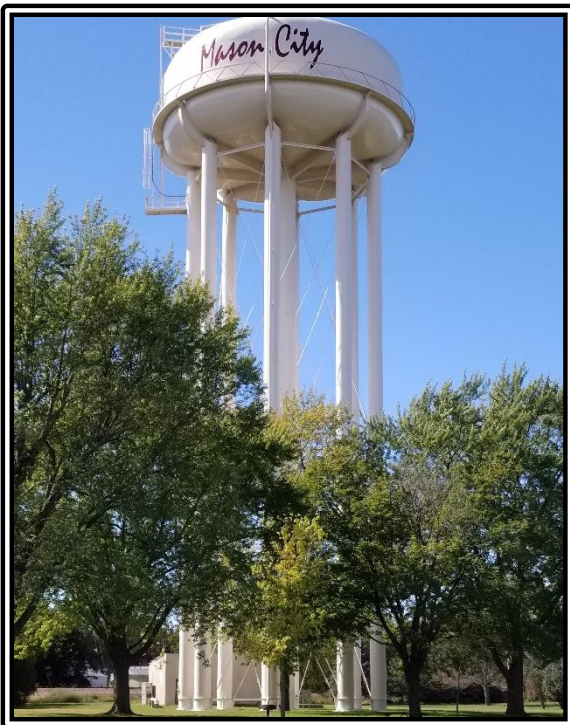


Street Rehabilitation Program

ENGINEERING & WATER SUPPLY



Kentucky Water Tower



Mason Creek Culvert

“BUILDING COMMUNITY”

City of Mason City

Annual Comprehensive Finance Report

Fiscal Year 2022-2023

June 30, 2023

THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Mason City, Iowa
 Annual Comprehensive Financial Report
 Table of Contents
 For the Year Ended June 30, 2023

	Page No.
Introductory Section	
Transmittal Letter	9
Organizational Chart	20
Principal City Officials	21
GFOA Certificate of Achievement for Excellence in Financial Reporting	22
Financial Section	
Independent Auditor's Report	25
Management's Discussion and Analysis	29
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	46
Statement of Activities	47
Fund Financial Statements	
Governmental Funds	
Balance Sheet	50
Reconciliation of the Balance Sheet to the Statement of Net Position	53
Statement of Revenues, Expenditures and Changes in Fund Balances	54
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	56
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	57
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Road and Use Tax	58
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Local Option Sales Tax	59
Proprietary Funds	
Statement of Net Position	60
Statement of Revenues, Expenses and Changes in Net Position	63
Statement of Cash Flows	64
Notes to the Financial Statements	67
Required Supplementary Information	
Schedule of Employer's Share of Net Pension Liability - Iowa Public Employees Retirement System	106
Schedule of Employer's Contributions - Iowa Public Employees Retirement System	107
Notes to the Required Supplementary Information - Iowa Public Employees Retirement System	108
Schedule of Employer's Share of Net Pension Liability - Municipal Fire and Police Retirement System of Iowa	109
Schedule of Employer's Contributions - Municipal Fire and Police Retirement System of Iowa	109
Notes to the Required Supplementary Information - Municipal Fire and Police Retirement System of Iowa	110
Schedule of Changes in the City's OPEB Liability and Related Ratios	111
Notes to the Required Supplementary Information - OPEB Liability	111

City of Mason City, Iowa
Annual Comprehensive Financial Report
Table of Contents (Continued)
For the Year Ended June 30, 2023

Page No.

Combining and Individual Fund Financial Statements and Schedules

Nonmajor Governmental Funds	
Combining Balance Sheet	114
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	115
Nonmajor Proprietary Funds	
Statement of Net Position	116
Statement of Revenues, Expenses and Changes in Net Position	121
Statement of Cash Flows	122
Nonmajor Special Revenue Funds	
Combining Balance Sheet	126
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	130
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	
Unified TIF	134
Hotel and Motel Tax	135
Medical Cost	136
Police Retirement	137
Fire Retirement	138
Employee Retirement	139
Library Trust	140
Downtown Reinvestment	141
Southside Gateway	142
City Administered Grant	143
Housing Fund	144
Softball Improvement Trust	145
Youth Softball Complex Trust	146
Police Forfeitures	147
Emergency Levy	148
Corridor Revitalization Program	149
Downtown Revitalization Program	150
Nonmajor Permanent Fund	
Combining Balance Sheet	151
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	152
Internal Service Funds	
Combining Statement of Net Position	153
Combining Statement of Revenues, Expenses and Changes in Net Position	154
Combining Statement of Cash Flows	155

City of Mason City, Iowa
Annual Comprehensive Financial Report
Table of Contents (Continued)
For the Year Ended June 30, 2023

Page No.

Statistical Section (Unaudited)

	<u>Table</u>	
Financial Trends		
Net Position by Component	1	158
Changes in Net Position	2	160
Governmental Activities Tax Revenues by Source	3	164
Fund Balances of Governmental Funds	4	166
Changes in Fund Balances of Governmental Funds	5	169
Revenue Capacity		
Assessed Value and Estimated Actual Value of Taxable Property	6	170
Property Tax Rates - Direct and Overlapping Governments	7	172
Principal Property Taxpayers	8	174
Property Tax Levies and Collections	9	175
Debt Capacity		
Ratios of Outstanding Debt by Type	10	176
Ratios of Net General Bonded Debt Outstanding	11	178
Computation of Direct and Overlapping Debt	12	181
Legal Debt Margin Information	13	182
Pledged-Revenue Coverage	14	184
Demographic and Economic Information		
Demographic and Economic Statistics	15	185
Principal Employers	16	187
Operating Information		
Full-time Equivalent City Government Employees by Function	17	188
Operating Indicators by Function	18	190
Capital Asset and Infrastructure Statistics by Function	19	192

Single Audit and Other Required Reports

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 <i>Government Auditing Standards</i>		196
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance		198
Schedule of Expenditures of Federal Awards		200
Notes to the Schedule of Expenditures of Federal Awards		201
Schedule of Findings, Responses and Questioned Costs		202
Corrective Action Plan		206
Schedule of Prior Year Audit Findings		209

THIS PAGE IS LEFT
BLANK INTENTIONALLY

INTRODUCTORY SECTION

CITY OF MASON CITY
MASON CITY, IOWA

FOR THE YEAR ENDED
JUNE 30, 2023

THIS PAGE IS LEFT
BLANK INTENTIONALLY



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

March 29, 2024

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

RE: FY23 Audit Transmittal

The Annual Comprehensive Financial Report of the City of Mason City, Iowa for the fiscal year ended June 30, 2023 (FY23) 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, 2022. 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, 2023, 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.

