</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$ 3,539,584</u></u>

**Construction Commitments**

The City has active projects as of June 30, 2022. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Street Rehab Project	\$ 629,410	\$ 273,694
Trail Maintenance Program	77,599	161,813
Terminal Apron Expansion	67,351	51,445
Terminal Building Improvements	674,636	25,364
Water Tower Maintenance Program	391,600	255,400
Mason Creek Culvert Replacement	59,549	316,601
Winnebago River Dam Enhancements	503,987	350,737
Collection System Maintenance	499,049	94,318
SW Closed Circuit Televising	<u>186,704</u>	<u>42,936</u>
Total	<u><u>\$ 3,089,885</u></u>	<u><u>\$ 1,572,308</u></u>

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

***Discretely Presented Component Unit***

Capital asset activity for the Authority for the year ending June 30, 2022 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital Assets Being Depreciated				
Equipment - administration	\$ 35,216	\$ 2,558	\$ (16,982)	\$ 20,792
Vehicle	-	28,653	-	28,653
Total Capital Assets Being Depreciated	35,216	31,211	(16,982)	49,445
Less Accumulated Depreciation for	(21,517)	(8,391)	16,982	(12,926)
 Governmental Activities Capital Assets, Net	 \$ 13,699	 \$ 22,820	 \$ -	 \$ 36,519

**D. Long-term Debt**

*General Obligation Bonds.* The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund both general obligation and revenue bonds.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

General Obligation Bonds

These bonds were issued to finance various improvements and will be repaid primarily by ad valorem tax levies. Some issues, however, are partly financed from special assessments levied on the properties benefiting from the improvements.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
General Obligation Bonds, Series 2014	\$ 6,335,000	2.00 - 2.25 %	09/07/14	06/01/24	\$ 351,955
General Obligation Bonds, Series 2015	1,335,000	2.00	09/29/15	06/01/23	215,000
General Obligation Bonds, Series 2016	1,590,000	1.25 - 1.38	09/21/16	06/01/24	432,250
General Obligation Bonds, Series 2017	3,120,000	2.00	08/01/17	06/01/23	765,000
General Obligation Bonds, Series 2018	5,550,000	3.00	09/15/18	06/01/28	3,858,342
General Obligation Bonds, Series 2019B	4,665,000	4.00	04/16/19	06/01/29	3,225,000
General Obligation Bonds, Series 2019C	5,905,000	2.00	09/04/19	06/01/29	1,556,305
General Obligation Bonds, Series 2020A	6,845,000	1.00	09/02/20	06/01/30	4,316,444
General Obligation Bonds, Series 2021A	3,950,000	2.00	07/20/21	06/01/32	2,714,250
Total G.O. Bonds					<u>\$ 17,434,546</u>

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	<b>General Obligation Bonds</b> Governmental Activities		
	Principal	Interest	Total
2023	\$ 3,263,606	\$ 405,993	\$ 3,669,599
2024	2,478,320	333,744	2,812,064
2025	2,196,636	277,242	2,473,878
2026	2,367,270	224,774	2,592,044
2027	2,084,392	167,094	2,251,486
2028 - 2032	5,044,322	200,098	5,244,420
Total	<u>\$ 17,434,546</u>	<u>\$ 1,608,945</u>	<u>\$ 19,043,491</u>

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

General Obligation Tax Increment Bonds

The City issues bonds to finance its contribution to various development projects in the tax increment districts. The principal and interest on the bonds are paid with the additional taxes generated by the various development projects.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Taxable General Obligation Urban Renewal Bonds, Series 2019A	\$ 16,150,000	3.00 - 3.75 %	04/16/19	06/01/38	\$ 14,805,000
Taxable General Obligation Urban Renewal Bonds, Series 2019D	6,115,000	2.00 - 2.90	09/04/19	06/01/39	5,425,000
Taxable General Obligation Urban Renewal Bonds, Series 2021B	8,185,000	2.00 - 2.35	07/20/21	06/01/41	<u>8,085,000</u>
Total G.O. Tax Increment Bonds					<u><u>\$ 28,315,000</u></u>

The annual debt service requirements to maturity for general obligation tax increment bonds are as follows:

Year Ending June 30	<b>G.O. Tax Increment Bonds</b> Governmental Activities		
	Principal	Interest	Total
2023	\$ 1,085,000	\$ 813,988	\$ 1,898,988
2024	1,115,000	783,850	1,898,850
2025	1,190,000	752,800	1,942,800
2026	1,220,000	720,000	1,940,000
2027	1,250,000	686,225	1,936,225
2028 - 2032	7,390,000	2,864,598	10,254,598
2033 - 2037	10,125,000	1,622,579	11,747,579
2038 - 2041	<u>4,940,000</u>	<u>253,793</u>	<u>5,193,793</u>
Total	<u><u>\$ 28,315,000</u></u>	<u><u>\$ 8,497,833</u></u>	<u><u>\$ 36,812,833</u></u>



City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

***Business-type Activity Debt***

General Obligation Revenue Bonds

These bonds were issued to finance capital improvements to the Water, Sewer, Storm Water, Ambulance and Cemetery funds. These bonds will be retired from net revenue of these enterprise funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
General Obligation Bonds, Series 2014	\$ 6,335,000	2.00 - 2.25 %	09/07/14	06/01/24	\$ 648,045
General Obligation Bonds, Series 2016	1,590,000	1.25 - 1.38	09/21/16	06/01/24	22,750
General Obligation Bonds, Series 2018	5,550,000	3.00	09/15/18	06/01/28	211,658
General Obligation Bonds, Series 2019C	5,905,000	2.00	09/04/19	06/01/29	3,063,695
General Obligation Bonds, Series 2020A	6,845,000	1.00	09/02/20	06/01/30	1,813,555
General Obligation Bonds, Series 2021A	3,950,000	2.00	07/20/21	06/01/32	1,137,750
Total G.O. Revenue Bonds					<u>\$ 6,897,453</u>

The annual debt service requirements to maturity for general obligation revenue bonds are as follows:

Year Ending June 30	<b>G.O. Revenue Bonds</b> Business-type Activities		
	Principal	Interest	Total
2023	\$ 1,146,550	\$ 122,420	\$ 1,268,970
2024	1,136,929	101,304	1,238,233
2025	813,614	80,088	893,702
2026	872,985	66,052	939,037
2027	770,805	50,876	821,681
2028 - 2032	2,156,570	72,600	2,229,170
Total	<u>\$ 6,897,453</u>	<u>\$ 493,340</u>	<u>\$ 7,390,793</u>

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

Revenue Bonds

These bonds were issued to finance capital improvements in the Waterworks and Sewer funds. These bonds will be retired from net revenue of this enterprise fund.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Water Revenue Capital Loan	\$ 1,500,000	1.75 %	02/26/03	06/01/23	\$ 1,006,000
Sewer Revenue Bonds	9,675,542	3.00	08/15/08	06/01/28	5,519,000
<b>Total Revenue Bonds</b>					<b><u>\$ 6,525,000</u></b>

The annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30	<b>Revenue Bonds</b>		
	Business-type Activities		
	Principal	Interest	Total
2023	\$ 1,721,000	\$ 130,500	\$ 1,851,500
2024	738,000	96,080	834,080
2025	762,000	81,320	843,320
2026	787,000	66,080	853,080
2027	812,000	50,340	862,340
2028	1,705,000	51,420	1,756,420
<b>Total</b>	<b><u>\$ 6,525,000</u></b>	<b><u>\$ 475,740</u></b>	<b><u>\$ 7,000,740</u></b>

The G.O. revenue and revenue bonds were issued to finance capital improvements. The bonds are payable from future revenues pledged from the Water, Sewer and Storm Water funds and are backed by the full faith and credit of the City. Annual revenues from charges for services, restricted sales tax revenues, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

	Water	Sewer	Storm Water
Revenue	\$ 6,993,378	\$ 4,877,506	\$ 434,586
Principal and Interest	1,989,188	959,444	198,766
Percent of Revenue	28.4%	19.7%	45.7%

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Resated Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Bonds Payable					
General obligation bonds	\$ 17,899,000	\$ 2,782,850	\$ (3,247,304)	\$ 17,434,546	\$ 3,263,606
General obligation tax increment bonds	21,175,000	8,185,000	(1,045,000)	28,315,000	1,085,000
Bond discount	(147,648)	-	1,721	(145,927)	-
Bond premium	741,181	247,707	(68,689)	920,199	-
Total Bonds Payable	<u>39,667,533</u>	<u>11,215,557</u>	<u>(4,359,272)</u>	<u>46,523,818</u>	<u>4,348,606</u>
Compensated Absences Payable	<u>1,340,137</u>	<u>1,085,208</u>	<u>(1,062,494)</u>	<u>1,362,851</u>	<u>811,200</u>
Governmental Activity Long-term Liabilities	<u>\$ 41,007,670</u>	<u>\$ 12,300,765</u>	<u>\$ (5,421,766)</u>	<u>\$ 47,886,669</u>	<u>\$ 5,159,806</u>
<b>Business-type Activities</b>					
Bonds Payable					
General obligation revenue bonds	\$ 6,941,000	\$ 1,167,150	\$ (1,210,697)	\$ 6,897,453	\$ 1,146,550
Revenue bonds	8,193,000	-	(1,668,000)	6,525,000	1,721,000
Bond discount	(77,832)	-	10,309	(67,523)	-
Bond premium	149,934	54,650	(12,815)	191,769	-
Total Bonds Payable	<u>15,206,102</u>	<u>1,221,800</u>	<u>(2,881,203)</u>	<u>13,546,699</u>	<u>2,867,550</u>
Compensated Absences Payable	<u>423,868</u>	<u>298,708</u>	<u>(320,510)</u>	<u>402,066</u>	<u>247,753</u>
Business-type Activity Long-term Liabilities	<u>\$ 15,629,970</u>	<u>\$ 1,520,508</u>	<u>\$ (3,201,713)</u>	<u>\$ 13,948,765</u>	<u>\$ 3,115,303</u>

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 3: Detailed Notes on All Funds (Continued)**

**E. Fund Balance Classification**

At June 30, 2022, a summary of the governmental fund balance classifications are as follows:

	General	Debt Service	Road and Use Tax	RC Renaissance	Other Governmental Funds	Total
<b>Fund Balances</b>						
<b>Nonspendable</b>						
Prepaid items	\$ 214,952	\$ -	\$ 16,127	\$ -	\$ 64,042	\$ 295,121
Endowment expenses	-	-	-	-	633,638	633,638
<b>Total Nonspendable</b>	<u>214,952</u>	<u>-</u>	<u>16,127</u>	<u>-</u>	<u>697,680</u>	<u>928,759</u>
<b>Restricted</b>						
Tort liability	970,041	-	-	-	-	970,041
Debt service	-	2,986,610	-	-	-	2,986,610
Road and use tax	-	-	3,124,289	-	-	3,124,289
River City Renaissance	-	-	-	8,384,336	-	8,384,336
Tax increment financing	-	-	-	-	1,280,198	1,280,198
Hotel / motel tax	-	-	-	-	105,102	105,102
Employee benefits	-	-	-	-	6,365,404	6,365,404
Grant programs	-	-	-	-	70,941	70,941
Street and park improvements	-	-	-	-	2,277,699	2,277,699
Cemetery perpetual care	-	-	-	-	617,005	617,005
Museum funding	-	-	-	-	464,188	464,188
<b>Total Restricted</b>	<u>970,041</u>	<u>2,986,610</u>	<u>3,124,289</u>	<u>8,384,336</u>	<u>11,180,537</u>	<u>26,645,813</u>
<b>Assigned</b>						
Airport	543,831	-	-	-	-	543,831
Parks and recreation	284,795	-	-	-	-	284,795
Library services	-	-	-	-	582,092	582,092
MacNider Museum Foundation	-	-	-	-	977,190	977,190
Softball complex	-	-	-	-	93,332	93,332
Police forfeitures	-	-	-	-	70,236	70,236
<b>Total Assigned</b>	<u>828,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,722,850</u>	<u>2,551,476</u>
<b>Unassigned</b>	<u>10,616,365</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(299,390)</u>	<u>10,316,975</u>
<b>Total Fund Balance</b>	<u>\$ 12,629,984</u>	<u>\$ 2,986,610</u>	<u>\$ 3,140,416</u>	<u>\$ 8,384,336</u>	<u>\$ 13,301,677</u>	<u>\$ 40,443,023</u>

**Note 4: Defined Benefit Pension Plan - Municipal Fire and Police Retirement System of Iowa (MFPRSI)**

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

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

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

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

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

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

Death benefits are similar to disability benefits. Benefits for accidental death are 50% of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40% of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50% of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest. Benefits are increased annually in accordance with Chapter 411.6 of the Code of Iowa, which provides a standard formula for the increases.

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

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 4: Defined Benefit Pension Plan - Municipal Fire and Police Retirement System of Iowa (MFPRSI) (Continued)**

Contributions – Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2022.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa, the City's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 26.18% for the year ended June 30, 2022.

The City's contributions to MFPRSI for the year ended June 30, 2022 are as follows:

MPRSI Contributions - Primary Government	<u><u>\$ 1,705,359</u></u>
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If approved by the State Legislature, state appropriations may further reduce the City's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa, therefore, is considered to be a nonemployer contributing entity in accordance with the provisions of Governmental Accounting Standards Board Statement No. 67, Financial Reporting for Pension Plans.

There were no state appropriations to MFPRSI during the year ended June 30, 2022.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the City reported the following liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 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 MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2021, the City's proportion was as follows, which was a decrease from its proportion measured as of June 30, 2020.

	MFPRSI (Primary Government)		
	6/30/2021	Increase/ (Decrease)	6/30/2022
Proportionate Share	<u>1.8845 %</u>	<u>(0.0309) %</u>	<u>1.8536 %</u>
Net Pension Liability			<u><u>\$ 4,162,807</u></u>
Pension Expense			<u><u>\$ (2,159,057)</u></u>

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 4: Defined Benefit Pension Plan - Municipal Fire and Police Retirement System of Iowa (MFPRSI) (Continued)**

For the year ended June 30, 2022, the City recognized the above pension expense. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	Primary Government	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 177,588	\$ 527,406
Changes in Actuarial Assumptions	1,701,949	-
Net Difference Between Projected and Actual Earnings on Plan Investments	-	6,073,497
Changes in Proportion	61,792	50,458
Contributions Paid Subsequent to the Measurement Date	465,102	-
<b>Total</b>	<b>\$ 2,406,431</b>	<b>\$ 6,651,361</b>

The above amount reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2023	\$ (688,237)	\$ (37,896)
2024	(887,614)	(38,401)
2025	(1,017,374)	(33,342)
2026	(984,795)	(37,114)
2027	(1,139,474)	1,089
Thereafter	7,462	-

Actuarial Assumptions – The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00%
Salary increases	3.75% to 15.11%, including inflation
Investment Rate of Return	7.5%, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2007 through June 30, 2017.

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

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 4: Defined Benefit Pension Plan - Municipal Fire and Police Retirement System of Iowa (MFPRSI) (Continued)**

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

Asset Class	Long-term Expected Real Rate of Return
Large cap	7.40 %
Small cap	8.10
International large cap	7.20
Emerging markets	7.90
Global infrastructure	7.50
Private non-core real estate	11.50
Private credit	6.40
Private equity	10.80
Core plus fixed income	4.00
Private core real estate	7.20

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed contributions will be made at 9.40% of covered payroll and the City’s contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the MFPRSI’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on MFPRSI’s 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 7.50%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	City Proportionate Share of NPL		
	1 Percent		1 Percent
	Decrease (6.50%)	Current (7.50%)	Increase (8.50%)
MFPRSI	12,318,618	4,162,807	(2,606,045)

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

Payables to MFPRSI – All legally required City contributions and legally required employee contributions which had been withheld from employee wages were remitted by the City to MFPRSI by June 30, 2022.



City of Mason City, Iowa  
Notes to the Financial Statements  
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**Note 5: Defined Benefit Pension Plan – Iowa Public Employees Retirement System (IPERS)**

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 the Iowa Public Employees’ Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO 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 age 62 with 20 or more years of covered employment or when the member’s years of service plus the member’s age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member’s first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member’s monthly IPERS benefit includes:

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

If a member retires before normal retirement age, the member’s monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month 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 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 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 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%.

The City’s and Authority’s contributions to IPERS for the year ended June 30, 2022 were as follows:

IPERS Contributions - Mason City Housing Authority	\$ 20,491
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City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 5: Defined Benefit Pension Plan – Iowa Public Employees Retirement System (IPERS)  
(Continued)**

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the City and Authority reported the following liability for its proportionate share of the collective net pension liability. The net pension liability was measured as of June 30, 2021 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 and Authority's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the City's and Authority's proportion was as follows, which was a decrease from its proportion measured as of June 30, 2020.

	IPERS (Primary Government)		
	6/30/2021	Increase/ (Decrease)	6/30/2022
Proportionate Share	0.1168 %	(0.0011) %	0.1157 %
Net Pension Liability			\$ 162,240
Pension Expense			\$ 435,448

	IPERS (Component Unit - Mason City Housing Authority)		
	6/30/2021	Increase/ (Decrease)	6/30/2022
Proportionate Share	0.0027 %	0.00018 %	0.0028 %
Net Pension Liability			\$ 3,988
Pension Expense			\$ (16,206)

For the year ended June 30, 2022, the City and Authority recognized the above pension expense. At June 30, 2022, the City and Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 177,588	\$ 527,406	\$ 3,034	\$ 3,047
Changes in Actuarial Assumptions	1,701,949	-	2,608	
Net Difference Between Projected and Actual Earnings on Plan Investments	-	6,073,497		144,490
Changes in Proportion	61,792	50,458	9,885	13,654
Contributions Paid Subsequent to the Measurement Date	465,102	-	20,491	
Total	\$ 2,406,431	\$ 6,651,361	\$ 36,018	\$ 161,191

The above deferred outflows of resources related to pensions resulting from City and Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 5: Defined Benefit Pension Plan – Iowa Public Employees Retirement System (IPERS)  
(Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Primary Government	Component Unit
2023	\$ (688,237)	\$ (37,896)
2024	(887,614)	(38,401)
2025	(1,017,374)	(33,342)
2026	(984,795)	(37,114)
2027	(1,139,474)	1,089
Thereafter	7,462	-

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2021 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.