AN EQUAL OPPORTUNITY EMPLOYER

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.

The City obtained a \$4.5 million Destination Iowa grant through the State of Iowa for the "Bike North Iowa" project, which will involve numerous projects to improve the community's tourism draw and recreational amenities. Major components include a regional mountain biking park, extensive development of single-track trails, development of the Willow Creek Riverwalk on the south edge of downtown, and construction of numerous walking/biking trail improvements. These projects will increase the tax base and retain/draw younger skilled workers and their families to Mason City.

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 was 27,385 per American Community Survey data for 2017-2021. The region has a civilian labor force of 15,108 with a participation rate of 67.4%. Of individuals 25 to 64 in Mason City, 21.3% have a bachelor's degree or higher which compares with 35.1% in the nation. The median household income is \$56,009 and the median house value is \$114,800 (2021 ACS Estimates).

As of 2023Q3, total employment for the City of Mason City was 18,507 (based on a four-quarter moving average). Over the year ending 2023Q3, employment declined 0.2% in the region. The average worker in earned annual wages of \$52,694 as of 2023Q3. Average annual wages per worker increased 3.1% in the region over the preceding four quarters. For comparison purposes, annual average wages were \$70,183 in the nation as of 2023Q3.

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 4.4% lower in Mason City than the U.S. average.

The largest sector in Mason City is Health Care and Social Assistance, employing 4,344 workers. The next-largest sectors in the region are Retail Trade (2,822 workers) and Manufacturing (2,320). High location quotients (LQs) indicate sectors in which a region has high concentrations of employment compared to the national average. The sectors with the largest LQs in the region are Health Care and Social Assistance (LQ = 1.61), Manufacturing (1.56), and Retail Trade (1.54).

The largest major occupation group in Mason City is Office and Administrative Support Occupations, employing 1,958 workers. The next-largest occupation groups in the region are Healthcare Practitioners and Technical Occupations (1,939 workers) and Sales and Related Occupations (1,890). 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 = 1.79), Production Occupations (1.42), and Healthcare Support Occupations (1.25).

Occupation groups in Mason City with the highest average wages per worker are Management Occupations (\$105,200), Computer and Mathematical Occupations (\$98,700), and Healthcare Practitioners and Technical Occupations (\$92,900). The unemployment rate in the region varied among the major groups from 1.2% among Management Occupations to 4.9% among Food Preparation and Serving Related Occupations. Over the next 1 year, the fastest growing occupation group in Mason City is expected to be Healthcare Support Occupations with a -0.4% year-over-year rate of growth. The strongest forecast by number of jobs over this period is expected for Computer and Mathematical

Occupations (-1 jobs) and Life, Physical, and Social Science Occupations (-1). Over the same period, the highest separation demand (occupation demand due to retirements and workers moving from one occupation to another) is expected in Food Preparation and Serving Related Occupations (270 jobs) and Sales and Related Occupations (253).

EXPANDED AND NEW INDUSTRIES AND BUSINESSES 7/1/22- 6/30/23:

- New Energy Freedom - \$350 million cellulosic ethanol and renewable plastics research facility announced in partnership with Dow Chemical. Creation of 50+ new jobs by 2027.
- Curries Manufacturing – 10,000 sq/ft expansion of manufacturing facility, addition of 50+ new jobs.
- Stellar Manufacturing – Purchased MD Products in Mason City, have grown operations from 10 employees to 65 with plans for further expansion and addition of 50+ employees. Recently acquired an adjacent facility for expansion purposes, investing a further \$12.5 million in the community.
- Warehouse Distribution Project - \$15 million facility creating 25 new jobs in development in Mason City Industrial Park. Announcement and groundbreaking summer 2024.
- The Corridor is also actively engaged with several large renewable fuel and manufacturing projects. The region’s infrastructure, quality of life, and proximity to major markets are highly desired. The Corridor’s focus is on primary industries, but in the past year Mason City also attracted significant retail expansion. A few highlights include: Old Navy, Ross, Five Below, Ulta Beauty, and O’Reilly’s Auto Parts; and Chik-fil-A will start construction this spring. This level of interest and development from national name brands is a great indicator of the strength of the local economy and builds on Mason City’s role as a regional hub for retail and amenities.
- 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.

HOUSING GROWTH

One of the biggest challenges facing communities across the nation is housing. Quality housing options are critical to attracting and retaining talent. It is projected that Iowa needs almost 25,000 units just to meet demand by 2030. Recent accomplishments and highlights in housing expansion include:

- The North Iowa Corridor Housing Development Corporation was created to take the lead on meeting the need by creating attainable housing opportunities across the county. It will provide a vehicle for our communities and businesses to meet housing needs and price points that are not financially feasible for the private

sector. The HDC's first project is in partnership with the City of Mason City, with three houses being moved from the former Blackmore Nursery area to formerly vacant lots owned by the City. The homes are being renovated and will be offered for sale in the coming months, with the proceeds to be reinvested into future housing projects.

- The River II Apartments – Following the success of the original 133-unit facility, Talon Development began construction on phase 2, a 93-unit facility along Willow Creek in a former brownfield. The facility will open this spring.
- Federal Ave Rowhomes – New 11-unit apartment facility filling a formerly vacant lot in downtown Mason City, opening summer 2024.
- Delaware Ave Apartments – New 36-unit apartment facility planned for downtown Mason City, breaking ground fall 2024.

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.

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. After initial disruptions from the COVID-19 pandemic, numerous ice and non-ice events keep the venue busy year-round with activity. In addition, construction of a new indoor/outdoor Performing Arts Pavilion began in FY22, 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).

TRAFFIC

The City Engineering Department is engaged in numerous transportation improvement projects. The Capital Improvements Plan for FY23 identified \$4.2 million in transportation improvements, and staff has worked diligently to plan and implement these improvements. Major projects during the year included the City’s \$1 million annual street rehabilitation program, street patching program, curb replacement program, pavement marking program, and a major bridge replacement project on 12th Street NE was initiated during the year as well. The department worked to complete the final stages of a quiet zone along the Union Pacific line, planned for a possible railroad overpass in the southeast portion of town, and worked on several major Iowa Department of Transportation projects in which the City will be a partner. These projects include the reconstruction of South Federal Avenue (US Highway 65), expected to commence in late 2024, the Iowa Highway 122 Mercy corridor reconstruction project expected to commence in late 2025, and the Iowa Highway 122 West reconstruction project expected to commence in 2028 or later.

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, 2023 provided one instance 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, except as noted in the note disclosures, 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, 2023.

	Amount	Percent of Total
Revenues		
Taxes	\$ 29,614,614	63.95 %
Licenses and Permits	9,245	0.02
Intergovernmental	11,799,283	25.48
Service Revenues	1,626,452	3.51
Fines and Forfeitures	67,530	0.15
Use of Monies and Properties	1,456,063	3.14
Special Assessments	13,741	0.03
Miscellaneous	1,679,539	3.63
Refunds	41,461	0.09
	<hr/>	<hr/>
Total Revenues	<u>\$ 46,307,928</u>	<u>100.00</u>

The following schedule presents a summary of general fund, special revenue fund and debt service fund expenditures for the fiscal year ended June 30, 2023.

	<u>Amount</u>	<u>Percent of Total Amount</u>	
Expenditures			
	\$ 2,948,606	7.01	%
Public Safety	12,747,686	30.37	
Public Works	1,198,180	2.85	
Health and Social Services	363,982	0.87	
Culture and Recreation	4,120,736	9.82	
Community & Economic Development	3,550,098	8.46	
General Government	2,948,606	7.02	
Capital Projects	7,907,641	18.84	
Debt Service	<u>6,195,445</u>	<u>14.76</u>	
Total Expenditures	<u>\$ 41,980,980</u>	<u>100.00</u>	

GENERAL FUND BALANCE

The General Fund closed the FY23 with a fund balance of \$14,330,392 compared to \$12,629,984 on June 30, 2022. This was due to a \$1,700,408 increase of revenues over expenditures for FY23.

ENTERPRISE FUNDS

The Enterprise Funds of the City include the following:

1. Waterworks Fund - Operating revenues were \$7,433,840 in FY23, an increase of 6.3% from FY22. Operating expenses were \$7,012,910 in FY23, an increase of 13.0% from FY22. Net income was \$420,930 in FY23, a 46.4% decrease from FY22.
2. Sanitary Sewer Fund - Operating revenues were \$5,120,216 in FY23, an increase of 5.0% from FY22. Operating expenses were \$4,316,946 in FY23, an increase of 9.2% from FY22. Net income was \$803,270 in FY23, a 13.3% decrease from FY22.
3. Parking Lots Fund - Operating revenues were \$36,754 in FY23, an increase of 16.0% from FY22. Operating expenses were \$33,938 in FY23, a decrease of 56.1% from FY22. Net income was \$2,816 in FY23, a 106.2% increase from FY22.
4. Storm Sewer Fund - Operating revenues were \$457,359 in FY23, an increase of 4.6% from FY22. Operating expenses were \$315,815 in FY23, an increase of 45.3% from FY22. Net income was \$141,544 in FY23, a 35.6% decrease from FY22.

5. **Solid Waste Fund** - Operating revenues were \$1,806,674 in FY23, an increase of 3.2% from FY22. Operating expenses were \$1,960,347 in FY23, an increase of 5.4% from FY22. Net income was (\$153,673) in FY23, a 41.4% increase from FY22.
6. **Golf Course Fund** - Operating revenues were \$574,788 in FY23, an increase of 21.7% from FY22. Operating expenses were \$701,249 in FY23, an increase of 61.3% from FY22. Net income was (\$126,461) in FY23, a 235.7% decrease from FY22.
7. **Ambulance Fund** - Operating revenues were \$2,843,977 in FY23, an increase of 8.0% from FY22. Operating expenses were \$2,989,358 in FY23, an increase of 78.2% from FY22. Net income was (\$145,381) in FY23, a 115.2% decrease from FY22.

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, 2023:

	Amount	Ratios	
		Debt to Assessed Value	Debt Per Capita
Net Bonded Debt	\$ 42,258,952	1.64 %	1,570

The City issued \$4,545,000 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 2023, 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 or as revisions are needed. 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 FY23 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the thirty-sixth 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 annual comprehensive financial report, whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

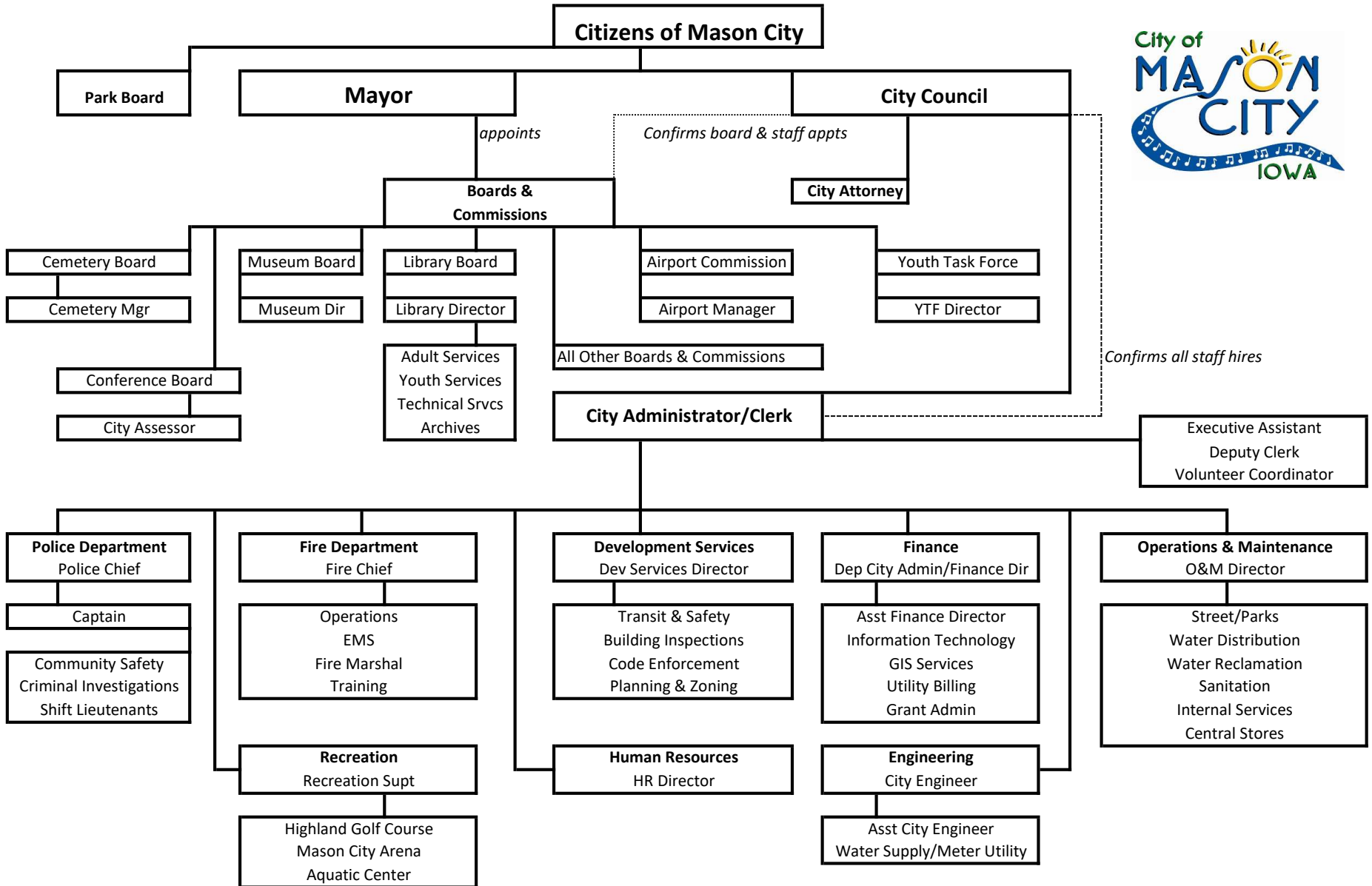
Acknowledgments: Preparation of this report could not have been accomplished without the professional, efficient, and dedicated services of the entire staff of the Department of Finance and the various department heads and employees who assisted and contributed to its preparation. We wish to thank each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