The actuarial assumptions used in the June 30, 2021 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 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 5: Defined Benefit Pension Plan – Iowa Public Employees Retirement System (IPERS)  
(Continued)**

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to 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 and the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	City Proportionate Share of NPL		
	1 Percent Decrease (6%)	Current (7%)	1 Percent Increase (8%)
IPERS			
Primary Government	\$ 5,742,217	\$ 162,238	\$ (4,514,134)
Component Unit - Mason City Housing Authority	141,146	3,988	(110,959)

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 Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 6: Defined Contribution Plans**

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

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

**Note 7: Postemployment Benefits Other Than Pensions**

**A. Plan Description**

The City administers a single-employer health care plan that provides self-insured medical and prescription drug coverage to all employees, retirees and their spouses, and their eligible dependents. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Individuals who are employed by the City and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical and prescription drug benefits as active employees, which results in an implicit rate subsidy and an OEPB liability. Retired participants must be age 55 or older at retirement.

At June 30, 2022, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently Receiving Benefit Payments	8
Active Plan Members	212
	220
Total Plan Members	220

**B. Actuarial Methods and Assumptions**

The City's total OPEB liability of \$1,027,485 was measured as of June 30, 2022. The total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of July 1, 2021. Roll forward procedures were used to roll forward the total OPEB liability to the measurement date.

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.37%
20-Year Municipal Bond Yield	2.37%
Inflation Rate	2.75% per IPERS +.25% additional for Insurance Company
Salary Increases	0% (OPEB's directly determined by service years, not salary)
Medical Trend Rate	6.0% claim cost trend per year

The discount rate used to measure the total OPEB liability was 2.37 percent which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates were based on the SOA RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 7: Postemployment Benefits Other Than Pensions (Continued)**

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

**D. Changes in the Total OPEB Liability**

Balances at June 30, 2021	\$ 917,808
Changes for the Year	
Service cost	69,563
Interest	24,734
Assumption change	(12,068)
Demographic change	94,869
Recognition of deferred inflows/outflows	(25,633)
Benefits	(41,788)
Net Changes	109,677
 Balances at June 30, 2022	 \$ 1,027,485

Since the prior measurement date, the following assumptions changed:

- The discount rate was changed from 3.15% to 2.37%.

**E. Sensitivity of the Total OPEB Liability**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (1.37 percent) or one-percentage-point higher (3.37 percent) than the current discount rate:

	1 Percent Decrease (1.37%)	Current (2.37%)	1 Percent Increase (3.37%)
Primary Government	\$ 1,128,417	\$ 1,027,485	\$ 936,229

The following presents the total OPEB liability of the City as well as what the City's total OPEB liability would be if it were calculated using a Healthcare Cost Trend Rates that is one-percentage point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the trend rate:

	1 Percent Decrease (5%)	Healthcare Cost Trend Rates (6%)	1 Percent Increase (7%)
Primary Government	\$ 898,182	\$ 1,027,485	\$ 1,181,051

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 7: Postemployment Benefits Other Than Pensions (Continued)**

**F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2022, the City recognized negative OPEB expense of \$92,326. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 63,076	\$ 288,649
Changes in Actuarial Assumptions	62,864	437,354
Total	\$ 125,940	\$ 726,003

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

2023	\$ (65,669)
2024	(65,669)
2025	(65,669)
2026	(65,669)
2027	(65,669)
Thereafter	(271,718)

**Note 8: Other Information**

**A. Risk Management**

As of July 1, 1993, the City established a self-insured medical plan for City employees and families. The plan is administered by and an administration fee paid to Bernie Lowe & Associates. The City is responsible for individual participant coverage of up to \$100,000 of claims annually. Individual claims in excess of \$100,000 and aggregate group claims in excess of approximately \$3,510,000 for the year ended June 30, 2022 are covered by commercial insurance.

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

The City has adopted Government Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicated that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's claims liability amount in fiscal 2022 is as follows:

	Beginning of fiscal year liability	Current year claims and changes in estimates	Claim payments	Ending of fiscal year liability
Current Year	\$ 773,800	\$ 4,062,540	\$ 4,237,697	\$ 598,643
Prior Year	707,800	3,871,651	3,805,651	773,800

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 8: Other Information (Continued)**

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

**B. Commitments and Contingencies**

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

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

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

**C. Tax Abatements**

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

For the year ended June 30, 2022, the City abated \$199,964 of property tax under the urban renewal and economic development projects.

**D. Related Party Transactions**

The City had material business transactions between the City and City officials, totaling \$2,417,711 during the year ended June 30, 2022.



City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 9: Prior Period Adjustment**

For the year ended June 30, 2022, prior period adjustments were required to adjust beginning net position and beginning fund balance to reflect the following changes prior year corrections.

Fund	Net Position June 30, 2021 as Previously Reported	Prior Period Adjustment		
		Bond Premium (1)	Compensated Absences (2)	Internal Service Allocation (3)
Governmental activities	\$ 85,664,422	\$ (1,337,000)	\$ -	\$ (1,891,210)
Business-type activities	\$ 63,465,826	\$ (149,934)	\$ -	\$ 3,448,601
Component unit activities	\$ 110,803	\$ -	\$ -	\$ -
Business-type activities				
Water	\$ 29,892,746	\$ (80,837)	\$ -	\$ -
Sewer	26,565,803	(29,410)	-	-
Ambulance	102,258	(818)	-	-
Nonmajor enterprise funds	9,857,118	(38,869)	-	-
Internal Service Allocation to Business-type	(2,952,099)	-	-	3,448,601
Total business-type activities	\$ 63,465,826	\$ (149,934)	\$ -	\$ 3,448,601
Governmental Funds				
General	\$ 10,857,414	\$ -	\$ 1,220,293	\$ -
Debt Service	948,780	-	-	-
Road and Use Tax	3,285,718	-	106,115	-
RC Renaissance	1,178,547	-	-	-
Nonmajor governmental funds	13,678,246	-	-	-
Total Governmental Funds	\$ 29,948,705	\$ -	\$ 1,326,408	\$ -

Fund	Prior Period Adjustment			Net Position June 30, 2021 as Restated
	Unavailable Revenue - Assessments (4)	Inventory (5)	Deferred Inflow & Deferred Outflows (6)	
Governmental activities	\$ -	\$ (58,367)	\$ 2,348,067	\$ 84,725,912
Business-type activities	\$ -	\$ -	\$ 943,318	\$ 67,707,811
Component unit activities	\$ -	\$ -	\$ -	\$ 110,803
Business-type activities				
Water	\$ -	\$ -	\$ 317,485	\$ 30,129,394
Sewer	-	-	237,337	26,773,730
Ambulance	-	-	131,873	233,313
Nonmajor enterprise funds	-	-	256,623	10,074,872
Internal Service Allocation to Business-type	-	-	-	496,502
Total business-type activities	\$ -	\$ -	\$ 943,318	\$ 67,707,811
Governmental Funds				
General	\$ (66,642)	\$ -	\$ -	\$ 12,011,065
Debt Service	-	-	-	948,780
Road and Use Tax	(77,639)	-	-	3,314,194
RC Renaissance	-	-	-	1,178,547
Nonmajor governmental funds	-	-	-	13,678,246
Total Governmental Funds	\$ (144,281)	\$ -	\$ -	\$ 31,130,832

City of Mason City, Iowa  
Notes to the Financial Statements  
June 30, 2022

**Note 9: Prior Period Adjustment (Continued)**

The above prior period adjustments were made for the following reasons:

- (1) Corrections were needed to allocate bond premiums from the Governmental Activities to the Business-type Activities and adjust the balance to match supporting documentation.
- (2) Long-term compensated absences were incorrectly recorded in the governmental funds.
- (3) The internal service fund allocation has been corrected to match the total internal service fund net position and reallocate internal service fund net position.
- (4) Deferred and delinquent special assessment balances were not previously offset with unavailable revenue.
- (5) Inventory was recognized in the governmental activities, but not on the fund financial statements. A correction to remove incorrect inventory balances was needed.
- (6) Deferred outflows and inflows related to pension balances were corrected to recognize remaining balances of unamortized deferrals.

**Note 10: Subsequent Events**

On August 2, 2022, the City issued \$4,545,000 in General Obligation Bonds, Series 2022A. The bonds were issued to pay the costs of various essential and general corporate purpose capital improvements.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MASON CITY  
MASON CITY, IOWA

FOR THE YEAR ENDED  
JUNE 30, 2022

City of Mason City, Iowa  
Required Supplementary Information  
For the Year Ended June 30, 2022

**Schedule of Employer's Share of Net Pension Liability – Iowa Public Employees Retirement System**

**Primary Government**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the Primary Government (b)	Total (a+b)	City's Covered Payroll ©	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/22	0.1157 %	\$ 162,240	\$ -	\$ 162,240	\$ 9,623,159	1.7 %	100.8 %
06/30/21	0.1168	8,150,105	-	8,150,105	9,208,000	88.5	82.9
06/30/20	0.1185	6,906,000	-	6,906,000	8,602,000	80.3	85.5
06/30/19	0.1145	7,243,000	-	7,243,000	8,197,000	88.4	83.6
06/30/18	0.1108	7,312,000	-	7,312,000	7,976,000	91.7	82.2
06/30/17	0.1122	6,994,000	-	6,994,000	7,941,000	88.1	81.8
06/30/16	0.1152	5,727,000	-	5,727,000	7,763,000	73.8	85.2
06/30/15	0.1162	4,704,000	-	4,704,000	7,763,000	60.6	87.6

**Discrete Component Unit – Mason City Housing Authority**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/22	0.0028 %	\$ 3,988	\$ -	\$ 3,988	\$ 230,879	1.7 %	100.8 %
06/30/21	0.0027	185,830	-	185,830	204,677	90.8	82.9
06/30/20	0.0027	156,594	-	156,594	216,988	72.2	85.5
06/30/19	0.0032	201,170	-	201,170	205,549	97.9	83.6
06/30/18	0.0031	207,535	-	207,535	227,158	91.4	82.2
06/30/17	0.0031	195,404	-	195,404	214,653	91.0	81.8
06/30/16	0.0030	149,358	-	149,358	222,823	67.0	85.2

*Note: These schedules are intended to show 10-year trend. Additional years will be reported as they become available.*

City of Mason City, Iowa  
 Required Supplementary Information (Continued)  
 For the Year Ended June 30, 2022

**Schedule of Employer's Contributions - Iowa Public Employees Retirement System**

**Primary Government**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
06/30/22	\$ 930,203	\$ 930,203	\$ -	9,853,845	9.4 %
06/30/21	886,000	886,000	-	9,623,159	9.2
06/30/20	869,000	869,000	-	9,208,000	9.4
06/30/19	857,000	857,000	-	8,602,000	10.0
06/30/18	768,000	768,000	-	8,197,000	9.4
06/30/17	732,000	732,000	-	7,976,000	9.2
06/30/16	712,000	712,000	-	7,941,000	9.0
06/30/15	709,000	709,000	-	7,763,000	9.1
06/30/14	693,000	693,000	-	7,763,000	8.9

**Discrete Component Unit – Mason City Housing Authority**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
06/30/22	\$ 21,795	\$ 21,795	\$ -	\$ 230,879	9.44 %
06/30/21	21,817	21,817	-	204,677	9.44
06/30/20	19,428	19,428	-	216,988	9.44
06/30/19	21,336	21,336	-	205,549	8.93
06/30/18	20,768	20,768	-	227,158	8.93
06/30/17	19,898	19,898	-	214,653	8.93
06/30/16	18,485	18,485	-	222,823	8.93

*Note: These schedules are intended to show 10-year trend. Additional years will be reported as they become available.*

City of Mason City, Iowa  
Required Supplementary Information (Continued)  
For the Year Ended June 30, 2022

**Notes to the Required Supplementary Information - Iowa Public Employees Retirement System**

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

City of Mason City, Iowa  
 Required Supplementary Information (Continued)  
 For the Year Ended June 30, 2022

**Schedule of Employer's Share of Net Pension Liability – Municipal Fire and Police Retirement System**

Fiscal Year Ending	City's Proportion of the Net Pension Liability	City's Proportionate Share of the Net Pension Liability (a)	State's Proportionate Share of the Net Pension Liability Associated with the City (b)	Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
06/30/22	1.8536 %	\$ 4,162,807	\$ -	\$ 4,162,807	\$ 7,131,646	58.4 %	93.6 %
06/30/21	1.8845	15,030,937	-	15,030,937	5,987,000	251.1	76.5
06/30/20	1.9524	11,625,000	-	11,625,000	5,910,000	196.7	79.9
06/30/19	2.0148	11,816,000	-	11,816,000	5,857,000	201.7	81.1
06/30/18	2.0303	11,907,000	-	11,907,000	5,748,000	207.2	80.6
06/30/17	2.0394	12,752,000	-	12,752,000	5,528,000	230.7	78.2
06/30/16	2.0837	9,789,000	-	9,789,000	4,833,000	202.5	83.0
06/30/15	2.0055	7,270,000	-	7,270,000	5,120,000	142.0	86.3

*Note: This schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

**Schedule of Employer's Contributions - Municipal Fire and Police Retirement System**

Year Ending	Statutorily Required Contribution (a)	Contributions in Relation to the Statutorily Required Contribution (b)	Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
06/30/22	\$ 1,705,359	\$ 1,705,359	\$ -	\$ 7,135,393	23.9 %
06/30/21	1,522,000	1,522,000	-	7,131,646	21.3
06/30/20	1,461,000	1,461,000	-	5,987,000	24.4
06/30/19	1,538,000	1,538,000	-	5,910,000	26.0
06/30/18	1,504,000	1,504,000	-	5,857,000	25.7
06/30/17	1,490,000	1,490,000	-	5,748,000	25.9
06/30/16	1,535,000	1,535,000	-	5,528,000	27.8
06/30/15	1,462,000	1,462,000	-	4,833,000	30.3
06/30/14	1,542,000	1,542,000	-	5,120,000	30.1

*Note: This schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

City of Mason City, Iowa  
Required Supplementary Information (Continued)  
For the Year Ended June 30, 2022

**Notes to the Required Supplementary Information - Municipal Fire and Police Retirement System**

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

The 2018 valuation changed postretirement mortality rates were based on the RP-2014 Blue Collar Healthy Annuitant Table with males set-forward zero years, females set-forward two years and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

The 2017 valuation added five years projection of future mortality improvement with Scale BB.

The 2016 valuation changed postretirement mortality rates to the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled individuals set-forward one year (male only rates), with no projection of future mortality improvement.

The 2015 valuation phased in the 1994 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 1/12 of the 1971 Group Annuity Mortality Table and 11/12 of the 1994 Group Annuity Mortality Table.

The 2014 valuation phased in the 1994 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.



City of Mason City, Iowa  
Required Supplementary Information (Continued)  
For the Year Ended June 30, 2022

**Schedule of Changes in the City's OPEB Liability and Related Ratios**

	2022	2021	2020	2019
Total OPEB Liability				
Service cost	\$ 69,563	\$ 59,075	\$ 59,088	\$ 98,310
Interest	24,734	29,302	28,268	57,792
Changes in assumptions	(12,068)	-	(571,544)	-
Demographic change	94,869	-	(207,010)	-
Recognition of deferred inflows/outflows	(25,633)	(38,711)	(35,604)	(54,723)
Benefit payments	(41,788)	(17,558)	(19,466)	(35,561)
Net Change in Total OPEB Liability	109,677	32,108	(746,268)	65,818
*Total OPEB Liability - Beginning	917,808	885,700	1,631,968	1,472,163
Total OPEB Liability - Ending	<u>\$ 1,027,485</u>	<u>\$ 917,808</u>	<u>\$ 885,700</u>	<u>\$ 1,537,981</u>
Covered-Employee Payroll	\$ 7,775,549	\$16,264,823	\$15,968,169	\$16,015,839
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	13.21 %	5.64 %	5.55 %	9.60 %

*Note: This schedule is intended to show 10-year trend. Additional years will be reported as they become available.*

**Notes to the Required Supplementary Information – OPEB Liability**

Changes in benefit terms:

There were no significant changes in benefit terms.