Sincerely,



Brent D. Hinson
Deputy City Administrator/Finance Director

City of Mason City Organizational Chart to Division Level



City of Mason City, Iowa
Principal City Officials
For the Year Ended June 30, 2023

ELECTED

Name	Title	Term Expires
Bill Schickel	Mayor	2026
Paul Adams	At-Large Council Person	2024
Tim Latham	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	
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, 2022

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

CITY OF MASON CITY
MASON CITY, IOWA

FOR THE YEAR ENDED
JUNE 30, 2023

THIS PAGE IS LEFT
BLANK INTENTIONALLY

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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund, the Road and Use Tax fund and the Local Option Sales 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, 2023, 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 29 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 106 be presented to supplement the basic financial statements. Such information is the responsibility of management, 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 March 29, 2024, 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
March 29, 2024



THIS PAGE IS LEFT
BLANK INTENTIONALLY

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, 2023.

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 unspent bond proceeds related to the street reconstruction and rehabilitation projects. 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

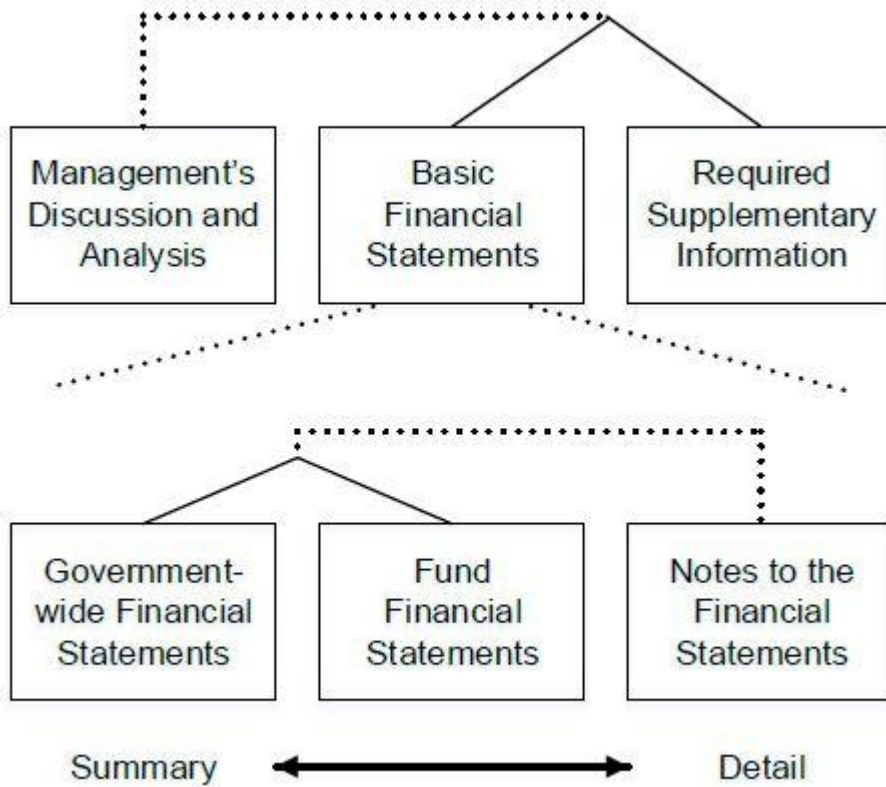


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the 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"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statements of Net Position • Statements of Revenues, Expenses and Changes in Fund Net Position • Statements of Cash Flows
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 45 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 50. 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, Road and Use Tax Fund and the Local Option Sales Tax Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with their budgets.

The basic governmental fund financial statements start on page 50 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 56 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 65 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 106 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds and proprietary funds are presented following the notes to the financial statements. Combining and individual fund financial statements and schedules start on page 114 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 \$165,332,336 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		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Current and Other Assets	\$ 71,995,576	\$ 63,277,792	\$ 8,717,784	\$ 11,073,408	\$ 13,359,910	\$ (2,286,502)
Capital Assets	117,382,098	111,923,960	5,458,138	74,892,238	73,409,899	1,482,339
Total Assets	<u>189,377,674</u>	<u>175,201,752</u>	<u>14,175,922</u>	<u>85,965,646</u>	<u>86,769,809</u>	<u>(804,163)</u>
Deferred Outflows of Resources	4,358,699	4,972,702	(614,003)	1,087,043	1,352,624	(265,581)
Noncurrent Liabilities	60,818,803	52,375,319	8,443,484	14,227,411	14,812,645	(585,234)
Other Liabilities	9,336,456	4,312,293	5,024,163	1,442,107	1,545,619	(103,512)
Total Liabilities	<u>70,155,259</u>	<u>56,687,612</u>	<u>13,467,647</u>	<u>15,669,518</u>	<u>16,358,264</u>	<u>(688,746)</u>
Deferred Inflows of Resources	26,604,437	28,132,194	(1,527,757)	3,027,512	3,589,798	(562,286)
Net Position						
Net investment in capital assets	99,033,677	94,244,550	4,789,127	64,230,625	59,863,200	4,367,425
Restricted	24,469,294	23,479,902	989,392	-	-	-
Unrestricted	<u>(26,526,294)</u>	<u>(22,369,804)</u>	<u>(4,156,490)</u>	<u>4,125,034</u>	<u>8,311,171</u>	<u>(4,186,137)</u>
Total Net Position	<u>\$ 96,976,677</u>	<u>\$ 95,354,648</u>	<u>\$ 1,622,029</u>	<u>\$ 68,355,659</u>	<u>\$ 68,174,371</u>	<u>\$ 181,288</u>
Net Position as a Percent of Total						
Net investment in capital assets	102.2 %	98.9 %		94.0 %	87.8 %	
Restricted	25.2	24.6		-	-	
Unrestricted	<u>(27.4)</u>	<u>(23.5)</u>		<u>6.0</u>	<u>12.2</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:

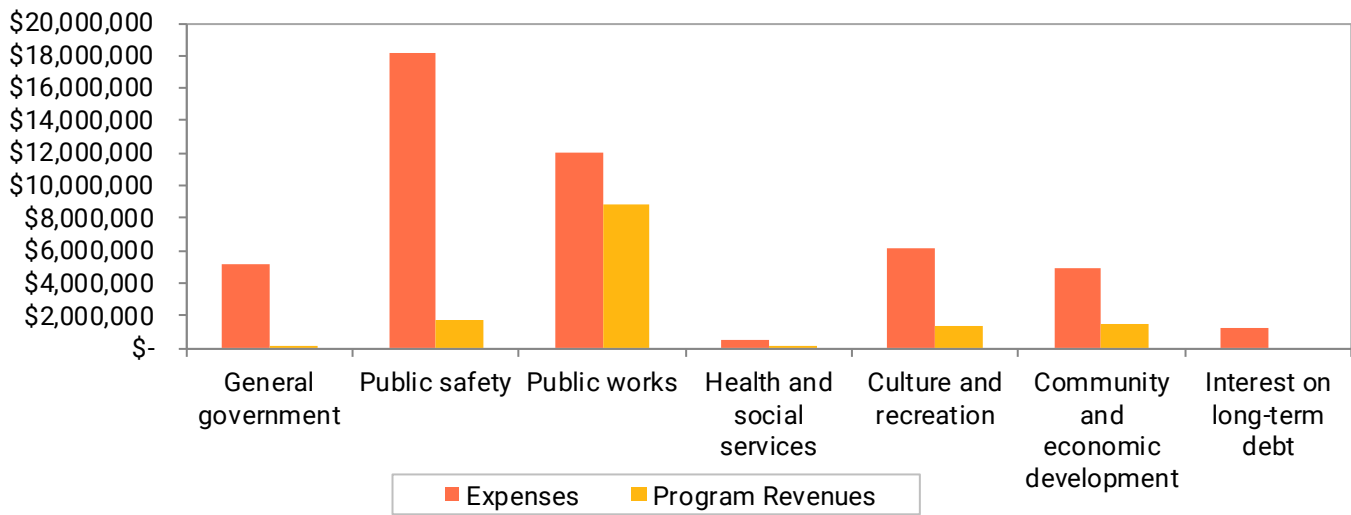
City of Mason City's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2023	2022	Increase (Decrease)	2023	2022	Increase (Decrease)
Revenues						
Program Revenues						
Charges for services	\$ 3,284,275	\$ 2,684,377	\$ 599,898	\$ 19,018,887	\$ 17,769,442	\$ 1,249,445
Operating grants and contributions	2,836,357	2,259,186	577,171	366,859	474,656	(107,797)
Capital grants and contributions	7,426,729	6,005,701	1,421,028	-	246,704	(246,704)
General Revenues						
Property taxes	21,785,155	21,489,065	296,090	187,966	182,716	5,250
Other taxes	9,375,759	8,670,185	705,574	-	-	-
Grants and contributions not restricted to specific programs	2,063,277	1,477,344	585,933	-	-	-
Unrestricted Use of money and property	1,662,390	423,008	1,239,382	342,777	23,495	319,282
Miscellaneous	635,295	384,942	250,353	-	-	-
Gain on sale of capital assets	8,269	5,700	2,569	-	14,996	(14,996)
Total Revenues	49,077,506	43,399,508	5,677,998	19,916,489	18,712,009	1,204,480
Expenses						
General government	5,183,675	4,073,039	1,110,636	-	-	-
Public safety	18,174,927	9,131,740	9,043,187	-	-	-
Public works	12,020,785	10,486,854	1,533,931	-	-	-
Health and social services	509,897	378,880	131,017	-	-	-
Culture and recreation	6,173,283	4,872,161	1,301,122	-	-	-
Community and economic development	4,887,499	4,211,814	675,685	-	-	-
Interest on long-term debt	1,291,302	1,468,642	(177,340)	-	-	-
Water	-	-	-	7,080,767	6,313,249	767,518
Sewer	-	-	-	4,443,265	4,089,580	353,685
Ambulance	-	-	-	2,989,507	1,677,886	1,311,621
Cemetery	-	-	-	550,153	464,265	85,888
Storm sewer	-	-	-	338,412	251,440	86,972
Solid waste	-	-	-	1,960,347	1,859,634	100,713
Golf course	-	-	-	701,249	434,763	266,486
Parking lots	-	-	-	33,938	77,267	(43,329)
RCR Arena	-	-	-	851,672	1,225,007	(373,335)
Total Expenses	48,241,368	34,623,130	13,618,238	18,949,310	16,393,091	2,556,219
Increase (Decrease) in Net Position Before Transfers	836,138	8,776,378	(7,940,240)	967,179	2,318,918	(1,351,739)
Transfers	785,891	1,852,358	(1,066,467)	(785,891)	(1,852,358)	1,066,467
Change in Net Position	1,622,029	10,628,736	(9,006,707)	181,288	466,560	(285,272)
Net Position - July 1	95,354,648	85,664,422	9,690,226	68,174,371	63,465,826	4,708,545
Prior Period Adjustment	-	(938,510)	938,510	-	4,241,985	(4,241,985)
Net Position - June 30	\$ 96,976,677	\$ 95,354,648	\$ 1,622,029	\$ 68,355,659	\$ 68,174,371	\$ 181,288

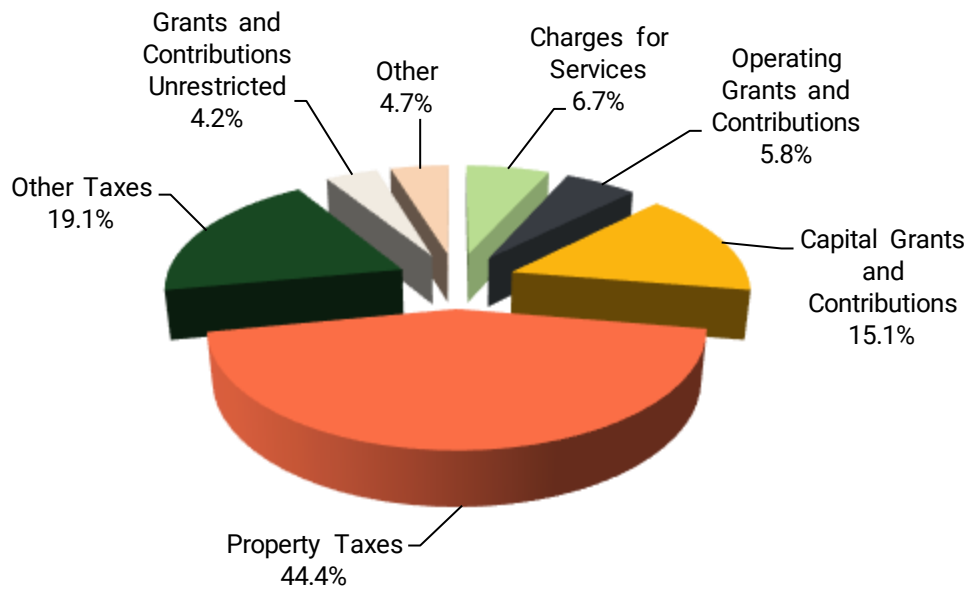
- The capital grants and contributions increased during the year due to receiving additional federal grants for projects.
- The increase in public safety expenses is primarily due to pension expense adjustments related to the liability.

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



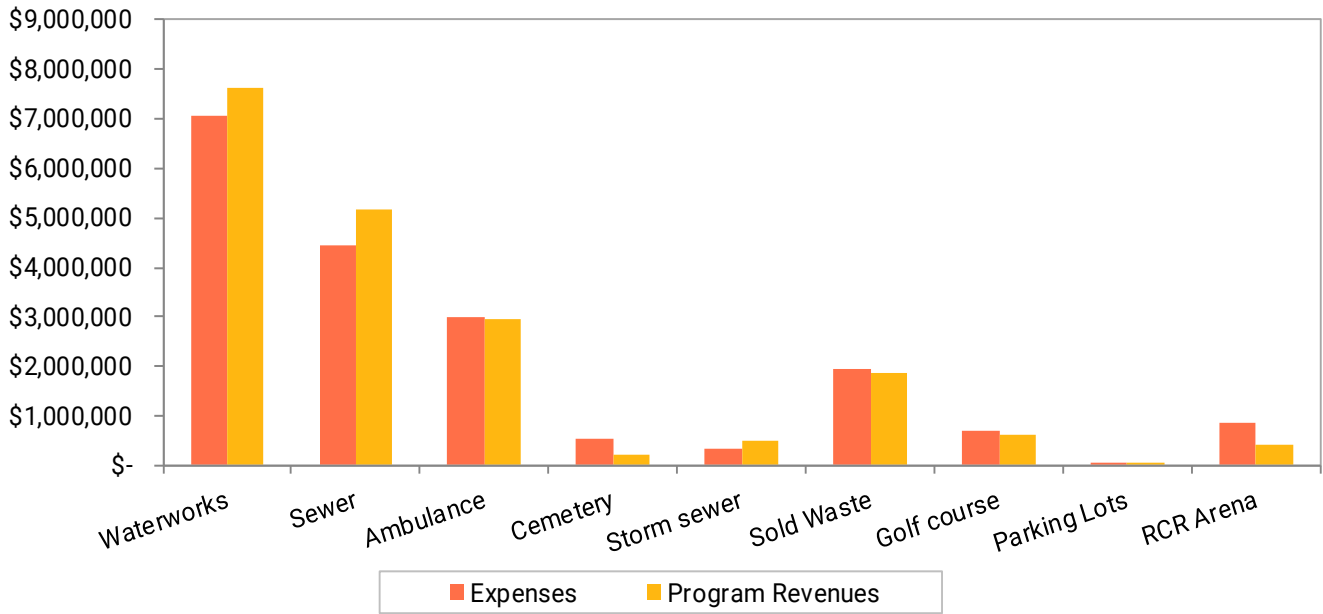
Revenues by Source - Governmental Activities



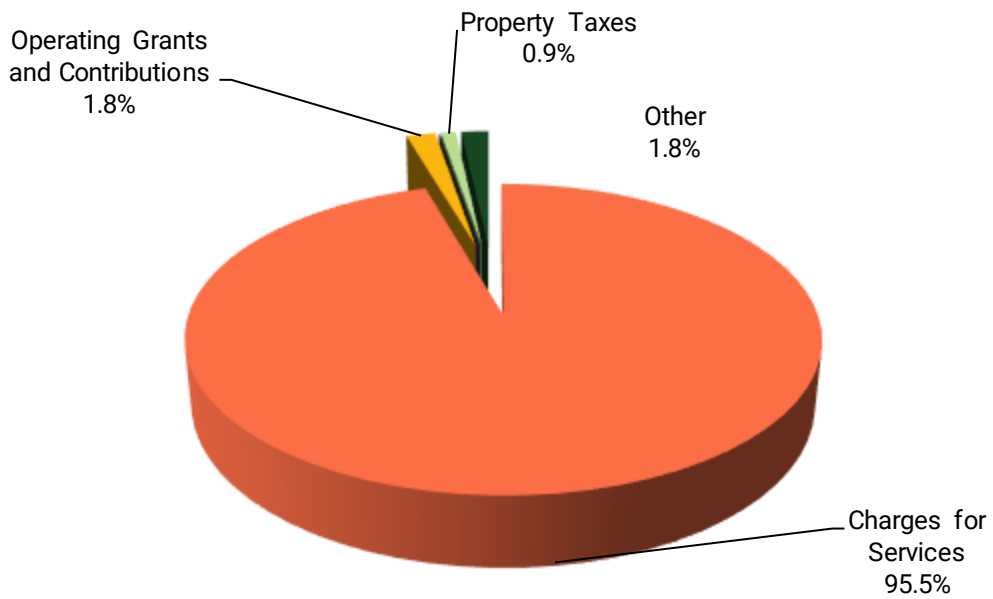
Business-type Activities. Business-type activities decreased the City's net position, as shown in the changes in net position table.

- 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 and increases in the ambulance pension expenses.

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, 2023.