Changes in Assumptions:

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

- Year ended June 30, 2022 2.37%
- Year ended June 30, 2021 3.15%
- Year ended June 30, 2020 3.15%
- Year ended June 30, 2019 3.72%

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COMBINING AND INDIVIDUAL FUND  
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF MASON CITY  
MASON CITY, IOWA

FOR THE YEAR ENDED  
JUNE 30, 2022

City of Mason City, Iowa  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2022

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permenant Funds	Total
<b>Assets</b>				
Cash and investments	\$ 11,330,042	\$ 2,069,377	\$ 1,713,282	\$ 15,112,701
Receivables				
Interest	3,536	662	1,549	5,747
Property taxes	39,918	-	-	39,918
Succeeding year property taxes	1,935,726	-	-	1,935,726
Due from other governments	59,576	207,660	-	267,236
Prepaid items	64,042	-	-	64,042
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total Assets	<u>\$ 13,432,840</u>	<u>\$ 2,277,699</u>	<u>\$ 1,714,831</u>	<u>\$ 17,425,370</u>
<b>Liabilities</b>				
Accounts payable	\$ 510,322	\$ 234,379	\$ -	\$ 744,701
Due to other funds	65,632	-	-	65,632
Due to other governments	400	-	-	400
Unearned revenue	1,369,619	-	-	1,369,619
Total Liabilities	<u>1,945,973</u>	<u>234,379</u>	<u>-</u>	<u>2,180,352</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - taxes	7,615	-	-	7,615
Succeeding year property tax	1,935,726	-	-	1,935,726
Total Deferred Inflows of Resources	<u>1,943,341</u>	<u>-</u>	<u>-</u>	<u>1,943,341</u>
<b>Fund Balances</b>				
Nonspendable	64,042	-	633,638	697,680
Restricted	7,821,645	2,277,699	1,081,193	11,180,537
Assigned	1,722,850	-	-	1,722,850
Unassigned	(65,011)	(234,379)	-	(299,390)
Total Fund Balances	<u>9,543,526</u>	<u>2,043,320</u>	<u>1,714,831</u>	<u>13,301,677</u>
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 13,432,840</u>	<u>\$ 2,277,699</u>	<u>\$ 1,714,831</u>	<u>\$ 17,425,370</u>

City of Mason City, Iowa  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2022

	Nonmajor Special Revenue	Nonmajor Capital Projects	Nonmajor Permenant Funds	Total
<b>Revenues</b>				
Taxes				
Property taxes	\$ 2,296,628	\$ -	\$ -	\$ 2,296,628
Tax increment	1,548,436	-	-	1,548,436
Local option sales tax	-	2,503,795	-	2,503,795
Other taxes	846,342	-	-	846,342
Special assessments	16,494	-	-	16,494
Intergovernmental	480,914	-	-	480,914
Charges for services	-	-	11,938	11,938
Use of money and property	111,259	66,792	4,671	182,722
Miscellaneous	140,272	173,304	46,423	359,999
Total Revenues	<u>5,440,345</u>	<u>2,743,891</u>	<u>63,032</u>	<u>8,247,268</u>
<b>Expenditures</b>				
Current				
General government	814,455	-	-	814,455
Public safety	1,949,676	-	-	1,949,676
Public works	60,740	-	-	60,740
Health and social services	11,031	-	-	11,031
Culture and recreation	348,409	-	-	348,409
Community and economic development	1,100,175	-	-	1,100,175
Capital outlay				
General government	300,359	-	-	300,359
Public works	-	617,179	-	617,179
Culture and recreation	7,994	370,081	-	378,075
Total Expenditures	<u>4,592,839</u>	<u>987,260</u>	<u>-</u>	<u>5,580,099</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>847,506</u>	<u>1,756,631</u>	<u>63,032</u>	<u>2,667,169</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	183,507	-	-	183,507
Transfers out	<u>(1,143,560)</u>	<u>(2,059,960)</u>	<u>(23,725)</u>	<u>(3,227,245)</u>
Total Other Financing Sources (Uses)	<u>(960,053)</u>	<u>(2,059,960)</u>	<u>(23,725)</u>	<u>(3,043,738)</u>
Net Change in Fund Balances	(112,547)	(303,329)	39,307	(376,569)
Fund Balances, July 1	<u>9,656,073</u>	<u>2,346,649</u>	<u>1,675,524</u>	<u>13,678,246</u>
Fund Balances, June 30	<u>\$ 9,543,526</u>	<u>\$ 2,043,320</u>	<u>\$ 1,714,831</u>	<u>\$ 13,301,677</u>

City of Mason City, Iowa  
Combining Statement of Net Position  
Nonmajor Proprietary Funds  
June 30, 2022

	Business-type Activities - Enterprise Funds		
	070 Cemetary	620 Storm Sewer	640 Solid Waste
<b>Assets</b>			
<b>Current Assets</b>			
Cash and investments	\$ 65,721	\$ 1,507,154	\$ 491,627
Receivables			
Interest	-	1,433	71
Accounts, net of allowance	3,340	56,416	218,219
Property taxes	2,134	-	-
Succeeding year property taxes	189,044	-	-
Special assessments	-	-	57
Prepaid items	1,409	-	955
<b>Total Current Assets</b>	<b>261,648</b>	<b>1,565,003</b>	<b>710,929</b>
<b>Noncurrent Assets</b>			
<b>Capital assets</b>			
Land	-	-	-
Buildings and structures	47,699	-	461,278
Infrastructure and improvements	708,869	-	-
Machinery and equipment	274,819	7,451,650	963,649
Construction in progress	-	916,905	-
Less accumulated depreciation	(735,128)	(3,738,278)	(859,471)
<b>Total Capital Assets</b> (Net of Accumulated Depreciation)	<b>296,259</b>	<b>4,630,277</b>	<b>565,456</b>
<b>Total Assets</b>	<b>557,907</b>	<b>6,195,280</b>	<b>1,276,385</b>
<b>Deferred Outflows of Resources</b>			
Deferred pension resources	51,222	-	169,752
Deferred other postemployment benefit resources	1,669	-	7,254
<b>Total Deferred Outflows of Resources</b>	<b>52,891</b>	<b>-</b>	<b>177,006</b>

Business-type Activities - Enterprise Funds

<b>650</b>	<b>630</b>	<b>670</b>	
Golf Course	Parking Lots	RCR Arena	Total
\$ 18,898	\$ -	\$ 300,000	\$ 2,383,400
-	-	-	1,504
-	-	-	277,975
-	-	-	2,134
-	-	-	189,044
-	540	-	597
3,371	-	-	5,735
<u>22,269</u>	<u>540</u>	<u>300,000</u>	<u>2,860,389</u>
196,813	4,143,120	-	4,339,933
633,988	-	-	1,142,965
105,620	2,584,991	-	3,399,480
576,639	-	-	9,266,757
-	-	-	916,905
<u>(923,628)</u>	<u>(2,584,991)</u>	<u>-</u>	<u>(8,841,496)</u>
<u>589,432</u>	<u>4,143,120</u>	<u>-</u>	<u>10,224,544</u>
<u>611,701</u>	<u>4,143,660</u>	<u>300,000</u>	<u>13,084,933</u>
33,123	6,576	11,722	272,395
1,314	398	267	10,902
<u>34,437</u>	<u>6,974</u>	<u>11,989</u>	<u>283,297</u>

City of Mason City, Iowa  
Combining Statement of Net Position (Continued)  
Nonmajor Proprietary Funds  
June 30, 2022

	Business-type Activities - Enterprise Funds		
	70 Cemetery	620 Storm Sewer	640 Solid Waste
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 1,481	\$ 107,432	\$ 36,954
Due to other governments	-	-	-
Accrued interest payable	461	2,372	-
Accrued salaries payable	15,452	-	47,527
Compensated absences	9,335	-	32,302
Unearned revenue	20,906	-	-
Bonds payable - current	2,677	180,102	-
<b>Total Current Liabilities</b>	<b>50,312</b>	<b>289,906</b>	<b>116,783</b>
<b>Noncurrent Liabilities</b>			
Compensated absences	6,223	-	21,534
Other postemployment benefit obligation	13,616	-	59,182
Net pension liability	3,453	-	11,445
Bonds payable	31,923	1,184,345	-
<b>Total Noncurrent Liabilities</b>	<b>55,215</b>	<b>1,184,345</b>	<b>92,161</b>
<b>Total Liabilities</b>	<b>105,527</b>	<b>1,474,251</b>	<b>208,944</b>
<b>Deferred Inflows of Resources</b>			
Deferred pension resources	141,577	-	469,194
Deferred other post employment benefit resources	9,621	-	41,817
Succeeding year property taxes	189,044	-	-
<b>Total Deferred Inflows of Resources</b>	<b>340,242</b>	<b>-</b>	<b>511,011</b>
<b>Net Position</b>			
Net investment in capital assets	261,659	3,265,830	565,456
Unrestricted	(96,630)	1,455,199	167,980
<b>Total Net Position</b>	<b>\$ 165,029</b>	<b>\$ 4,721,029</b>	<b>\$ 733,436</b>



Business-type Activities - Enterprise Funds

<b>650</b>	<b>630</b>	<b>670</b>	
Golf Course	Parking Lots	RCR Arena	Total
\$ 9,851	\$ 265	\$ 19,606	\$ 175,589
2,758	-	-	2,758
-	-	-	2,833
15,965	-	3,696	82,640
11,910	-	1,131	54,678
-	-	210,516	231,422
-	-	-	182,779
<u>40,484</u>	<u>265</u>	<u>234,949</u>	<u>732,699</u>
7,940	-	753	36,450
10,719	3,244	2,175	88,936
2,233	443	790	18,364
-	-	-	1,216,268
<u>20,892</u>	<u>3,687</u>	<u>3,718</u>	<u>1,360,018</u>
<u>61,376</u>	<u>3,952</u>	<u>238,667</u>	<u>2,092,717</u>
91,553	18,176	32,399	752,899
7,574	2,292	1,537	62,841
-	-	-	189,044
<u>99,127</u>	<u>20,468</u>	<u>33,936</u>	<u>1,004,784</u>
589,432	4,143,120	-	8,825,497
(103,797)	(16,906)	39,386	1,445,232
<u>\$ 485,635</u>	<u>\$ 4,126,214</u>	<u>\$ 39,386</u>	<u>\$ 10,270,729</u>

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City of Mason City, Iowa  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Nonmajor Proprietary Funds  
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds						Total
	070 Cemetery	620 Storm Sewer	640 Solid Waste	650 Golf Course	630 Parking Lots	670 RCR Arena	
Operating Revenues							
Charges for services	\$ 221,515	\$ 437,114	\$ 1,750,717	\$ 472,439	\$ 31,691	\$ 161,893	\$ 3,075,369
Operating Expenses							
Personal services	315,943	-	1,124,510	140,110	32,110	89,670	1,702,343
Supplies and maintenance	66,713	8,953	137,693	131,624	1,262	102,756	449,001
Other services and charges	40,790	320	523,986	116,611	43,895	1,032,581	1,758,183
Depreciation	39,583	208,015	73,445	46,418	-	-	367,461
Total Operating Expenses	463,029	217,288	1,859,634	434,763	77,267	1,225,007	4,276,988
Operating Income (Loss)	(241,514)	219,826	(108,917)	37,676	(45,576)	(1,063,114)	(1,201,619)
Nonoperating Revenues (Expenses)							
Property taxes	182,716	-	-	-	-	-	182,716
Intergovernmental	-	67,500	-	-	-	89,484	156,984
Use of money and property	14,574	2,443	60	7	-	3	17,087
Other income	6,455	2,000	38,620	23,155	-	124,938	195,168
Interest expense and other	(1,236)	(34,152)	-	-	-	-	(35,388)
Total Nonoperating Revenues (Expenses)	202,509	37,791	38,680	23,162	-	214,425	516,567
Income (Loss) Before Capital Contributions and Transfers	(39,005)	257,617	(70,237)	60,838	(45,576)	(848,689)	(685,052)
Transfers In	-	-	-	54,134	63,041	1,025,730	1,142,905
Capital Contributions	-	44,689	-	-	-	-	44,689
Transfers Out	-	(306,685)	-	-	-	-	(306,685)
Change in Net Position	(39,005)	(4,379)	(70,237)	114,972	17,465	177,041	195,857
Net Position, July 1	156,417	4,764,277	650,780	338,739	4,097,208	(150,303)	9,857,118
Prior Period Adjustment	47,617	(38,869)	152,893	31,924	11,541	12,648	217,754
Net Position, July 1	204,034	4,725,408	803,673	370,663	4,108,749	(137,655)	10,074,872
Net Position, June 30	\$ 165,029	\$ 4,721,029	\$ 733,436	\$ 485,635	\$ 4,126,214	\$ 39,386	\$ 10,270,729

City of Mason City, Iowa  
Combining Statement of Cash Flows  
Nonmajor Proprietary Funds  
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds		
	<b>070</b>	<b>620</b>	<b>640</b>
	Cemetery	Storm Sewer	Solid Waste
Cash Flows from Operating Activities			
Receipts from customers	\$ 240,331	\$ 434,586	\$ 1,734,842
Other receipts	6,455	2,000	38,620
Payments to vendors and suppliers	(119,904)	(2,536)	(683,473)
Payments to and on behalf of employees	(304,542)	(12,141)	(1,034,508)
Net Cash Provided (Used) by Operating Activities	<u>(177,660)</u>	<u>421,909</u>	<u>55,481</u>
Cash Flows from Noncapital Financing Activities			
Transfers out	-	(306,685)	-
Transfers in	-	-	-
Increase (decrease) in due to other funds	(61,677)	(712,026)	-
Property taxes received	183,569	-	-
Grants received	-	67,500	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>121,892</u>	<u>(951,211)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	(38,099)	(987,222)	-
Bond proceeds, net of issuance costs	35,300	50,000	-
Principal paid on long-term debt	(700)	(162,362)	-
Interest paid on long-term debt	(775)	(36,404)	-
Net Cash Used by Capital and Related Financing Activities	<u>(4,274)</u>	<u>(1,135,988)</u>	<u>-</u>
Cash Flows from Investing Activities			
Interest received on investments	<u>14,574</u>	<u>2,444</u>	<u>60</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(45,468)	(1,662,846)	55,541
Cash and Cash Equivalents, July 1	<u>111,189</u>	<u>3,170,000</u>	<u>436,086</u>
Cash and Cash Equivalents, June 30	<u>\$ 65,721</u>	<u>\$ 1,507,154</u>	<u>\$ 491,627</u>

Business-type Activities - Enterprise Funds

<b>650</b>	<b>630</b>	<b>670</b>	
Golf Course	Parking	RCR Arena	Total
\$ 462,217	\$ 32,439	\$ 161,893	\$ 3,066,308
23,155	-	124,938	195,168
(275,351)	(45,376)	(1,222,397)	(2,349,037)
(247,199)	(50,104)	(92,204)	(1,740,698)
<u>(37,178)</u>	<u>(63,041)</u>	<u>(1,027,770)</u>	<u>(828,259)</u>
-	-	-	(306,685)
54,134	63,041	1,025,730	1,142,905
-	-	-	(773,703)
-	-	-	183,569
-	-	300,000	367,500
<u>54,134</u>	<u>63,041</u>	<u>1,325,730</u>	<u>613,586</u>
(26,091)	-	-	(1,051,412)
-	-	-	85,300
-	-	-	(163,062)
-	-	-	(37,179)
<u>(26,091)</u>	<u>-</u>	<u>-</u>	<u>(1,166,353)</u>
7	-	3	17,088
(9,128)	-	297,963	(1,363,938)
28,026	-	2,037	3,747,338
<u>\$ 18,898</u>	<u>\$ -</u>	<u>\$ 300,000</u>	<u>\$ 2,383,400</u>

City of Mason City, Iowa  
Combining Statement of Cash Flows (Continued)  
Nonmajor Proprietary Funds  
For the Year Ended June 30, 2022

	Business-type Activities - Enterprise Funds		
	070 Cemetery	620 Storm Sewer	640 Solid Waste
Reconciliation of Operating Income to Net Cash			
Provided by Operating Activities			
Operating income (loss)	\$ (241,514)	\$ 219,826	\$ (108,917)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Other income related to operations	6,455	2,000	38,620
Depreciation and amortization	39,583	208,015	73,445
Loss on disposal of equipment	8,580	-	-
(Increase) decrease in assets			
Accounts receivable	(2,090)	(2,528)	(15,875)
Inventories	4,550	-	-
Prepaid items	(1,409)	-	(151)
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	9,961	-	72,390
Deferred other postemployment benefit resources	(1,669)	-	(7,254)
Increase (decrease) in liabilities			
Accounts payable	(3,216)	6,737	(21,643)
Due to other governments	-	-	-
Accrued salaries payable	1,183	-	5,446
Compensated Absences	2,363	-	971
Other postemployment benefit obligation	1,894	(12,141)	8,753
Pension liability	(176,966)	-	(536,203)
Prepaid internments	(20,906)	-	-
Unearned revenue	20,906	-	-
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	165,014	-	504,082
Deferred other postemployment benefit resources	9,621	-	41,817
Net Cash Provided (Used) by Operating Activities	<u>\$ (177,660)</u>	<u>\$ 421,909</u>	<u>\$ 55,481</u>

Schedule of Noncash Investing, Capital and Financing Activities

Gain (loss) on disposal of capital assets	\$ (8,580)	\$ -	\$ -
Capital assets acquired on account	<u>\$ -</u>	<u>\$ 100,681</u>	<u>\$ -</u>
Capital assets contributed by developers	<u>\$ -</u>	<u>\$ 44,689</u>	<u>\$ -</u>
Amortization of bond (premium) discount	<u>\$ -</u>	<u>\$ (2,060)</u>	<u>\$ -</u>

Business-type Activities - Enterprise Funds

<b>650</b>	<b>630</b>	<b>670</b>	
Golf Course	Parking	RCR Arena	Total
\$ 37,676	\$ (45,576)	\$ (1,063,114)	\$ (1,201,619)
23,155	-	124,938	195,168
46,418	-	-	367,461
-	-	-	8,580
-	1,048	-	(19,445)
10,868	-	5,838	21,256
(160)	-	-	(1,720)
13,425	11,109	7,663	114,548
(1,314)	(398)	(267)	(10,902)
(37,344)	(219)	(92,898)	(148,583)
(480)	-	-	(480)
1,654	(2,884)	(212)	5,187
1,115	(10,038)	(2,033)	(7,622)
1,491	(1,552)	(319)	(1,874)
(230,471)	(37,422)	(44,285)	(1,025,347)
-	-	-	(20,906)
(10,222)	(300)	-	10,384
99,437	20,899	35,382	824,814
7,574	2,292	1,537	62,841
<u>\$ (37,178)</u>	<u>\$ (63,041)</u>	<u>\$ (1,027,770)</u>	<u>\$ (828,259)</u>

\$ -	\$ -	\$ -	\$ (8,580)
\$ -	\$ -	\$ -	\$ 100,681
\$ -	\$ -	\$ -	\$ 44,689
\$ -	\$ -	\$ -	\$ (2,060)

City of Mason City, Iowa  
Nonmajor Special Revenue Funds  
Combining Balance Sheet (Continued on the Following Pages)  
June 30, 2022

	130	120	117	114
	Unified TIF	Hotel & Motel Tax	Medical costs	Police Retirement
<b>Assets</b>				
Cash and investments	\$ 1,738,830	\$ 121,102	\$ 540,678	\$ 3,050,642
Receivables				
Interest	262	-	14	1,783
Property taxes	8,593	-	2,917	9,320
Succeeding year property taxes	-	-	204,516	697,235
Due from other governments	-	-	-	-
Prepaid items	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 1,747,685</u>	<u>\$ 121,102</u>	<u>\$ 748,125</u>	<u>\$ 3,758,980</u>
<b>Liabilities</b>				
Accounts payable	\$ 471,924	\$ 16,000	\$ 13	\$ -
Due to other funds	-	-	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	-	-	-
Total Liabilities	<u>471,924</u>	<u>16,000</u>	<u>13</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue - taxes	-	-	-	1,356
Succeeding year property tax	-	-	204,516	697,235
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>204,516</u>	<u>698,591</u>
<b>Fund Balances</b>				
Nonspendable	-	-	-	-
Restricted	1,275,761	105,102	543,596	3,060,389
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>1,275,761</u>	<u>105,102</u>	<u>543,596</u>	<u>3,060,389</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,747,685</u>	<u>\$ 121,102</u>	<u>\$ 748,125</u>	<u>\$ 3,758,980</u>



116	112	510		315	127	131
Fire Retirement	Employee Retirement	Library Trust	MacNider Museum Foundation	ARPA	Forest Park TIF District	Downtown Reinvestment
\$ 2,609,805	\$ 139,148	\$ 583,255	\$ 977,190	\$ 970,064	\$ 4,437	\$ -
1,243	-	227	-	-	-	-
5,978	9,912	-	-	-	-	1,578
440,429	593,546	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	64,042	-	-	-
<u>\$ 3,057,455</u>	<u>\$ 742,606</u>	<u>\$ 583,482</u>	<u>\$ 1,041,232</u>	<u>\$ 970,064</u>	<u>\$ 4,437</u>	<u>\$ 1,578</u>
\$ -	\$ -	\$ 1,390	\$ -	\$ 445	\$ -	\$ -
-	-	-	-	-	-	28,954
-	-	-	-	-	-	-
-	-	-	-	969,619	-	-
-	-	1,390	-	970,064	-	28,954
904	3,763	-	-	-	-	-
440,429	593,546	-	-	-	-	-
<u>441,333</u>	<u>597,309</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	64,042	-	-	-
2,616,122	145,297	-	-	-	4,437	-
-	-	582,092	977,190	-	-	-
-	-	-	-	-	-	(27,376)
<u>2,616,122</u>	<u>145,297</u>	<u>582,092</u>	<u>1,041,232</u>	<u>-</u>	<u>4,437</u>	<u>(27,376)</u>
<u>\$ 3,057,455</u>	<u>\$ 742,606</u>	<u>\$ 583,482</u>	<u>\$ 1,041,232</u>	<u>\$ 970,064</u>	<u>\$ 4,437</u>	<u>\$ 1,578</u>

City of Mason City, Iowa  
Nonmajor Special Revenue Funds  
Combining Balance Sheet (Continued)  
June 30, 2022

	132	142	144	146	147
	Southside Gateway	City Administered Grant	FEMA Grant	ADDI	Housing Fund
<b>Assets</b>					
Cash and investments	\$ -	\$ -	\$ 143	\$ 5,637	\$ 420,614
Receivables					
Interest	-	-	-	-	-
Property taxes	1,620	-	-	-	-
Succeeding year property taxes	-	-	-	-	-
Due from other governments	-	-	-	-	59,576
Prepaid items	-	-	-	-	-
<b>Total Assets</b>	<b><u>\$ 1,620</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 143</u></b>	<b><u>\$ 5,637</u></b>	<b><u>\$ 480,190</u></b>
<b>Liabilities</b>					
Accounts payable	\$ -	553	\$ -	\$ -	\$ 18,241
Due to other funds	36,678	-	-	-	-
Due to other governments	-	-	-	-	-
Unearned revenue	-	-	-	-	400,000
<b>Total Liabilities</b>	<b><u>36,678</u></b>	<b><u>553</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>418,241</u></b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue - taxes	1,592	-	-	-	-
Succeeding year property tax	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b><u>1,592</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund Balances</b>					
Nonspendable	-	-	-	-	-
Restricted	-	-	143	5,637	61,949
Assigned	-	-	-	-	-
Unassigned	(36,650)	(553)	-	-	-
<b>Total Fund Balances</b>	<b><u>(36,650)</u></b>	<b><u>(553)</u></b>	<b><u>143</u></b>	<b><u>5,637</u></b>	<b><u>61,949</u></b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b><u>\$ 1,620</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 143</u></b>	<b><u>\$ 5,637</u></b>	<b><u>\$ 480,190</u></b>

149	152	530	535	540	
ESGP Grant Fund	22nd Street S E Buyout	Softball Trust	Youth Softball Complex	Police Forfeitures	Total
\$ 1,366	\$ 1,846	\$ -	\$ 95,049	\$ 70,236	\$ 11,330,042
-	-	-	7	-	3,536
-	-	-	-	-	39,918
-	-	-	-	-	1,935,726
-	-	-	-	-	59,576
-	-	-	-	-	64,042
<u>\$ 1,366</u>	<u>\$ 1,846</u>	<u>\$ -</u>	<u>\$ 95,056</u>	<u>\$ 70,236</u>	<u>\$ 13,432,840</u>
\$ -	\$ -	\$ 383	\$ 1,373	\$ -	\$ 510,322
-	-	-	-	-	65,632
-	-	49	351	-	400
-	-	-	-	-	1,369,619
-	-	432	1,724	-	1,945,973
-	-	-	-	-	7,615
-	-	-	-	-	1,935,726
-	-	-	-	-	1,943,341
-	-	-	-	-	64,042
1,366	1,846	-	-	-	7,821,645
-	-	-	93,332	70,236	1,722,850
-	-	(432)	-	-	(65,011)
<u>1,366</u>	<u>1,846</u>	<u>(432)</u>	<u>93,332</u>	<u>70,236</u>	<u>9,543,526</u>
<u>\$ 1,366</u>	<u>\$ 1,846</u>	<u>\$ -</u>	<u>\$ 95,056</u>	<u>\$ 70,236</u>	<u>\$ 13,432,840</u>

**City of Mason City, Iowa**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**(Continued on the Following Pages)**  
**For the Year Ended June 30, 2022**

	<b>130</b>	<b>120</b>	<b>117</b>	<b>114</b>	<b>116</b>
	<u>Unified TIF</u>	<u>Hotel &amp; Motel Tax</u>	<u>Medical costs</u>	<u>Police Retirement</u>	<u>Fire Retirement</u>
Revenues					
Taxes					
Property taxes	\$ -	\$ -	\$ 303,945	\$ 828,413	\$ 527,757
Tax increment	791,102	-	-	-	-
Other taxes	-	794,847	6,794	18,554	11,822
Special assessments	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Use of money and property	429	-	16	56,452	53,170
Miscellaneous	4,405	15,000	-	-	-
Total Revenues	<u>795,936</u>	<u>809,847</u>	<u>310,755</u>	<u>903,419</u>	<u>592,749</u>
Expenditures					
Current					
General government	-	642,744	-	-	-
Public safety	-	-	228,980	891,213	612,045
Public works	-	-	-	-	-
Health and social services	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community and economic development	875,694	-	-	-	-
Capital outlay					
General government	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total Expenditures	<u>875,694</u>	<u>642,744</u>	<u>228,980</u>	<u>891,213</u>	<u>612,045</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(79,758)</u>	<u>167,103</u>	<u>81,775</u>	<u>12,206</u>	<u>(19,296)</u>
Other Financing Sources (Uses)					
Transfers in	67,926	-	-	-	-
Transfers out	-	(70,000)	-	-	-
Total Other Financing Sources (Uses)	<u>67,926</u>	<u>(70,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(11,832)	97,103	81,775	12,206	(19,296)
Fund Balances, July 1	<u>1,287,593</u>	<u>7,999</u>	<u>461,821</u>	<u>3,048,183</u>	<u>2,635,418</u>
Fund Balances, June 30	<u>\$ 1,275,761</u>	<u>\$ 105,102</u>	<u>\$ 543,596</u>	<u>\$ 3,060,389</u>	<u>\$ 2,616,122</u>

112	510		315	127	131
Employee Retirement	Library Trust	MacNider Museum Foundation	ARPA	Forest Park TIF District	Downtown Reinvestment
\$ 636,513	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	677,773
14,325	-	-	-	-	-
-	-	-	300,359	-	-
-	9,521	(8,341)	-	-	-
-	44,681	42,384	-	-	-
<u>650,838</u>	<u>54,202</u>	<u>34,043</u>	<u>300,359</u>	<u>-</u>	<u>677,773</u>
171,711	-	-	-	-	-
217,438	-	-	-	-	-
60,740	-	-	-	-	-
11,031	-	-	-	-	-
135,194	89,083	87,333	-	-	-
54,044	-	-	-	-	8,999
-	-	-	300,359	-	-
-	-	-	-	-	-
<u>650,158</u>	<u>89,083</u>	<u>87,333</u>	<u>300,359</u>	<u>-</u>	<u>8,999</u>
<u>680</u>	<u>(34,881)</u>	<u>(53,290)</u>	<u>-</u>	<u>-</u>	<u>668,774</u>
-	-	-	-	-	-
-	-	-	-	-	(939,378)
-	-	-	-	-	(939,378)
680	(34,881)	(53,290)	-	-	(270,604)
144,617	616,973	1,094,522	-	4,437	243,228
<u>\$ 145,297</u>	<u>\$ 582,092</u>	<u>\$ 1,041,232</u>	<u>\$ -</u>	<u>\$ 4,437</u>	<u>\$ (27,376)</u>

City of Mason City, Iowa  
Nonmajor Special Revenue Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
(Continued on the Following Pages)  
For the Year Ended June 30, 2022

	<b>132</b>	<b>142</b>	<b>144</b>	<b>146</b>	<b>147</b>
	Southside Gateway	City Administered Grant	FEMA Grant	ADDI	Housing Fund
Revenues					
Taxes					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment	79,561	-	-	-	-
Other taxes	-	-	-	-	-
Special assessments	-	-	-	-	-
Intergovernmental	-	15,000	-	-	165,555
Use of money and property	-	-	-	-	-
Miscellaneous	-	-	-	-	2,390
Total Revenues	<u>79,561</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>167,945</u>
Expenditures					
Current					
General government	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Health and social services	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Housing and economic development	3,385	47,057	-	-	110,996
Capital outlay					
General government	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Total Expenditures	<u>3,385</u>	<u>47,057</u>	<u>-</u>	<u>-</u>	<u>110,996</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>76,176</u>	<u>(32,057)</u>	<u>-</u>	<u>-</u>	<u>56,949</u>
Other Financing Sources (Uses)					
Transfers in	-	31,504	-	-	5,000
Transfers out	(112,826)	(21,356)	-	-	-
Total Other Financing Sources (Uses)	<u>(112,826)</u>	<u>10,148</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Net Change in Fund Balances	(36,650)	(21,909)	-	-	61,949
Fund Balances, July 1	-	21,356	143	5,637	-
Fund Balances, June 30	<u>\$ (36,650)</u>	<u>\$ (553)</u>	<u>\$ 143</u>	<u>\$ 5,637</u>	<u>\$ 61,949</u>

149	152	530	535	540	
ESGP Grant Fund	22nd Street S E Buyout	Softball Trust	Youth Softball Complex	Police Forfeitures	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,296,628
-	-	-	-	-	1,548,436
-	-	-	-	-	846,342
-	-	1,520	14,974	-	16,494
-	-	-	-	-	480,914
-	-	-	12	-	111,259
-	-	5,271	26,141	-	140,272
-	-	6,791	41,127	-	5,440,345
-	-	-	-	-	814,455
-	-	-	-	-	1,949,676
-	-	-	-	-	60,740
-	-	-	-	-	11,031
-	-	12,371	24,428	-	348,409
-	-	-	-	-	1,100,175
-	-	-	-	-	300,359
-	-	2,350	5,644	-	7,994
-	-	14,721	30,072	-	4,592,839
-	-	(7,930)	11,055	-	847,506
-	-	8,841	-	70,236	183,507
-	-	-	-	-	(1,143,560)
-	-	8,841	-	70,236	(960,053)
-	-	911	11,055	70,236	(112,547)
1,366	1,846	(1,343)	82,277	-	9,656,073
\$ 1,366	\$ 1,846	\$ (432)	\$ 93,332	\$ 70,236	\$ 9,543,526

City of Mason City, Iowa  
 Unified TIF Special Revenue fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget to Actual  
 For the Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Tax increment	\$ 732,730	\$ 791,102	\$ 58,372
Use of money and property	-	429	429
Miscellaneous	-	4,405	4,405
Total Revenues	<u>732,730</u>	<u>795,936</u>	<u>63,206</u>
Expenditures			
Current			
Community and economic development	<u>1,762,730</u>	<u>875,694</u>	<u>887,036</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,030,000)	(79,758)	950,242
Other Financing Sources (Uses)			
Transfers in	<u>67,926</u>	<u>67,926</u>	<u>-</u>
Net Change in Fund Balances	(962,074)	(11,832)	950,242
Fund Balances, July 1	<u>1,287,593</u>	<u>1,287,593</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 325,519</u>	<u>\$ 1,275,761</u>	<u>\$ 950,242</u>



**City of Mason City, Iowa**  
**Hotel / Motel Tax Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget to Actual**  
**For the Year Ended June 30, 2022**

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Other taxes	\$ 730,000	\$ 794,847	\$ 64,847
Miscellaneous	-	15,000	15,000
Total Revenues	<u>730,000</u>	<u>809,847</u>	<u>79,847</u>
Expenditures			
Current			
General government	<u>602,000</u>	<u>642,744</u>	<u>(40,744)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	128,000	167,103	39,103
Other Financing Sources (Uses)			
Transfers out	<u>(70,000)</u>	<u>(70,000)</u>	<u>-</u>
Net Change in Fund Balances	58,000	97,103	39,103
Fund Balances, July 1	<u>7,999</u>	<u>7,999</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 65,999</u>	<u>\$ 105,102</u>	<u>\$ 39,103</u>

City of Mason City, Iowa  
 Medical Costs Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget to Actual  
 For the Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Property taxes	\$ 306,878	\$ 303,945	\$ (2,933)
Other taxes	6,888	6,794	(94)
Use of money and property	-	16	16
Total Revenues	<u>313,766</u>	<u>310,755</u>	<u>(3,011)</u>
Expenditures			
Current			
Public safety	<u>300,000</u>	<u>228,980</u>	<u>71,020</u>
Net Change in Fund Balances	13,766	81,775	68,009
Fund Balances, July 1	<u>461,821</u>	<u>461,821</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 475,587</u></u>	<u><u>\$ 543,596</u></u>	<u><u>\$ 68,009</u></u>

City of Mason City, Iowa  
 Police Retirement Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget to Actual  
 For the Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Property taxes	\$ 838,007	\$ 828,413	\$ (9,594)
Other taxes	18,810	18,554	(256)
Use of money and property	40,000	56,452	16,452
Total Revenues	<u>896,817</u>	<u>903,419</u>	<u>6,602</u>
Expenditures			
Current			
Public safety	<u>859,225</u>	<u>891,213</u>	<u>(31,988)</u>
Net Change in Fund Balances	37,592	12,206	(25,386)
Fund Balances, July 1	<u>3,048,183</u>	<u>3,048,183</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 3,085,775</u>	<u>\$ 3,060,389</u>	<u>\$ (25,386)</u>

City of Mason City, Iowa  
 Fire Retirement Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget to Actual  
 For the Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Property taxes	\$ 533,916	\$ 527,757	\$ (6,159)
Other taxes	11,985	11,822	(163)
Use of money and property	30,000	53,170	23,170
Total Revenues	<u>575,901</u>	<u>592,749</u>	<u>16,848</u>
Expenditures			
Current			
Public safety	<u>551,950</u>	<u>612,045</u>	<u>(60,095)</u>
Net Change in Fund Balances	23,951	(19,296)	(43,247)
Fund Balances, July 1	<u>2,635,418</u>	<u>2,635,418</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 2,659,369</u>	<u>\$ 2,616,122</u>	<u>\$ (43,247)</u>

City of Mason City, Iowa  
Employee Retirement Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget to Actual  
For the Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Property taxes	\$ 646,997	\$ 636,513	\$ (10,484)
Other taxes	14,524	14,325	(199)
Total Revenues	<u>661,521</u>	<u>650,838</u>	<u>(10,683)</u>
Expenditures			
Current			
General government	190,052	171,711	18,341
Public safety	192,379	217,438	(25,059)
Public works	64,127	60,740	3,387
Health and social	11,239	11,031	208
Culture and recreation	131,782	135,194	(3,412)
Community and economic development	42,917	54,044	(11,127)
Total Expenditures	<u>632,496</u>	<u>650,158</u>	<u>(17,662)</u>
Net Change in Fund Balances	29,025	680	(28,345)
Fund Balances, July 1	<u>144,617</u>	<u>144,617</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 173,642</u>	<u>\$ 145,297</u>	<u>\$ (28,345)</u>

City of Mason City, Iowa  
Library Trust Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget to Actual  
For the Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Use of money and property	\$ 10,800	\$ 9,521	\$ (1,279)
Miscellaneous	53,500	44,681	(8,819)
Total Revenues	<u>64,300</u>	<u>54,202</u>	<u>(10,098)</u>
Expenditures			
Current			
Culture and recreation	<u>99,102</u>	<u>89,083</u>	<u>10,019</u>
Net Change in Fund Balances	(34,802)	(34,881)	(79)
Fund Balances, July 1	<u>616,973</u>	<u>616,973</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 582,171</u>	<u>\$ 582,092</u>	<u>\$ (79)</u>

City of Mason City, Iowa  
 Mason City Downtown Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget to Actual  
 For the Year Ended June 30, 2022

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Taxes			
Tax increment	\$ 628,000	\$ 677,773	\$ 49,773
Other taxes	36,000	-	(36,000)
Miscellaneous	100,000	-	(100,000)
Total Revenues	<u>764,000</u>	<u>677,773</u>	<u>(86,227)</u>
Expenditures			
Current			
Community and economic development	<u>180,000</u>	<u>8,999</u>	<u>171,001</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	584,000	668,774	84,774
Other Financing Sources (Uses)			
Transfers out	<u>(841,779)</u>	<u>(939,378)</u>	<u>(97,599)</u>
Net Change in Fund Balances	(257,779)	(270,604)	(12,825)
Fund Balances, July 1	<u>243,228</u>	<u>243,228</u>	<u>-</u>
Fund Balances, June 30	<u>\$ (14,551)</u>	<u>\$ (27,376)</u>	<u>\$ (12,825)</u>

City of Mason City, Iowa  
 Southside Gateway Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget to Actual  
 For the Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Tax increment	<u>\$ 74,269</u>	<u>\$ 79,561</u>	<u>\$ 5,292</u>
Expenditures			
Current			
Community and economic development	<u>-</u>	<u>3,385</u>	<u>(3,385)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	74,269	76,176	8,677
Other Financing Sources (Uses)			
Transfers out	<u>-</u>	<u>(112,826)</u>	<u>(112,826)</u>
Net Change in Fund Balances	74,269	(36,650)	(110,919)
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 74,269</u></u>	<u><u>\$ (36,650)</u></u>	<u><u>\$ (110,919)</u></u>