	General	Road and Use Tax	Local Option Sales Tax	Debt Service	RC Renaissance	ARPA	G.O. Capital Projects	Other Governmental Funds	Total	Prior Year Total	Increase/ (Decrease)
Fund Balances											
Nonspendable	\$ 260,064	\$ 20,553	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 700,942	\$ 981,559	\$ 928,759	\$ 52,800
Restricted	917,148	2,703,589	726,233	4,059,769	8,233,045	-	-	7,109,319	23,749,103	26,645,813	(2,896,710)
Committed	-	-	-	-	-	-	-	5,062,490	5,062,490	1,722,850	3,339,640
Assigned	2,558,420	-	-	-	-	79,743	892,088	-	3,530,251	828,626	2,701,625
Unassigned	10,594,760	-	-	-	-	-	-	(80,754)	10,514,006	10,316,975	197,031
	<u>\$ 14,330,392</u>	<u>\$ 2,724,142</u>	<u>\$ 726,233</u>	<u>\$ 4,059,769</u>	<u>\$ 8,233,045</u>	<u>\$ 79,743</u>	<u>\$ 892,088</u>	<u>\$ 12,791,997</u>	<u>\$ 43,837,409</u>	<u>\$ 40,443,023</u>	<u>\$ 3,394,386</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 67 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	\$ 260,064	\$ 214,952	\$ 45,112
Restricted for	917,148	970,041	(52,893)
Assigned	2,558,420	828,626	1,729,794
Unassigned	10,594,760	10,616,365	(21,605)
	<u>\$ 14,330,392</u>	<u>\$ 12,629,984</u>	<u>\$ 1,700,408</u>
General Fund expenditures	\$ 22,256,890	\$ 26,133,961	
Unassigned as a percent of expenditures	47.6%	40.6%	
Total Fund Balance as a percent of expenditures	64.4%	48.3%	

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, 2023	June 30, 2022	Increase (Decrease)
Road and Use Tax	\$ 2,724,142	\$ 3,140,416	\$ (416,274)
Local Option Sales Tax	726,233	2,277,699	(1,551,466)
Debt Service fund	4,059,769	2,986,610	1,073,159
RC Renaissance	8,233,045	8,384,336	(151,291)
ARPA	79,743	-	79,743
G.O. Capital Projects	892,088	(226,379)	1,118,467

- The Road and Use Tax fund decreased due to transfers to the G.O. Capital Projects fund, which will be used to fund future projects.
- The Local Option Sales Tax fund decreased due to transfers to other funds to fund future capital projects.
- 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, and the accumulation of other resources for future bond payments.
- 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.
- The ARPA fund increased from prior year due to the interest received on investments. Interest will be used in future years to fund projects.
- The G.O. Capital Projects fund increased from prior year due to transfers from other funds, mainly the Road and Use Tax fund.

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, 2023	Ending Net Position June 30, 2022	Increase/ (Decrease)
Waterworks	\$ 30,222,479	\$ 29,355,431	\$ 867,048
Sewer	26,556,088	26,665,510	(109,422)
Ambulance	1,103,671	1,196,523	(92,852)

- The Waterworks fund increased from prior year primarily due to an increase in utility charges for services.
- The Sewer fund decreased from prior year largely due to contribution to other city funds for support of future projects and operations.
- The Ambulance fund decreased from prior year primarily due to the change in uncollectable receivables.

General Fund Budgetary Highlights

	Original Budgeted Amounts	Budget Amendments	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Revenues	\$ 14,726,950	\$ 2,043,340	\$ 16,770,290	\$ 17,996,508	\$ 1,226,218
Expenditures	22,372,558	3,233,200	25,605,758	22,256,890	3,348,868
Excess of Revenues Over Expenditures	<u>(7,645,608)</u>	<u>(1,189,860)</u>	<u>(8,835,468)</u>	<u>(4,260,382)</u>	<u>4,575,086</u>
Other Financing Sources (Uses)					
Sale of capital assets	-	-	-	17,269	17,269
Bonds issued	1,136,190	128,991	1,265,181	1,240,770	(24,411)
Premium on bonds issued	-	-	-	24,411	24,411
Transfers in	6,160,166	520,140	6,680,306	6,668,801	(11,505)
Transfers out	<u>(249,550)</u>	<u>(804,059)</u>	<u>(1,053,609)</u>	<u>(1,990,461)</u>	<u>(936,852)</u>
Total Other Financing Sources (Uses)	<u>7,046,806</u>	<u>(154,928)</u>	<u>6,891,878</u>	<u>5,960,790</u>	<u>(931,088)</u>
Net Change in Fund Balances	(598,802)	(1,344,788)	(1,943,590)	1,700,408	3,643,998
Fund Balances, July 1	12,629,984	-	12,629,984	12,629,984	-
Prior period adjustment	-	-	-	-	-
Fund Balances, June 30	<u>\$ 12,031,182</u>	<u>\$ (1,344,788)</u>	<u>\$ 10,686,394</u>	<u>\$ 14,330,392</u>	<u>\$ 3,643,998</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:

- Public safety capital expenditures were \$948,514 less than budget due to the delay of the Smart City capital project.

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, 2023, 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

Additional information on the City's capital assets can be found in Note 3C starting on page 81 of this report.

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

	Governmental Activities			Business-type Activities		
	June 30, 2023	June 30, 2022	Increase (Decrease)	June 30, 2023	June 30, 2022	Increase (Decrease)
Land	\$ 20,972,492	\$ 20,972,492	\$ -	\$ 4,876,962	\$ 4,876,962	\$ -
Construction in Progress	13,682,286	5,073,477	8,608,809	10,358,732	8,309,729	2,049,003
Buildings	10,871,840	11,415,018	(543,178)	9,114,130	9,369,547	(255,417)
Improvements	21,727,631	23,097,878	(1,370,247)	16,664,864	17,314,027	(649,163)
Machinery and Equipment	8,092,231	6,731,418	1,360,813	3,428,956	2,872,565	556,391
Infrastructure	42,035,618	44,633,677	(2,598,059)	30,448,594	30,667,069	(218,475)
Total	\$117,382,098	\$111,923,960	\$ 5,458,138	\$ 74,892,238	\$ 73,409,899	\$ 1,482,339

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, 2023	June 30, 2022	Increase (Decrease)	June 30, 2023	June 30, 2022	Increase (Decrease)
General Obligation Bonds	\$ 18,290,939	\$ 17,434,546	\$ 856,393	\$ -	\$ -	\$ -
General Obligation Tax Increment Bonds	27,230,000	28,315,000	(1,085,000)	-	-	-
General Obligation Revenue Bonds	-	-	-	5,750,829	6,897,453	(1,146,624)
Revenue Bonds	-	-	-	4,804,000	6,525,000	(1,721,000)
Bond discount	(136,967)	(145,927)	8,960	(57,020)	(67,523)	10,503
Bond premium	934,749	920,199	14,550	163,804	191,769	(27,965)
Total	\$ 46,318,721	\$ 46,523,818	\$ (205,097)	\$ 10,661,613	\$ 13,546,699	\$ (2,885,086)

The City's total debt decreased by during the current fiscal year. The key factor in this decreased was the retirement of debt obligations in the current year.

State statutes limit the amount of net general obligation debt a City may issue to 5% percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes.