**City of Mason City, Iowa**  
 City Administered Grants Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget to Actual  
 For the Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Intergovernmental	<u>\$ 1,755,479</u>	<u>\$ 15,000</u>	<u>\$ (1,740,479)</u>
Expenditures			
Current			
Community and economic development	<u>2,145,479</u>	<u>47,057</u>	<u>2,098,422</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(390,000)</u>	<u>(32,057)</u>	<u>357,943</u>
Other Financing Sources (Uses)			
Transfers in	-	31,504	31,504
Transfers out	<u>-</u>	<u>(21,356)</u>	<u>(21,356)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>10,148</u>	<u>10,148</u>
Net Change in Fund Balances	(390,000)	(21,909)	368,091
Fund Balances, July 1	<u>21,356</u>	<u>21,356</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ (368,644)</u></u>	<u><u>\$ (553)</u></u>	<u><u>\$ 368,091</u></u>

City of Mason City, Iowa  
Housing Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget to Actual  
For the Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Intergovernmental	\$ 165,875	\$ 165,555	\$ (320)
Miscellaneous	-	2,390	2,390
Total Revenues	<u>165,875</u>	<u>167,945</u>	<u>2,070</u>
Expenditures			
Current			
Community and economic development	<u>165,875</u>	<u>110,996</u>	<u>54,879</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	56,949	56,949
Other Financing Sources (Uses)			
Transfers in	<u>-</u>	<u>5,000</u>	<u>5,000</u>
Net Change in Fund Balances	-	61,949	61,949
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u>\$ -</u>	<u>\$ 61,949</u>	<u>\$ 61,949</u>

City of Mason City, Iowa  
 Softball Improvement Trust Special Revenue Fund  
 Schedule of Revenues, Expenditures and Changes in Fund Balance -  
 Budget to Actual  
 For the Year Ended June 30, 2022

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Taxes			
Special assessments	\$ 3,700	\$ 1,520	\$ (2,180)
Miscellaneous	14,500	5,271	(9,229)
Total Revenues	<u>18,200</u>	<u>6,791</u>	<u>(11,409)</u>
Expenditures			
Current			
Culture and recreation	17,200	12,371	4,829
Capital outlay			
Culture and recreation	1,000	2,350	(1,350)
Total Expenditures	<u>18,200</u>	<u>14,721</u>	<u>3,479</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(7,930)	(7,930)
Other Financing Sources (Uses)			
Transfers in	-	8,841	8,841
Net Change in Fund Balances	-	911	911
Fund Balances, July 1	<u>(1,343)</u>	<u>(1,343)</u>	<u>-</u>
Fund Balances, June 30	<u>\$ (1,343)</u>	<u>\$ (432)</u>	<u>\$ 911</u>

City of Mason City, Iowa  
Youth Softball Complex Trust Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance -  
Budget to Actual  
For the Year Ended June 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Special assessments	\$ 6,000	\$ 14,974	\$ 8,974
Use of money and property	-	12	12
Miscellaneous	23,000	26,141	3,141
Total Revenues	<u>29,000</u>	<u>41,127</u>	<u>12,127</u>
Expenditures			
Current			
Culture and recreation	25,700	24,428	1,272
Capital outlay			
Culture and recreation	3,300	5,644	(2,344)
Total Expenditures	<u>29,000</u>	<u>30,072</u>	<u>(1,072)</u>
Net Change in Fund Balances	-	11,055	11,055
Fund Balances, July 1	<u>82,277</u>	<u>82,277</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 82,277</u></u>	<u><u>\$ 93,332</u></u>	<u><u>\$ 11,055</u></u>

City of Mason City, Iowa  
 Nonmajor Capital Projects Funds  
 Combining Balance Sheet  
 June 30, 2022

	121	320	325	
	Local Option Sales Tax	G.O. Capital Projects	LOSST Capital Projects	Total
<b>Assets</b>				
Cash and investments	\$ 2,069,377	\$ -	\$ -	\$ 2,069,377
Receivables				
Interest	662	-	-	662
Due from other governments	207,660	-	-	207,660
	<u>2,277,699</u>	<u>-</u>	<u>-</u>	<u>2,277,699</u>
<b>Total Assets</b>	<b><u>\$ 2,277,699</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,277,699</u></b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 226,379	\$ 8,000	\$ 234,379
<b>Fund Balances</b>				
Restricted	2,277,699	-	-	2,277,699
Unassigned	-	(226,379)	(8,000)	(234,379)
<b>Total Fund Balances</b>	<b><u>2,277,699</u></b>	<b><u>(226,379)</u></b>	<b><u>(8,000)</u></b>	<b><u>2,043,320</u></b>
	<u>\$ 2,277,699</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,277,699</u>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 2,277,699</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 2,277,699</u></b>

City of Mason City, Iowa  
 Nonmajor Capital Projects Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the Year Ended June 30, 2022

	<b>121</b>	<b>320</b>	<b>325</b>	
	Local Option Sales Tax	G.O. Capital Projects	LOSST Capital Projects	Total
Revenues				
Taxes				
Local option sales tax	\$ 2,503,795	\$ -	\$ -	\$ 2,503,795
Use of money and property	66,792	-	-	66,792
Miscellaneous	173,304	-	-	173,304
Total Revenues	<u>2,743,891</u>	<u>-</u>	<u>-</u>	<u>2,743,891</u>
Expenditures				
Capital outlay				
Public works	382,800	226,379	8,000	617,179
Culture and recreation	370,081	-	-	370,081
Total Expenditures	<u>752,881</u>	<u>226,379</u>	<u>8,000</u>	<u>987,260</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,991,010	(226,379)	(8,000)	1,756,631
Other Financing Sources (Uses)				
Transfers out	<u>(2,059,960)</u>	<u>-</u>	<u>-</u>	<u>(2,059,960)</u>
Net Change in Fund Balances	(68,950)	(226,379)	(8,000)	(303,329)
Fund Balances, July 1	<u>2,346,649</u>	<u>-</u>	<u>-</u>	<u>2,346,649</u>
Fund Balances, June 30	<u>\$ 2,277,699</u>	<u>\$ (226,379)</u>	<u>\$ (8,000)</u>	<u>\$ 2,043,320</u>

City of Mason City, Iowa  
 Nonmajor Premanent Funds  
 Combining Balance Sheet  
 June 30, 2022

	<b>500</b>	<b>520</b>	
	Cemetary Prepetual Care	Museum Trust	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Assets			
Cash and investments	\$ 616,538	\$ 1,096,744	\$ 1,713,282
Receivables			
Interest	467	1,082	1,549
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 617,005</u>	<u>\$ 1,097,826</u>	<u>\$ 1,714,831</u>
Fund Balances			
Nonspendable	\$ -	\$ 633,638	\$ 633,638
Restricted	617,005	464,188	1,081,193
	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>\$ 617,005</u>	<u>\$ 1,097,826</u>	<u>\$ 1,714,831</u>

City of Mason City, Iowa  
 Nonmajor Premanent Funds  
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 For the Year Ended June 30, 2022

	<b>500</b>	<b>520</b>	
	Cemetary Prepetual Care	Museum Trust	Total
Revenues			
Charges for services	\$ 11,938	\$ -	\$ 11,938
Use of money and property	3	4,668	4,671
Miscellaneous	-	46,423	46,423
Total Revenues	<u>11,941</u>	<u>51,091</u>	<u>63,032</u>
Other Financing Sources (Uses)			
Transfers out	-	(23,725)	(23,725)
Net Change in Fund Balances	11,941	27,366	39,307
Fund Balances, July 1	<u>605,064</u>	<u>1,070,460</u>	<u>1,675,524</u>
Fund Balances, June 30	<u>\$ 617,005</u>	<u>\$ 1,097,826</u>	<u>\$ 1,714,831</u>



City of Mason City, Iowa  
Internal Service Funds  
Combining Statement of Net Position  
June 30, 2022

	<b>800</b>	<b>820</b>	
	Employee Health care	Central Services	Total
<b>Assets</b>			
<b>Current Assets</b>			
Cash and investments	\$ 2,176,164	\$ 5,442	\$ 2,181,606
Receivables			
Interest	904	-	904
Property taxes	12,638	-	12,638
Succeeding year property taxes	1,806,596	-	1,806,596
Prepaid items	-	244	244
Total Current Assets	<u>3,996,302</u>	<u>5,686</u>	<u>4,001,988</u>
<b>Capital Assets</b>			
Machinery and equipment	-	309,338	309,338
Improvements	-	21,546	21,546
Less accumulated depreciation	-	(171,790)	(171,790)
Total Capital Assets	<u>-</u>	<u>159,094</u>	<u>159,094</u>
Total Assets	<u>3,996,302</u>	<u>164,780</u>	<u>4,161,082</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts payable	598,643	100	598,743
Accrued salaries payable	-	10,500	10,500
Compensated absences	-	8,812	8,812
Total Current Liabilities	<u>598,643</u>	<u>19,412</u>	<u>618,055</u>
<b>Noncurrent Liabilities</b>			
Compensated absences	-	4,917	4,917
Total Liabilities	<u>598,643</u>	<u>24,329</u>	<u>622,972</u>
<b>Deferred Inflows of Resources</b>			
Succeeding year property taxes	<u>1,806,596</u>	<u>-</u>	<u>1,806,596</u>
<b>Net Position</b>			
Net investment in capital assets	-	159,094	159,094
Unrestricted	<u>1,591,063</u>	<u>(18,643)</u>	<u>1,572,420</u>
Total Net Position	<u>\$ 1,591,063</u>	<u>\$ 140,451</u>	<u>\$ 1,731,514</u>

City of Mason City, Iowa  
Internal Service Funds  
Combining Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended June 30, 2022

	<b>800</b> Employee Health care	<b>820</b> Central Services	Total
Operating Revenues			
Charges for services	\$ -	\$ 278,678	\$ 278,678
Health insurance contributions	3,948,265	-	3,948,265
Total Operating Revenues	<u>3,948,265</u>	<u>278,678</u>	<u>4,226,943</u>
Operating Expenses			
Personal services	-	221,574	221,574
Supplies and maintenance	11,113	42,582	53,695
Medical and dental claims	4,067,960	-	4,067,960
Other services and charges	-	8,591	8,591
Depreciation	-	23,045	23,045
Total Operating Expenses	<u>4,079,073</u>	<u>295,792</u>	<u>4,374,865</u>
Operating Income (Loss)	<u>(130,808)</u>	<u>(17,114)</u>	<u>(147,922)</u>
Nonoperating Revenues			
Property taxes	1,321,245	-	1,321,245
Other taxes	29,444	-	29,444
Use of money and property	41,818	-	41,818
Other income	134,905	-	134,905
Total Nonoperating Revenues	<u>1,527,412</u>	<u>-</u>	<u>1,527,412</u>
Income (Loss) Before Transfers	1,396,604	(17,114)	1,379,490
Transfers Out	<u>(1,300,000)</u>	<u>-</u>	<u>(1,300,000)</u>
Change in Net Position	96,604	(17,114)	79,490
Net Position, July 1	<u>1,494,459</u>	<u>157,565</u>	<u>1,652,024</u>
Net Position, June 30	<u>\$ 1,591,063</u>	<u>\$ 140,451</u>	<u>\$ 1,731,514</u>

City of Mason City, Iowa  
Internal Service Funds  
Combining Statement of Cash Flows  
For the Year Ended June 30, 2022

	<b>800</b> Employee Health care	<b>820</b> Central Services	Total
<b>Cash Flows from Operating Activities</b>			
Receipts from interfund services provided	\$ 3,948,265	\$ 278,678	\$ 4,226,943
Other receipts	134,905	-	134,905
Payments to vendors and suppliers	(4,333,001)	(52,977)	(4,385,978)
Payments to and on behalf of employees	-	(221,425)	(221,425)
Net Cash Provided (Used) by Operating Activities	<u>(249,831)</u>	<u>4,276</u>	<u>(245,555)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers out	(1,300,000)	-	(1,300,000)
(Increase) decrease in due from other funds	300,281	-	300,281
Property taxes received	1,352,636	-	1,352,636
Net Cash Provided by Noncapital Financing Activities	<u>352,917</u>	<u>-</u>	<u>352,917</u>
<b>Cash Flows from Investing Activities</b>			
Interest received on investments	41,818	-	41,818
Net Increase (Decrease) in Cash and Cash Equivalents	144,904	4,276	149,180
Cash and Cash Equivalents, July 1	<u>2,031,260</u>	<u>1,166</u>	<u>2,032,426</u>
Cash and Cash Equivalents, June 30	<u>\$ 2,176,164</u>	<u>\$ 5,442</u>	<u>\$ 2,181,606</u>
<b>Reconciliation of Operating Income (Loss) to</b>			
Net Cash Provided by Operating Activities			
Operating income (loss)	\$ (130,808)	\$ (17,114)	\$ (147,922)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Other income related to operations	134,905	-	134,905
Depreciation	-	23,045	23,045
(Increase) decrease in assets			
Prepaid items	-	10	10
Increase (decrease) in liabilities			
Accounts payable	(253,928)	(1,814)	(255,742)
Accrued salaries payable	-	149	149
Net Cash Provided (Used) by Operating Activities	<u>\$ (249,831)</u>	<u>\$ 4,276</u>	<u>\$ (245,555)</u>

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STATISTICAL SECTION  
(UNAUDITED)

CITY OF MASON CITY  
MASON CITY, IOWA

FOR THE YEAR ENDED  
JUNE 30, 2022

City of Mason City, Iowa  
Net Position by Component  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
<b>Governmental Activities</b>					
Net investment in capital assets	\$ 94,244,550	\$ 88,686,867	\$ 90,438,337	\$ 73,970,246	\$ 89,707,598
Restricted	23,479,902	2,125,806	1,986,332	23,488,941	1,743,138
Unrestricted	(22,369,804)	(5,148,251)	(11,616,038)	(2,324,177)	6,742,339
Total Governmental Activities Net Position	<u>95,354,648</u>	<u>85,664,422</u>	<u>80,808,631</u>	<u>95,135,010</u>	<u>98,193,075</u>
<b>Business-type Activities</b>					
Net investment in capital assets	59,863,200	57,668,962	56,662,601	57,410,331	56,757,952
Restricted	-	-	-	-	2,749,609
Unrestricted	8,311,171	8,748,963	5,227,088	2,359,227	(165,251)
Total Business-type Activities Net Position	<u>68,174,371</u>	<u>66,417,925</u>	<u>61,889,689</u>	<u>59,769,558</u>	<u>59,342,310</u>
<b>Primary Government</b>					
Net investment in capital assets	154,107,750	146,355,829	147,100,938	131,380,577	146,465,550
Restricted	23,479,902	2,125,806	1,986,332	23,488,941	4,492,747
Unrestricted	(14,058,633)	3,600,712	(6,388,950)	35,050	6,577,088
Total Primary Government Net Position	<u>\$ 163,529,019</u>	<u>\$ 152,082,347</u>	<u>\$ 142,698,320</u>	<u>\$ 154,904,568</u>	<u>\$ 157,535,385</u>

Source: Financial Statements

**Table 1**

Fiscal Year				
2017	2016	2015	2014	2013
\$ 90,307,081	\$ 86,127,886	\$ 84,727,602	\$ 88,920,358	\$ 88,508,650
1,686,875	1,533,460	1,512,350	1,332,657	1,301,942
6,567,726	11,079,651	11,111,707	20,189,874	21,859,057
<u>98,561,682</u>	<u>98,740,997</u>	<u>97,351,659</u>	<u>110,442,889</u>	<u>111,669,649</u>
54,903,077	53,212,613	49,472,024	49,736,029	47,268,020
2,719,918	2,783,610	2,861,234	2,854,605	2,854,934
(330,714)	(579,255)	1,324,665	2,963,829	4,731,482
<u>57,292,281</u>	<u>55,416,968</u>	<u>53,657,923</u>	<u>55,554,463</u>	<u>54,854,436</u>
145,210,158	139,340,499	134,199,626	138,656,387	135,776,670
4,406,793	4,317,070	4,373,584	4,187,262	4,156,876
6,237,012	10,500,396	12,436,372	23,153,703	26,590,539
<u>\$ 155,853,963</u>	<u>\$ 154,157,965</u>	<u>\$ 151,009,582</u>	<u>\$ 165,997,352</u>	<u>\$ 166,524,085</u>

City of Mason City, Iowa  
Changes in Net Position  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
<b>Expenses</b>					
<b>Governmental Activities</b>					
General government	\$ 4,073,039	\$ 2,991,173	\$ 3,383,662	\$ 2,884,048	\$ 2,691,821
Public safety	9,131,740	11,718,887	10,957,695	11,127,573	11,480,697
Public works	10,486,854	11,367,141	10,312,487	9,574,719	9,106,466
Health and social services	378,880	515,411	411,439	401,381	391,249
Culture and recreation	4,872,161	4,934,891	4,694,894	4,522,392	4,416,702
Community and economic development	4,211,814	3,912,220	17,929,749	7,670,240	2,326,652
Interest on long-term debt	1,468,642	1,255,332	1,318,715	809,206	600,722
Total Governmental Activities Expenses	<u>34,623,130</u>	<u>36,695,055</u>	<u>49,008,641</u>	<u>36,989,559</u>	<u>31,014,309</u>
<b>Business-type Activities</b>					
Water	6,313,249	5,790,532	5,220,900	5,513,438	4,953,457
Sewer	4,089,580	3,860,404	3,863,136	4,047,256	3,914,179
Ambulance	1,677,886	2,442,905	2,162,857	2,103,937	2,021,967
Cemetery	464,265	444,609	384,870	368,898	390,888
Storm sewer	251,440	230,236	216,945	231,183	205,456
Sold waste	1,859,634	1,650,409	1,529,463	1,507,834	1,406,757
Golf course	434,763	524,476	451,683	468,268	436,977
Parking lots	77,267	121,032	135,022	126,024	126,708
RCR Arena	1,225,007	540,683	269,799	-	-
Total Business-type Activities Expenses	<u>16,393,091</u>	<u>15,605,286</u>	<u>14,234,675</u>	<u>14,366,838</u>	<u>13,456,389</u>
Total Primary Government Expenses	<u>\$ 51,016,221</u>	<u>\$ 52,300,341</u>	<u>\$ 63,243,316</u>	<u>\$ 51,356,397</u>	<u>\$ 44,470,698</u>
<b>Program Revenues</b>					
<b>Governmental Activities</b>					
<b>Charges for services</b>					
General government	\$ -	-	-	-	\$ 330,740
Public safety	934,237	507,259	472,643	382,540	342,490
Public works	768,481				
Health and social services	31,421				
Culture and recreation	949,652	134,103	80,072	69,662	529,384
Community and economic development	586				
Other activities		790,110	872,446	1,038,401	186,455
Operating grants and contributions	2,259,186	9,115,987	5,176,790	5,392,457	5,230,279
Capital grants and contributions	6,005,701	3,261,853	1,260,562	1,005,405	1,359,323
Total Governmental Activities Program Revenues	<u>10,949,264</u>	<u>13,809,312</u>	<u>7,862,513</u>	<u>7,888,465</u>	<u>7,978,671</u>



**Table 2**

		Fiscal Year							
		2017	2016	2015	2014	2013			
\$	2,683,181	\$	2,506,268	\$	2,518,372	\$	2,485,932	\$	2,357,531
	11,199,350		10,754,469		10,241,427		10,446,427		9,943,882
	8,485,842		9,511,930		10,250,497		8,903,627		7,553,058
	390,046		413,573		439,606		511,107		1,790,824
	4,149,309		4,258,749		4,149,775		4,177,101		3,248,655
	2,717,656		2,054,156		2,289,522		2,370,711		3,743,098
	623,661		686,189		755,292		736,324		863,232
	<u>30,249,045</u>		<u>30,185,334</u>		<u>30,644,491</u>		<u>29,631,229</u>		<u>29,500,280</u>
	5,146,266		5,193,904		4,975,418		5,092,230		5,154,341
	3,725,216		3,739,623		3,749,185		3,741,731		3,905,597
	2,017,871		1,907,191		1,721,519		1,721,519		1,526,010
	352,923		356,153		311,137		325,879		332,576
	192,538		189,771		166,928		204,436		188,616
	1,384,561		1,337,596		1,439,651		1,402,968		1,317,928
	457,069		467,724		445,611		446,921		435,999
	141,304		134,594		128,181		136,465		125,823
	-		-		-		-		-
	<u>13,417,748</u>		<u>13,326,556</u>		<u>12,937,630</u>		<u>13,072,149</u>		<u>12,986,890</u>
\$	<u>43,666,793</u>	\$	<u>43,511,890</u>	\$	<u>43,582,121</u>	\$	<u>42,703,378</u>	\$	<u>42,487,170</u>
\$	348,218	\$	372,314	\$	344,976	\$	304,320	\$	364,171
	336,785		809,878		354,664		422,028		417,633
	537,921		558,680		542,348		495,266		481,665
	237,072		240,179		175,344		188,867		328,260
	4,969,902		4,638,840		4,357,766		3,957,726		4,679,847
	1,425,444		2,139,435		1,387,300		2,531,898		6,022,423
	<u>7,855,342</u>		<u>8,759,326</u>		<u>7,162,398</u>		<u>7,900,105</u>		<u>12,293,999</u>

City of Mason City, Iowa  
Changes in Net Position (Continued)  
Last Ten Fiscal Years  
(Accrual Basis of Accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
Program Revenues (Continued)					
Business-type Activities					
Charges for services					
Water	\$ 7,054,308	\$ 6,676,613	\$ 6,256,701	\$ 5,864,705	\$ 6,174,746
Sewer	4,919,133	4,732,656	4,616,733	4,714,109	4,677,780
Ambulance	2,666,612	-	-	-	-
Cemetery	229,785	-	-	-	-
Storm sewer	437,114	-	-	-	-
Sold waste	1,786,665	-	-	-	-
Golf course	478,951	-	-	-	-
Parking lots	33,663	-	-	-	-
RCR Arena	163,211	-	-	-	-
Other activities	-	5,168,237	4,801,700	4,126,819	3,969,041
Operating grants and contributions	474,656	73,500	643,684	170,878	-
Capital grants and contributions	246,704	-	-	133,960	310,461
Total Business-type Activities Program Revenues	<u>18,490,802</u>	<u>16,651,006</u>	<u>16,318,818</u>	<u>15,010,471</u>	<u>15,132,028</u>
Total Primary Government Program Revenues	<u>\$ 29,440,066</u>	<u>\$ 30,460,318</u>	<u>\$ 24,181,331</u>	<u>\$ 22,898,936</u>	<u>\$ 23,110,699</u>
Net (Expense)/Revenue					
Governmental activities	\$ (23,673,866)	\$ (22,885,743)	\$ (41,146,128)	\$ (29,101,094)	\$ (23,035,638)
Business-type activities	2,097,711	1,045,720	2,084,143	643,633	1,675,639
Total Primary Government Net Expense	<u>\$ (21,576,155)</u>	<u>\$ (21,840,023)</u>	<u>\$ (39,061,985)</u>	<u>\$ (28,457,461)</u>	<u>\$ (21,359,999)</u>
General Revenues and Other Changes in Net Position					
Governmental Activities					
Taxes					
Property taxes, levied for general purposes	\$ 18,164,436	\$16,490,075	15,906,115	15,233,666	14,188,247
Property taxes, levied for debt service	3,324,629	-	-	-	-
Other Taxes					
Tax increments	1,548,436	2,034,793	1,681,991	1,961,441	1,318,034
Local option sales tax	6,259,486	3,703,784	2,118,739	2,867,243	3,047,432
Hotel/motel tax	826,097	587,833	742,929	753,871	696,889
Airport Passenger facility charge	36,166	-	-	-	-
Grants and contributions not restricted to specific programs	1,477,344	25,107	294,180	1,844	1,279
Use of money and property(loss)	423,008	911,618	1,111,188	1,427,195	467,468
Miscellaneous	384,942	98,134	77,704	96,351	14,184
Gain on sale of capital assets	5,700	-	-	-	-
Transfers	1,852,358	125,560	597,808	858,455	(75,385)
Total Governmental Activities	<u>34,302,602</u>	<u>23,976,904</u>	<u>22,530,654</u>	<u>23,200,066</u>	<u>19,658,148</u>
Business-type Activities					
Property taxes, levied for general purposes	182,716	1,537,844	1,482,066	1,308,598	1,270,814
Grants and contributions not restricted to specific programs	-	(170,757)	(170,316)	(164,279)	(156,448)
Unrestricted Use of money and property	23,495	146,963	263,233	269,283	44,603
Miscellaneous	-	255,191	194,412	208,508	157,165
Gain on sale of capital assets	14,996	-	-	-	-
Transfers	(1,852,358)	(125,560)	(589,973)	(858,455)	(75,385)
Total Business-type Activities	<u>(1,631,151)</u>	<u>1,643,681</u>	<u>1,179,422</u>	<u>763,655</u>	<u>1,240,749</u>
Total Primary Government	<u>\$ 32,671,451</u>	<u>\$ 25,620,585</u>	<u>\$ 23,710,076</u>	<u>\$ 23,963,721</u>	<u>\$ 20,898,897</u>
Changes in Net Position					
Governmental Activities	\$ 10,628,736	\$ 1,091,161	\$ (18,615,474)	\$ (5,901,028)	\$ (3,377,490)
Business-type Activities	466,560	2,689,401	3,263,565	1,407,288	2,916,388
Total Primary Government	<u>\$ 11,095,296</u>	<u>\$ 3,780,562</u>	<u>\$ (15,351,909)</u>	<u>\$ (4,493,740)</u>	<u>\$ (461,102)</u>

Source: Financial Statements

Table 2 (Continued)

		Fiscal Year				
2017	2016	2015	2014	2013		
\$ 5,932,570	\$ 5,813,383	\$ 5,672,000	\$ 5,526,389	\$ 5,723,723		
4,597,032	4,295,594	4,261,982	4,135,284	4,370,992		
-	-	-	-	-		
-	-	-	-	-		
-	-	-	-	-		
-	-	-	-	-		
-	-	-	-	-		
4,030,533	4,062,132	4,173,545	3,688,887	3,986,210		
7,740	-	-	-	(46,721)		
232,870	471,576	-	-	681,130		
<u>14,800,745</u>	<u>14,642,685</u>	<u>14,107,527</u>	<u>13,350,560</u>	<u>14,715,334</u>		
<u>\$ 22,656,087</u>	<u>\$ 23,402,011</u>	<u>\$ 21,269,925</u>	<u>\$ 21,250,665</u>	<u>\$ 27,009,333</u>		
\$ (22,393,703)	\$ (21,426,008)	\$ (23,482,093)	\$ (21,731,124)	\$ (17,206,281)		
1,382,997	1,316,129	1,169,897	278,411	1,728,444		
<u>\$ (21,010,706)</u>	<u>\$ (20,109,879)</u>	<u>\$ (22,312,196)</u>	<u>\$ (21,452,713)</u>	<u>\$ (15,477,837)</u>		
13,614,345	13,607,115	13,290,267	12,960,600	12,991,450		
-	-	-	-	-		
1,213,704	1,474,317	1,573,744	1,415,513	1,409,283		
2,924,260	3,850,232	2,892,998	2,551,976	2,681,986		
728,860	624,796	686,826	581,732	562,295		
-	-	-	-	-		
96,887	-	6,460	162,241	11,192		
368,943	1,013,796	682,226	641,132	233,535		
75,967	130,946	52,321	106,062	114,885		
-	-	-	-	-		
62,622	(54,818)	(121,215)	(100,378)	(53,496)		
<u>19,085,588</u>	<u>20,646,384</u>	<u>19,063,627</u>	<u>18,318,878</u>	<u>17,951,130</u>		
1,224,846	1,323,298	1,354,668	1,300,911	-		
147,450	148,886	137,372	126,798	120,001		
214,361	105,188	86,078	71,380	63,986		
193,122	134,024	164,043	123,060	76,956		
-	-	-	-	-		
(62,622)	54,818	121,215	100,378	53,496		
<u>1,717,157</u>	<u>1,766,214</u>	<u>1,863,376</u>	<u>1,722,527</u>	<u>314,439</u>		
<u>\$ 20,802,745</u>	<u>\$ 22,412,598</u>	<u>\$ 20,927,003</u>	<u>\$ 20,041,405</u>	<u>\$ 18,265,569</u>		
\$ (3,308,115)	\$ (779,624)	\$ (4,418,466)	\$ (3,412,246)	\$ 744,849		
3,100,154	3,082,343	3,033,273	2,000,938	2,042,883		
<u>\$ (207,961)</u>	<u>\$ 2,302,719</u>	<u>\$ (1,385,193)</u>	<u>\$ (1,411,308)</u>	<u>\$ 2,787,732</u>		

City of Mason City, Iowa  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
General Fund					
Nonspendable	\$ 214,952	\$ 182,464	\$ 173,670	\$ 155,281	\$ 165,990
Restricted	970,041	783,614	643,272	615,001	669,691
Assigned	828,626	1,233,276	721,468	837,357	578,860
Unassigned	<u>10,616,365</u>	<u>8,658,060</u>	<u>5,531,846</u>	<u>4,746,555</u>	<u>4,318,537</u>
Total General Fund	<u>\$ 12,629,984</u>	<u>\$ 10,857,414</u>	<u>\$ 7,070,256</u>	<u>\$ 6,354,194</u>	<u>\$ 5,733,078</u>
All Other Governmental Funds					
Nonspendable	\$ 713,807	\$ 651,067	\$ 649,596	\$ 649,198	\$ 648,345
Restricted	25,675,772	16,626,440	13,429,444	21,487,577	9,826,300
Assigned	1,722,850	1,793,772	1,517,685	1,457,329	1,346,304
Unassigned	<u>(299,390)</u>	<u>20,012</u>	<u>422,773</u>	<u>286,983</u>	<u>961,675</u>
Total All Other Governmental Funds	<u>\$ 27,813,039</u>	<u>\$ 19,091,291</u>	<u>\$ 16,019,498</u>	<u>\$ 23,881,087</u>	<u>\$ 12,782,624</u>

Source: Financial Statements

**Table 3**

Fiscal Year				
2017	2016	2015	2014	2013
\$ 154,615	\$ 139,659	\$ 150,431	\$ 150,177	\$ 143,958
764,810	902,107	1,041,256	1,159,526	1,214,910
555,113	1,340,521	244,094	209,235	144,553
3,807,449	4,477,546	5,531,032	4,182,542	5,542,781
<u>\$ 5,281,987</u>	<u>\$ 6,859,833</u>	<u>\$ 6,966,813</u>	<u>\$ 5,701,480</u>	<u>\$ 7,046,202</u>
\$ 706,119	\$ 573,521	\$ 547,542	\$ 797,680	\$ 646,753
9,385,578	11,657,353	12,698,720	13,572,250	12,960,704
1,311,686	1,199,497	1,154,724	1,394,529	1,062,246
259,100	88,029	32,253	3,922,831	242,382
<u>\$ 11,662,483</u>	<u>\$ 13,518,400</u>	<u>\$ 14,433,239</u>	<u>\$ 19,687,290</u>	<u>\$ 14,912,085</u>

City of Mason City, Iowa  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year				
	2022	2021	2020	2019	2018
<b>Revenues</b>					
Taxes	\$ 28,741,925	\$ 25,349,889	\$ 23,666,702	\$ 22,762,871	\$ 21,094,400
Special assessments	34,487	17,133	12,981	15,996	16,622
Licenses and permits	8,515	661,865	703,669	617,470	559,895
Intergovernmental revenue	9,127,436	11,160,811	6,148,561	5,848,277	5,893,042
Charges for services	1,382,833	672,767	659,145	809,729	761,359
Fines and forfeits	48,475	79,707	49,366	47,708	51,193
Use of money and property	381,190	853,403	1,055,724	1,358,680	473,217
Refunds	105,990	140,673	2,342	4,295	5,112
Miscellaneous	1,304,081	891,135	726,980	732,328	712,928
<b>Total Revenues</b>	<b>41,134,932</b>	<b>39,827,383</b>	<b>33,025,470</b>	<b>32,197,354</b>	<b>29,567,768</b>
<b>Expenditures</b>					
General government	3,018,955	2,543,243	3,087,109	2,737,217	2,613,006
Public safety	11,921,140	10,782,049	10,424,238	10,607,328	11,159,565
Public works	1,205,544	4,251,672	4,034,783	4,289,697	4,011,891
Health and social services	389,456	416,585	372,354	379,095	374,804
Culture and recreation	3,710,544	3,319,691	3,323,169	3,362,668	3,300,474
Community and economic development	2,344,347	3,588,200	2,291,716	2,055,858	2,224,006
Capital outlay	17,912,414	7,644,944	22,022,560	14,787,630	5,748,868
Debt service					
Principal	4,292,304	4,269,000	3,219,000	8,134,000	3,299,000
Interest	1,378,428	1,185,055	1,268,535	574,358	545,933
Bond issuance costs	146,930	74,993	48,680	179,050	57,654
<b>Total Expenditures</b>	<b>46,320,062</b>	<b>38,075,432</b>	<b>50,092,144</b>	<b>47,106,901</b>	<b>33,335,201</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(5,185,130)</b>	<b>1,751,951</b>	<b>(17,066,674)</b>	<b>(14,909,547)</b>	<b>(3,767,433)</b>
<b>Other Financing Sources (Uses)</b>					
Sale of capital assets	129,406	6,591,535	4,049,108	3,933,607	2,590,109
Transfers in	6,647,310	(5,428,861)	(2,411,300)	(2,175,152)	(1,808,777)
Transfers out	(3,494,952)	4,665,000	7,920,000	25,725,000	3,020,000
Bonds issued	10,967,850	124,873	91,650	495,055	93,324
Premium on bonds issued	247,707	-	-	-	-
Discount on bonds issued	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>14,497,321</b>	<b>5,952,547</b>	<b>9,649,458</b>	<b>27,978,510</b>	<b>3,894,656</b>
<b>Net Change in Fund Balances</b>	<b>\$ 9,312,191</b>	<b>\$ 7,704,498</b>	<b>\$ (7,417,216)</b>	<b>\$ 13,068,963</b>	<b>\$ 127,223</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>16.75%</b>	<b>18.17%</b>	<b>10.17%</b>	<b>22.35%</b>	<b>13.67%</b>

Source: Financial Statements

\* The capital outlay is broken down in the ACFR's by function of government but consolidated on this table.

**Table 4**

Fiscal Year				
2017	2016	2015	2014	2013
\$ 20,464,382	\$ 20,820,512	\$ 20,386,685	\$ 19,219,665	\$ 19,456,772
16,125	17,561	22,988	20,662	34,981
571,825	594,415	580,014	513,516	587,652
5,912,079	6,025,276	5,207,187	6,043,361	10,176,181
834,127	894,300	754,598	708,049	889,012
37,919	74,775	59,722	71,074	80,084
361,485	984,474	660,836	629,500	252,129
10,048	27,189	11,077	25,555	53,316
712,928	917,396	643,736	751,594	997,852
<u>28,920,918</u>	<u>30,355,898</u>	<u>28,326,843</u>	<u>27,982,976</u>	<u>32,527,979</u>
2,580,027	2,438,650	2,454,268	2,338,806	2,200,056
10,092,328	10,309,925	10,068,835	9,461,048	8,936,006
3,665,692	3,429,410	3,488,692	3,388,778	3,174,323
374,330	398,199	439,271	491,775	734,159
3,110,549	3,222,303	3,184,421	3,061,843	3,396,606
2,643,901	2,825,572	2,228,117	2,826,482	5,490,905
8,447,797	6,355,203	4,103,833	4,851,153	6,120,323
3,425,000	3,330,000	3,446,922	3,024,646	3,342,294
587,989	653,668	693,901	710,057	818,835
42,211	37,374	62,138	30,408	52,780
<u>34,969,824</u>	<u>33,000,304</u>	<u>30,170,398</u>	<u>30,184,996</u>	<u>34,266,287</u>
<u>(6,048,906)</u>	<u>(2,644,406)</u>	<u>(1,843,555)</u>	<u>(2,202,020)</u>	<u>(1,738,308)</u>
2,852,026	2,505,126	2,488,068	-- 1,754,526	2,921,668
(1,989,404)	(2,359,944)	(2,309,238)	(2,354,904)	(2,975,164)
1,410,000	1,335,000	3,185,000	895,000	1,325,000
379	30,853	128,026	24,165	(12,485)
-	-	-	-	890,000
-	-	-	-	(860,000)
-	-	-	-	(2,535,000)
<u>2,273,001</u>	<u>1,511,035</u>	<u>3,491,856</u>	<u>(1,435,739)</u>	<u>(1,245,981)</u>
<u>\$ (3,775,905)</u>	<u>\$ (1,133,371)</u>	<u>\$ 1,648,301</u>	<u>\$ (3,637,759)</u>	<u>\$ (2,984,289)</u>
15.31%	15.09%	15.84%	14.84%	16.48%

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City of Mason City, Iowa  
 Governmental Activities Tax Revenues by Source  
 Last Ten Fiscal Years  
 (Accrual Basis of Accounting)

**Table 5**

Fiscal Year	Property Taxes		Tax Increments	Local Option Sales Tax	Hotel-Motel Tax	Airport Passanger Facility Charge	Total
	Levied for General Purposes	Levied for Debt Service					
2022	\$ 18,164,436	\$ 3,324,629	\$ 1,548,436	\$ 6,259,486	\$ 826,097	\$ 36,166	\$ 30,159,250
2021	16,490,075	-	2,034,793	3,703,784	587,833	-	22,816,485
2020	15,906,115	-	1,681,991	2,118,739	742,929	-	20,449,774
2019	15,233,666	-	1,961,441	2,867,243	753,871	-	20,816,221
2018	14,188,247	-	1,318,034	3,047,432	696,889	-	19,250,602
2017	13,614,345	-	1,213,704	2,924,260	728,860	-	18,481,169
2016	13,607,115	-	1,474,317	3,850,232	624,796	-	19,556,460
2015	13,290,267	-	1,573,744	2,892,998	686,826	-	18,443,835
2014	12,960,600	-	1,415,513	2,551,976	581,732	-	17,509,821
2013	12,991,450	-	1,409,283	2,681,986	562,295	-	17,645,014

Source: Financial Statements

City of Mason City, Iowa  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Residential Property	Commercial Property	Industrial Property	Agriculture Property	Utilities
2022	\$ 1,437,164,860	\$ 483,684,155	\$ 116,576,320	\$ 9,837,110	\$ 177,687,621
2021	1,216,615,090	446,194,874	106,972,910	9,662,650	174,681,446
2020	1,168,132,290	448,981,605	103,658,180	13,478,120	156,987,665
2019	1,103,186,780	442,166,319	104,191,500	13,535,280	106,961,652
2018	1,098,783,110	384,732,057	106,730,550	15,291,110	70,558,190
2017	1,091,398,550	352,091,031	99,274,430	15,455,130	63,509,283
2016	1,090,626,518	385,599,158	106,395,280	18,155,250	63,978,505
2015	1,084,170,413	375,551,210	99,342,061	12,935,557	51,062,791
2014	1,090,626,518	385,599,158	106,395,280	18,155,250	63,978,505
2013	1,084,170,413	375,551,210	99,342,061	12,935,557	51,062,791

Source: City Assessor

**Note:**

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

**Table 6**

Total Taxable Assessed Value	Estimated <sup>(1)</sup> <sup>(2)</sup> Actual Taxable Value	Total Direct Tax Rate
\$ 2,224,950,066	\$2,393,667,826	14.026
1,954,126,970	1,219,248,761	17.226
1,891,237,860	1,326,806,601	15.985
1,770,041,531	1,219,655,794	16.141
1,676,095,017	1,145,774,966	16.173
1,621,728,424	1,084,921,577	16.456
1,664,754,711	1,132,555,552	16.170
1,623,062,032	1,106,330,731	16.756
1,664,754,711	1,132,555,552	15.887
1,623,062,032	1,106,330,731	16.664

City of Mason City, Iowa  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

Fiscal Year	City of Mason City				Overlapping Rates County		
	Operating	Debt Service	Retirement	Total City	Operating	Debt Service	Total County
2022	8.591	2.528	2.908	14.026	5.492	0.292	5.784
2021	8.578	2.839	2.970	17.226	5.816	0.318	6.134
2020	8.468	2.264	2.990	15.985	5.847	0.352	6.199
2019	8.489	2.313	3.026	16.141	5.847	0.352	6.200
2018	8.428	2.470	2.805	16.173	5.688	0.545	6.233
2017	8.412	2.744	2.557	16.456	5.688	0.561	6.249
2016	8.331	2.652	2.535	16.170	5.842	0.408	6.249
2015	8.379	2.905	2.567	16.756	5.833	0.403	6.236
2014	8.433	2.864	1.726	15.887	5.817	0.419	6.236
2013	8.436	3.113	2.002	16.664	5.817	0.434	6.251

Source: Cerro Gordo County Auditor

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

**Table 7**

Overlapping Rates				Total Direct Rates	Total Overlapping Rates	Total Direct and Overlapping Rates
School District			Special Districts			
Operating	Debt Service	Total School	Special Districts			
15.997	1.000	16.997	3.004	14.026	25.784	39.811
12.028	2.391	14.420	3.004	17.226	23.557	40.783
12.553	1.644	14.197	3.004	15.985	23.400	39.385
12.648	1.616	14.264	3.004	16.141	23.467	39.608
12.697	1.433	14.130	3.004	16.173	23.367	39.540
12.516	1.435	13.951	3.004	16.456	23.204	39.660
11.327	1.871	13.198	3.004	16.170	22.451	38.622
11.047	-	11.047	3.004	16.756	20.286	37.043
13.317	-	13.317	3.004	15.887	22.557	38.444
15.110	-	15.110	3.004	16.664	24.365	41.029

City of Mason City, Iowa  
Principal Property Taxpayers  
Current Year and Nine Years Ago

**Table 8**

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Golden Grain Energy LLC	\$ 28,900,710	1	1.30 %	\$ 18,917,590	2	1.17 %
MFF Mortgage Borrower 20 LLC	17,152,300	2	0.77	-		
Lehigh Portland Cement Company	15,494,050	3	0.70	16,331,181	3	1.01
The River Mason City LLC	13,263,020	4	0.60	-		
SBMC LLC (Southbridge Mall)	14,252,250	5	0.64	-		
AADG Inc.	11,689,730	6	0.53	11,617,550	5	0.72
Wal-Mart Real Estate Business Trust	13,693,540	7	0.62	11,599,630	6	0.71
Tierney Properties/Brick & Tile LLC	13,190,090	8	0.59	-		
IPE1031 REV161 LLC & IPE1030 REV172 LLC	13,855,830	9	0.62	-		
Mason City Hotel Associates LLC	13,094,700	10	0.58	-		
Interstate Power Company				45,556,308	1	2.81
Mills Fleet Farm				12,351,950	4	0.76
North Iowa Mercy				8,917,830	7	0.55
Principal Mutual Life Insurance Co.				8,863,840	8	0.55
Mason City Shopping Center, Ltd				8,500,870	9	0.52
Sunny Fresh Foods Inc.				8,275,270	10	0.51
Total	<u>\$ 154,586,220</u>		<u>6.95 %</u>	<u>\$ 150,932,019</u>		<u>9.31 %</u>

Source: City Assessor

City of Mason City, Iowa  
Property Tax Levies and Collections  
Last Ten Fiscal Years

**Table 9**

Fiscal Year Ended June 30,	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2022	\$ 17,668,314	\$ 17,656,894	99.94 %	\$ -	\$ 17,656,894	99.94 %
2021	17,211,655	16,338,318	94.93	867,483	17,205,801	99.97
2020	16,403,537	13,945,957	85.02	2,453,014	16,398,971	99.97
2019	15,677,119	15,284,729	97.50	389,025	15,673,754	99.98
2018	15,006,783	14,680,773	97.83	326,000	15,006,773	100.00
2017	14,287,266	13,945,957	97.61	338,652	14,284,609	99.98
2016	14,019,135	13,731,010	97.94	285,467	14,016,477	99.98
2015	14,405,234	14,101,474	97.89	303,742	14,405,216	100.00
2014	13,543,634	13,249,201	97.83	293,891	13,543,092	100.00
2013	13,822,521	13,488,070 *	97.58	334,441	13,822,511	100.00

Source: Cerro Gordo County Auditor

City of Mason City, Iowa  
Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-type Activities		
	General Obligation Bonds	General Obligation Tax Increment Bonds (1)	General Obligation Revenue Bonds	General Obligation Notes	Revenue Bonds
2022	\$ 18,271,974	\$ 28,251,844	\$ 7,089,222	\$ -	\$ 6,457,477
2021	39,817,467	-	6,941,001	-	8,115,167
2020	39,348,347	-	6,798,171	-	9,812,000
2019	33,977,000	-	4,073,000	-	11,381,000
2018	16,386,000	-	4,454,000	-	12,904,000
2017	16,665,000	-	5,200,000	-	14,735,000
2016	18,680,000	-	5,818,000	-	16,512,000
2015	20,675,000	-	6,785,000	-	18,231,000
2014	20,936,911	220,000	4,883,090	36,000	20,061,480
2013	23,066,557	320,000	5,928,444	123,169	21,971,273

(1) During years 2021 - 2015, Tax Increment Bonds were reported with General Obligation Bonds.



**Table 10**

<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$ 60,070,517	4.14 %	\$ 2,214
54,873,635	3.98	2,007
55,958,518	4.18	2,078
49,431,000	3.86	1,824
33,744,000	2.73	1,232
36,600,000	3.07	1,337
41,010,000	3.57	1,499
45,691,000	3.45	1,627
46,137,481	3.61	1,643
51,409,443	4.44	1,831

City of Mason City, Iowa  
Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	General Obligation Tax Increment Bonds <sup>(2)</sup>	Revenue Bonds	Less: Amounts Paid from Proprietary Revenue	Less: Amounts Available in Debt Service Fund
2022	\$ 25,361,196	\$ 28,251,844	\$ 6,457,477	\$ 13,546,699	\$ 2,986,610
2021	46,758,468	-	8,115,167	15,056,168	948,780
2020	46,146,518	-	9,812,000	16,610,171	802,369
2019	38,050,000	-	11,381,000	15,454,000	702,475
2018	20,840,000	-	12,904,000	17,358,000	431,183
2017	21,865,000	-	14,735,000	19,935,000	266,664
2016	24,498,000	-	16,512,000	22,330,000	231,420
2015	27,460,000	-	18,231,000	25,016,000	202,580
2014	25,820,001	220,000	20,061,480	24,944,570	28,884
2013	28,995,001	320,000	21,971,273	27,899,717	(10,025)

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

<sup>(1)</sup> See Table 6 for property value data.

<sup>(2)</sup> During years 2021 - 2015, Tax Increment Bonds were reported with General Obligation Bonds.

**Table 11**

Total	Percentage of Total Taxable Assessed <sup>(1)</sup> Value of Property	Per Capita
\$ 43,537,208	1.96 %	\$ 1,604
38,868,687	1.99	1,422
38,545,978	2.04	1,431
33,274,525	1.76	1,228
15,954,817	0.90	582
16,398,336	0.98	599
18,448,580	1.14	674
20,472,420	1.23	729
21,128,027	1.30	752
23,396,582	1.41	833

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City of Mason City, Iowa  
 Computation of Direct and Overlapping Governmental Activities Debt  
 June 30, 2022

**Table 12**

Governmental Unit	Debt Outstanding <sup>(1)</sup>	Estimated Percentage Applicable <sup>(2)</sup>	Estimated Share of Overlapping Debt
<b>Direct Debt</b>			
City of Mason City (1)	\$ 46,523,818	100.00 %	\$ 46,523,818
<b>Overlapping Debt (2):</b>			
Mason City Community School District	38,242,217	89.17	34,100,585
Cerro Gerdo County	3,809,750	41.00	1,561,998
North Iowa Area Community College	41,940,000	0.00	-
Total Overlapping Debt	<u>83,991,967</u>		<u>35,662,583</u>
Total Direct and Overlapping Debt	<u>\$ 130,515,785</u>		<u>\$ 82,186,401</u>

Source: Information provided by individual unit.

(1) Excluding general obligation debt reported in the Enterprise Funds

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

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

City of Mason City, Iowa  
 Legal Debt Margin Information  
 Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b>Assessed Value</b> (See Table 6)	\$ 2,224,950,066	\$ 1,954,126,970	\$ 1,891,237,860	\$ 1,770,041,531
<b>Legal Debt Limit</b> Debt limit (5% of assessed value)	111,247,503	97,706,349	94,561,893	88,502,077
<b>Debt Applicable to Limit:</b> (See Table 10)				
General Obligation Bonds	18,271,974	39,817,467	39,348,347	33,977,000
Less: Amount reserved for repayment of general obligation debt	<u>(2,986,610)</u>	<u>(948,780)</u>	<u>(802,369)</u>	<u>(702,475)</u>
<b>Total Net Debt Applicable to Limit</b>	<u>15,285,364</u>	<u>38,868,687</u>	<u>38,545,978</u>	<u>33,274,525</u>
<b>Legal Debt Margin</b>	<u>\$ 95,962,139</u>	<u>\$ 58,837,662</u>	<u>\$ 56,015,915</u>	<u>\$ 55,227,552</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	13.74%	39.78%	40.76%	37.60%

**Table 13**

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 1,676,095,017	\$ 1,621,728,424	\$ 1,664,754,711	\$ 1,623,062,032	\$ 1,664,754,711	\$ 1,623,062,032
83,804,751	81,086,421	83,237,736	81,153,102	83,237,736	81,153,102
16,386,000	16,665,000	18,680,000	20,675,000	20,936,911	23,066,557
<u>(431,183)</u>	<u>(266,664)</u>	<u>(231,420)</u>	<u>(202,580)</u>	<u>(28,884)</u>	<u>10,025</u>
<u>15,954,817</u>	<u>16,398,336</u>	<u>18,448,580</u>	<u>20,472,420</u>	<u>20,908,027</u>	<u>23,398,546</u>
<u>\$ 67,849,934</u>	<u>\$ 64,688,085</u>	<u>\$ 64,789,156</u>	<u>\$ 60,680,682</u>	<u>\$ 62,329,709</u>	<u>\$ 57,754,556</u>
19.04%	20.22%	22.16%	25.23%	25.12%	28.83%

City of Mason City, Iowa  
Pledged-Revenue Coverage  
Last Ten Fiscal Years

**Table 14**

Sewer <sup>(1)</sup>						
Year	Operating Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
2022	\$ 4,877,506	\$ 3,951,495	\$ 926,011	\$ 827,778	\$ 131,666	0.97
2021	4,851,311	2,386,172	2,465,139	671,000	120,435	3.11
2020	4,840,407	2,393,147	2,447,260	649,000	131,793	3.13
2019	4,749,793	2,451,636	2,298,157	629,000	244,800	2.63
2018	4,786,771	2,305,877	2,480,894	609,000	280,770	2.79
2017	4,695,450	2,037,107	2,658,343	590,000	280,770	3.05
2016	4,370,454	1,971,813	2,398,641	571,000	297,000	2.76
2015	4,335,092	1,978,379	2,356,713	883,000	327,360	1.95
2014	4,195,815	1,910,662	2,285,153	851,000	355,725	1.89
2013	4,374,579	1,898,650	2,475,929	824,000	383,290	2.05

Water <sup>(1)</sup>						
Year	Operating Revenues	Operating Expenses <sup>(2)</sup>	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
2022	\$ 6,993,378	\$ 6,208,119	\$ 785,259	\$ 1,874,880	\$ 114,308	0.39
2021	6,725,541	3,942,019	2,783,522	948,000	51,275	2.79
2020	6,352,552	3,508,550	2,844,002	920,000	67,375	2.88
2019	5,971,626	3,803,926	2,167,700	894,000	83,020	2.22
2018	6,250,304	3,246,149	3,004,155	867,000	98,193	3.11
2017	5,992,973	3,376,976	2,615,997	1,187,000	141,638	1.97
2016	5,858,228	3,333,041	2,525,187	1,148,000	149,038	1.95
2015	5,706,729	3,114,612	2,592,117	1,109,000	196,048	1.99
2014	5,554,001	3,223,986	2,330,015	1,071,000	221,675	1.80
2013	5,751,609	3,161,914	2,589,695	1,038,000	366,230	1.84
	5,476,898	3,164,908				

Source: City of Mason City Financial Records

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.



City of Mason City, Iowa  
Demographic and Economic Statistics  
Last Ten Fiscal Years

**Table 15**

Fiscal Year	Population <sup>(1)</sup>	Personal Income	Per Capita (2) Personal Income	Medium Age (2)	School <sup>(3)</sup> Enrollment (K-12)	Unemployment Rate <sup>(4)</sup>
2022	27,138	\$ 1,449,332,028	\$ 53,406	42	3,404	2.9 %
2021	27,338	1,377,753,000	50,397	43	3,625	8.4
2020	26,931	1,337,286,000	49,656	42	3,593	2.6
2019	27,093	1,280,767,000	47,273	43	3,639	2.9
2018	27,399	1,238,243,000	45,193	43	3,744	3.5
2017	27,366	1,191,105,000	43,525	43	3,737	3.7
2016	27,366	1,149,618,000	42,009	42	3,746	4.5
2015	28,079	1,322,633,000	47,104	44	3,725	4.8
2014	28,079	1,277,511,000	45,497	44	3,751	5.4
2013	28,079	1,157,557,000	41,225	44	3,796	6.5

Source:

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

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City of Mason City, Iowa  
Principal Employers  
Current Year and Nine Years Ago

**Table 16**

Employer	2022			2013		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Mercy One North Iowa	1,943	1	11.81 %	2,650	1	18.35 %
Curries Manufacturing Company	649	2	3.95	673	2	4.66
Mason City Schools	595	3	3.62	555	4	3.84
Good Shepard	321	4	1.95	310	7	2.15
Principal Financial Group	316	5	1.92	448		3.10
Cargill Kitchens Solutions	273	6	1.66			
City of Mason City	260	7	1.58	272	9	1.88
Smithfield	249	8	1.51			
Cerro Gordo County	238	9	1.45			
NIACC	219	10	1.33			
Hy-Vee Food Stores				562	3	3.89
Kraft Foods				278	8	1.92
Graham Manufacturing						
Wal-Mart Stores				400	6	2.77
Armour-Eckrich Meats				260	10	1.80
<b>Total</b>	<b>5,063</b>		<b>30.78 %</b>	<b>6,408</b>		<b>44.36 %</b>

**Source:**

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

City of Mason City, Iowa  
 Full-time Equivalent City Government Employees by Function  
 Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30			
	2022	2021	2020	2019
Public Safety				
Police - sworn	42.00	41.00	42.00	47.00
Police – civilian	5.00	8.00	5.00	5.00
Fire - sworn	47.00	44.00	47.00	44.00
Fire – civilian	1.00	1.00	1.00	1.00
Building Inspection	1.00	1.00	1.00	1.00
Plumbing/Electrical Inspection Public works:	2.00	2.00	2.00	2.00
Public Works				
Airport	6.00	6.00	6.00	5.00
Street	21.00	19.00	21.00	22.00
Arborist	6.00	6.00	6.00	4.00
Engineer	7.00	7.00	7.00	7.00
Health and social services:				
Youth Task Force	4.00	4.00	4.00	4.00
Health	1.00	1.00	1.00	1.00
Human Rights	-	-	-	-
Culture and recreation:				
Parks	6.00	6.00	6.00	6.00
Recreation	4.00	4.00	4.00	4.00
RCR Arena	1.00	1.00	1.00	-
Library	15.00	15.00	15.00	15.00
Museum	7.00	7.00	7.00	7.00
Community and economic development:				
Neighborhood Services	3.00	3.00	3.00	3.00
Growth Development and Planning	4.00	4.00	4.00	4.00
Transit	19.00	17.00	19.00	16.00
General government:				
Administrator	2.00	2.00	2.00	2.00
Mayor	-	-	-	-
Finance	9.00	10.00	9.00	10.00
Clerk	1.00	1.00	1.00	1.00
City Hall	-	-	-	-
Personnel/Safety	2.00	2.00	2.00	2.00
Business-type activities:				
Water	18.00	2.00	2.00	18.00
Sewer	15.00	17.00	18.00	15.00
Sanitation	12.00	15.00	15.00	12.00
Cemetery	3.00	12.00	12.00	3.00
Golf course	2.00	3.00	3.00	3.00
<b>Total</b>	<b>266.00</b>	<b>261.00</b>	<b>266.00</b>	<b>264.00</b>

**Table 17**

Full-time Equivalent Employees as of June 30

2018	2017	2016	2015	2014	2013
46.00	46.00	50.00	47.00	45.00	45.00
5.00	5.00	5.00	5.00	5.00	5.00
46.00	44.00	44.00	44.00	44.00	45.00
1.00	2.00	2.00	2.00	2.00	2.00
1.00	1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00	2.00
5.00	5.00	5.00	5.00	5.00	5.00
20.00	23.00	21.00	21.00	19.00	20.00
4.00	1.00	1.00	1.00	1.00	1.00
7.00	7.00	7.00	7.00	6.00	6.00
4.00	4.00	3.00	3.00	5.00	5.00
1.00	1.00	1.00	1.00	1.00	1.00
-	-	-	-	-	1.00
6.00	6.00	6.00	6.00	6.00	6.00
4.00	4.00	4.00	4.00	4.00	5.00
-	-	-	-	-	-
15.00	15.00	15.00	17.00	17.00	17.00
7.00	6.00	6.00	7.00	7.00	7.00
3.00	3.00	4.00	4.00	3.00	3.00
4.00	4.00	3.00	3.00	3.00	3.00
16.00	16.00	16.00	17.00	18.00	16.00
2.00	2.00	2.00	2.00	2.00	2.00
-	-	-	-	-	-
10.00	10.00	10.00	10.00	10.00	10.00
1.00	1.00	1.00	1.00	1.00	1.00
-	-	-	-	-	1.00
2.00	2.00	2.00	2.00	2.00	2.00
18.00	18.00	18.00	18.00	18.00	18.00
15.00	15.00	15.00	15.00	15.00	15.00
12.00	12.00	12.00	11.00	12.00	12.00
3.00	3.00	3.00	3.00	3.00	3.00
3.00	3.00	3.00	2.00	2.00	2.00
<u>263.00</u>	<u>261.00</u>	<u>262.00</u>	<u>261.00</u>	<u>259.00</u>	<u>262.00</u>

City of Mason City, Iowa  
 Operating Indicators By Function/Program  
 Last Ten Fiscal Years

	2022	2021	2020	2019
Police				
Physical arrests	1,172.00	1,263.00	1,998.00	2,021.00
Parking violations	820.00	2,440.00	3,133.00	4,978.00
Traffic violations	1,626.00	1,709.00	2,656.00	3,387.00
Fire				
Fire calls answered	724.00	731.00	667.00	671.00
Ambulance calls answered	5,853.00	5,571.00	5,247.00	5,214.00
Inspections	2,465.00	27,180.37	22,830.04	553.00
Highways and streets				
Street Resurfacing (miles)	2.03	0.37	0.04	-
Potholes repaired	6,000.00	6,000.00	6,000.00	6,000.00
Sanitation:				
Refuse Collected	38.60	37.45	36.04	35.80
Recyclables Collected	4.19	4.04	3.79	3.76
Culture and recreation				
Aquatic Center admissions	32,303.00	12,263.00	26,747.00	28,305.00
Water:				
New connections	14.00	22.00	2.00	17.00
Water main breaks	30.00	18.00	16.00	18.00
Average daily consumption (thousands of gallons)	4,377.00	4,140.00	4,141.00	4,174.00
Wastewater:				
Average daily sewage treatment (thousands of gallons)	5,331.00	4,337.00	6,918.00	8,702.00
Total				

**Table 18**

2018	2017	2016	2015	2014	2013
2,673.00	3,110.00	3,032.00	2,904.00	3,260.00	3,428.00
3,589.00	2,414.00	2,101.00	2,596.00	3,078.00	2,288.00
3,442.00	3,568.00	3,675.00	3,497.00	3,497.00	5,210.00
1,072.00	1,109.00	676.00	609.00	811.00	795.00
4,847.00	4,771.00	4,962.00	5,068.00	4,528.00	4,430.00
2,241.38	645.00	1,735.00	1,113.00	708.00	1,103.00
1.38	-	-	0.79	1.20	1.63
6,000.00	6,000.00	5,550.00	5,300.00	6,000.00	5,900.00
30.63	30.76	30.08	31.93	31.29	31.99
3.82	3.95	4.21	4.43	4.53	4.90
31,337.00	31,984.00	35,799.00	32,791.00	31,199.00	37,817.00
27.00	29.00	32.00	39.00	38.00	32.00
17.00	12.00	8.00	11.00	33.00	11.00
4,365.00	4,336.00	4,249.00	4,528.00	4,542.00	4,542.00
6,801.00	7,995.00	6,747.00	6,311.00	5,499.00	5,499.00

City of Mason City, Iowa  
 Capital Asset Statistics by Function/Program  
 Last Ten Fiscal Years

	2022	2021	2020	2019
Public safety				
Police stations	1.00	1.00	1.00	1.00
Fire stations	1.00	1.00	1.00	1.00
Public works				
Street miles				
paved	154.35	154.21	153.89	153.37
unpaved	40.93	40.93	40.93	40.93
Streetlights	1,948.00	1,945.00	1,931.00	1,818.00
Culture and recreation:				
Parks	41.00	41.00	41.00	41.00
Acreage	639.00	639.00	639.00	639.00
Playgrounds	23.00	23.00	23.00	23.00
Baseball/softball diamonds	12.00	12.00	12.00	12.00
Golf courses	1.00	1.00	1.00	1.00
Swimming pools	1.00	1.00	1.00	1.00
Tennis courts	7.00	7.00	7.00	7.00
Pickleball courts	6.00	6.00	6.00	6.00
Business-type activities:				
Sewer miles:				
storm	50.90	50.83	50.50	50.16
sanitary	165.71	165.58	165.44	165.44
Cemetery				
Facilities	1.00	1.00	1.00	1.00
Acreage	74.12	74.12	74.12	74.12



**Table 19**

2018	2017	2016	2015	2014	2013
1.00	1.00	1.00	1.00	1.00	1.00
1.00	1.00	1.00	1.00	1.00	1.00
153.37	153.16	152.49	452.32	152.49	152.39
40.93	40.93	40.93	40.93	41.12	41.12
1,788.00	1,784.00	1,770.00	1,770.00	1,768.00	1,767.00
41.00	41.00	41.00	41.00	41.00	41.00
639.00	639.00	639.00	639.00	639.00	639.00
12.00	12.00	12.00	12.00	12.00	12.00
12.00	12.00	12.00	12.00	12.00	12.00
1.00	1.00	1.00	1.00	1.00	1.00
1.00	11.00	1.00	1.00	1.00	1.00
7.00	7.00	7.00	7.00	7.00	7.00
6.00	6.00	-	-	-	-
50.14	50.12	49.35	49.01	48.46	48.46
165.32	165.18	164.99	164.57	164.57	164.57
1.00	1.00	1.00	1.00	1.00	1.00
74.12	74.12	74.12	74.12	74.12	74.12

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SINGLE AUDIT AND OTHER REQUIRED REPORTS

CITY OF MASON CITY  
MASON CITY, IOWA

FOR THE YEAR ENDED  
JUNE 30, 2022

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

Honorable Mayor and City Council  
City of Mason City, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Mason City, Iowa (the City), as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 23, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings,, responses, and questioned costs as item 2022-001 to be a material weaknesses.

*A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings, responses, and questioned costs as item 2022-002 to be a significant deficiency.

## Report on Compliance and Other Matters

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

## Responses to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings, responses, and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

## 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.



**Abdo**  
Minneapolis, Minnesota  
May 23, 2023



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

Honorable Mayor and City Council  
City of Mason City, Iowa

### ***Opinion on Each Major Federal Program***

We have audited the City of Mason City, Iowa (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses and Questioned Costs.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

### **Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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



**Abdo**  
Minneapolis, Minnesota  
May 23, 2023



**City of Mason City, Iowa**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2022**

Federal Awarding Agency	Pass-through Entity	Program Name	Domestic Assistance Number	State or Other Contract Number	Federal Program Clusters	Amount Expended
U. S. Department of Treasury	Iowa Department of Revenue	Coronavirus State and Local Fiscal Recovery Funds	21.027C	N/A	\$ 426,543	
		Total Coronavirus State and Local Fiscal Recovery Funds Cluster				\$ 426,543
U. S. Department of Transportation	Iowa Department of Transportation	Bus and Bus Facilities Program	20.526	2019-007-02	278,860	
		Total Federal Transit Cluster				278,860
U. S. Department of Transportation	Iowa Department of Transportation	Highway Planning and Construction	20.526	STBG-SWAP-4822(637)S	25,000	
		Total Highway Planning and Construction Cluster				25,000
U. S. Department of Transportation	Iowa Department of Transportation	State and Community Highway Safety	20.600	402-MOPT, Task 29-00-00	4,607	
		Total Highway Planning and Construction Cluster				4,607
U. S. Department of Housing and Urban Development	Iowa Department of Economic Development	Community Development Block Grant	14.228	19-HSG-15 20-HSGU-007		28,560 71,845
U. S. Department of Housing and Urban Development	Iowa Department of Economic Development	COVID-19 Community Development Block Grant	14.228C	20-CVN-005		28,450
U. S. Department of Justice	Iowa Department of Justice	Violence Against Women Formula Grants	16.588	VS-22-46-LE		17,951
U. S. Department of Justice	Direct	Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	2019-MO-BX-0049		64,661
U. S. Department of Transportation	Iowa Department of Transportation	Airport Improvement Program	20.106	3-19-0059-46, 48, 51, 53		4,229,111
U. S. Department of Transportation	Iowa Department of Transportation	COVID-19 Airport Improvement Program	20.106C	3-19-0059-47-2019		985,507
U. S. Department of Transportation	Iowa Department of Transportation	Formula Grants for Rural Areas	20.509	2020-010-00, 01 2019-024-00, 01		102,727 537,607
U. S. Department of Homeland Security	Iowa Department of Homeland Security and Emergency Management	Disasster Grants - Public Assistance	97.036	DR 4883		54,617
U. S. Department of Homeland Security	Direct	Staffing for Adequate Fire and Emergency Response	97.083	EMW-2018-FH-00366		111,705
				Total Federal Expenditures		<u>\$ 6,967,751</u>



City of Mason City, Iowa  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2022

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Mason City, Iowa (the City) under programs of the federal government for the year ended June 30, 2022. The City's reporting entity is defined in Note 1A to the City's financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the City.

**2. Summary of Significant Accounting Policies for Expenditures**

Expenditures reported on this schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit Organizations, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. Pass-through Entity Identifying Numbers**

Pass-through entity identifying numbers are presented where available.

**4. Subrecipients**

There were no expenditures in the current year provided to subrecipients.

**5. Indirect Cost Rate**

During the year ended June 30, 2022, the City did not elect to use the 10 percent de minimis indirect cost rate.

City of Mason City, Iowa  
 Schedule of Findings, Responses and Questioned Costs  
 For the Year Ended June 30, 2022

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	Yes
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR section 200.516(a) of the Uniform Guidance.	No

**Identification of Major Programs/Clusters**

	<b>CFDA No.</b>
Airport Improvement Program	20.106
Coronavirus Relief Fund	21.019C
Dollar threshold used to distinguish between Type A and Type B Programs	\$ 750,000
Auditee qualified as low-risk auditee?	No

**Section II - Financial Statement Findings**

Material weaknesses and significant deficiencies relating to the audit of the financial statements are reported in the 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*. Finding 2022-002 is reported as a significant deficiency. Finding 2022-001 is reported as a material weakness.

**Section III - Major Federal Award Findings and Questioned Costs**

There are no significant deficiencies, material weaknesses or instances of noncompliance including questioned costs that are required to be reported in accordance with the Uniform Guidance.

**Section IV - Schedule of Prior Year Audit Findings**

There were prior year findings and they are included in the Schedule of Prior Year Audit Findings.

**Other Issues**

A Corrective Action Plan is attached as required to be reported under the Federal Single Audit Act.

City of Mason City, Iowa  
Schedule of Findings, Responses and Questioned Costs (Continued)  
For the Year Ended June 30, 2022

<u>Finding</u>	<u>Description</u>
<b>2022-001</b>	<b>Material Audit Adjustments and Prior Period Adjustments</b>
<i>Condition:</i>	Material audit adjustments and prior period adjustments were required to properly reflect the June 30, 2022 beginning and ending financial statement balances.
<i>Criteria:</i>	Such adjustments were needed to correct beginning and year end balances. Amounts reported in the City's accounting system need to agree to the underlying supporting documentation.
<i>Cause:</i>	For the year ended June 30, 2022, the City did not utilize it's the accounting software to adjust year end balances or make previous auditor adjustments.  For beginning net position and fund balance, certain balances were not adjusted in accordance with governmental accounting standards or as needed to match supporting documentation.
<i>Effect:</i>	This indicates that misstatements may occur and not be detected by the City's system of internal control.
<i>Recommendation:</i>	We recommend the City utilize the accounting software to make all necessary adjustments.
<i>Management Response:</i>	We will utilize the accounting software to record adjustments and all necessary financial transactions.
<b>2022-002</b>	<b>Reconciliation of Bank and Investment Balances to the General Ledger</b>
<i>Condition:</i>	It was noted the year-end and monthly bank and investment reconciliations were prepared, however, the detailed reconciliations did not balance to the general ledger.
<i>Criteria:</i>	Internal controls and procedures should be in place to provide reasonable assurance over the reliability of financial records and reporting.
<i>Cause:</i>	Certain adjustments have not been properly made in the City's accounting software.
<i>Effect:</i>	Without bank and investment reconciliations completed, the accuracy of monthly financial information may not be accurate and allow for errors or incomplete information to go unnoticed longer.
<i>Recommendation:</i>	We recommend that the City correctly reconcile the bank statement to the general ledger every month and account for any unknown differences.
<i>Management Response:</i>	City staff is aware of this issue and will work to resolve it as soon as possible.

City of Mason City, Iowa  
Schedule of Findings, Responses and Questioned Costs (Continued)  
For the Year Ended June 30, 2022

**Other Matters Related to Required Statutory Reporting**

- IV-A-21 Official Depositories - A resolution naming official depositories has been adopted by the City Council.
- IV-B-21 Certified Budget –Disbursements during the year ended June 30, 2022, did not exceed the amounts budgeted.
- IV-C-21 Questionable Disbursements - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-D-21 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
- IV-E-21 Business Transactions – No material business transactions appear to represent conflict of interests. Business Transactions between the City and City officials or employees were in accordance with Chapter 362.5 of the Code of Iowa.
- IV-G-21 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- IV-H-21 Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.
- IV-I-21 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- IV-J-21 Revenue Bonds – No instances of noncompliance with water or sewer revenue note provisions were noted.
- IV-K-21 Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.
- IV-L-21 Financial Condition – At June 30, 2022, the City had deficit balances in the following funds:

Fund	Amount
Nonmajor Funds	
Special Revenue	
Downtown Reinvestment	\$ 27,376
Southside Gateway	36,650
City Administered Grant	553
Softball Trust	432
Capital Projects	
G.O. Capital Projects	226,379
LOSST Capital Projects	8,000

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

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

Conclusion – Response accepted.

City of Mason City, Iowa  
Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2022

<u>Finding</u>	<u>Description</u>
<b>2021-001</b>	<b>Financial Statement Classification and Valuation</b>
<i>Condition:</i>	Material adjusting journal entries were required to properly classify and value financial statement amounts.
<i>Recommendation:</i>	There has been significant improvement in the initial determination of the financial statement classifications and amounts by the finance department. Additional instruction and supervision should be given by their direct supervisor. In addition, the finance supervisor should review work on a regular basis to determine the correct classification and valuation of amounts in the financial statements.
<i>Current Year Status:</i>	
	The finding is included in the current year report.
<b>2021-002</b>	<b>Reconciliation of Bank and Investment Balances to the General Ledger</b>
<i>Condition:</i>	It was noted the year-end and monthly bank and investment reconciliations were prepared, however, the detailed reconciliations did not balance to the general ledger.
<i>Recommendation:</i>	Procedures should be established to ensure bank and investment account ending balances are reconciled to the general ledger monthly and variances, if any, are reviewed and resolved timely.
<i>Current Year Status:</i>	
	The finding is included in the current year report.