Taxable Market Value	5 percent	Net Debt Applicable to Limit	Over/ (Under) Limit
<u>\$ 2,573,992,531</u>	<u>\$ 128,699,627</u>	<u>\$ 42,258,952</u>	<u>\$ 86,440,675</u>

Additional information on the City's long-term debt can be found in Note 3D starting on page 84 of this report.

Economic Factors and Next Year's Budgets and Rates

- The national average unemployment for June 2023 is 3.6%. The unemployment level for June 2022 was 3.6%. Cerro Gordo County's rate for June 2023 is 3.2%, and the state's rate is 2.9%.
- The median household income in Mason City was \$60,786 as of 2022 (2022 ACS estimates). Median household income increased 4.3% in the region over the preceding four quarters. For comparison purposes, median household income for the nation were \$74,755 for this time period.
- The reported valuation of building permits for calendar year 2022 was approximately \$62.6 million. This compares with an amount of \$7.0 million for calendar year 2021 and \$40.6 million for calendar year 2020.

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 4.2% 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 FY24, as part of a 5-year rate plan adopted by the City Council in April 2022. The City does plan to readdress the rate plan for the sewer utility in spring 2024 due to increased anticipated costs for mandated nutrient reduction improvements and the need for a new lift station to serve the southwest industrial area. The City is utilizing a \$4.5 million State of Iowa grant through the Destination Iowa program to construct approximately \$16 million in quality of life improvements, including a new regional mountain biking park, riverwalk, and recreational trail improvements. This project is funded through ARPA funds and all funds must be committed by the end of 2024. 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 FY24. With the projected increases, the City expects to remain extremely competitive in rates as compared to cities in Iowa over 10,000 population.

All of these factors were considered in the preparation of the City's budget for the 2024 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.

THIS PAGE IS LEFT
BLANK INTENTIONALLY

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MASON CITY
MASON CITY, IOWA

FOR THE YEAR ENDED
JUNE 30, 2023

City of Mason City, Iowa
Statement of Net Position
June 30, 2023

	Primary Government			Mason City Housing Authority
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and temporary investments	\$ 48,202,220	\$ 7,114,837	\$ 55,317,057	\$ 252,314
Cash and temporary investments - restricted	-	-	-	59,092
Receivables				
Property taxes	341,078	2,071	343,149	-
Succeeding year property taxes	17,502,939	189,121	17,692,060	-
Accounts, net of allowances	55,837	2,316,787	2,372,624	33,047
Special assessments	197,997	70,811	268,808	-
Intergovernmental	6,287,014	-	6,287,014	26,213
Internal balances	(939,695)	939,695	-	-
Inventories	-	337,853	337,853	-
Prepaid items	348,186	102,233	450,419	5,414
Capital assets				
Nondepreciable	34,654,778	15,235,694	49,890,472	-
Depreciable, net of accumulated depreciation and amortization	82,727,320	59,656,544	142,383,864	89,058
Total Assets	<u>189,377,674</u>	<u>85,965,646</u>	<u>275,343,320</u>	<u>465,138</u>
Deferred Outflows of Resources				
Deferred pension resources	4,278,925	1,053,586	5,332,511	37,316
Deferred other postemployment benefit resources	79,774	33,457	113,231	-
Total Deferred Outflows of Resources	<u>4,358,699</u>	<u>1,087,043</u>	<u>5,445,742</u>	<u>37,316</u>
Liabilities				
Accounts payable	4,297,846	984,368	5,282,214	13,792
Due to other governments	7,509	79,672	87,181	-
Accrued interest payable	103,433	15,937	119,370	-
Accrued salaries payable	347,435	134,510	481,945	-
Unearned revenue	4,580,233	227,620	4,807,853	-
Noncurrent liabilities				
Due within one year				
Long-term liabilities	5,102,955	2,189,693	7,292,648	9,180
Current portion of lease liability	-	-	-	9,688
Due in more than one year				
Long-term liabilities	42,712,420	8,903,104	51,615,524	-
Net pension liability	12,258,299	2,822,123	15,080,422	105,571
Other postemployment benefits liability	745,129	312,491	1,057,620	-
Lease liability	-	-	-	58,400
Total Liabilities	<u>70,155,259</u>	<u>15,669,518</u>	<u>85,824,777</u>	<u>196,631</u>
Deferred Inflows of Resources				
Deferred pension resources	8,625,481	2,638,757	11,264,238	28,845
Deferred other postemployment benefit resources	476,017	199,634	675,651	-
Succeeding year property taxes	17,502,939	189,121	17,692,060	-
Total Deferred Inflows of Resources	<u>26,604,437</u>	<u>3,027,512</u>	<u>29,631,949</u>	<u>28,845</u>
Net Position				
Net investment in capital assets	99,033,677	64,230,625	163,264,302	20,970
Restricted				
Tort liability	917,148	-	917,148	-
Debt service	3,962,801	-	3,962,801	-
Road and use tax	2,843,340	-	2,843,340	-
Local option sales tax	726,233	-	726,233	-
River City Renaissance	8,233,045	-	8,233,045	-
Tax increment financing	39,610	-	39,610	-
Hotel / motel tax	293,220	-	293,220	-
Employee benefits	5,617,253	-	5,617,253	-
Grant programs	129,915	-	129,915	-
Softball trust	3,117	-	3,117	-
Cemetery perpetual care	555,771	-	555,771	-
Museum funding	1,147,841	-	1,147,841	-
Housing authority	-	-	-	59,092
Unrestricted	<u>(26,526,294)</u>	<u>4,125,034</u>	<u>(22,401,260)</u>	<u>196,916</u>
Total Net Position	<u>\$ 96,976,677</u>	<u>\$ 68,355,659</u>	<u>\$ 165,332,336</u>	<u>\$ 276,978</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, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 5,183,675	\$ -	\$ 14,910	\$ -
Public safety	18,174,927	1,188,644	444,205	121,493
Public works	12,020,785	917,725	616,306	7,305,236
Health and social services	509,897	32,012	51,244	-
Culture and recreation	6,173,283	1,126,948	181,439	-
Community and economic development	4,887,499	18,946	1,528,253	-
Interest on long-term debt	1,291,302	-	-	-
Total Governmental Activities	<u>48,241,368</u>	<u>3,284,275</u>	<u>2,836,357</u>	<u>7,426,729</u>
Business-type Activities				
Water	7,080,767	7,518,751	101,820	-
Sewer	4,443,265	5,171,415	15,900	-
Ambulance	2,989,507	2,891,071	51,951	-
Cemetery	550,153	199,186	1,053	-
Storm sewer	338,412	457,359	30,215	-
Solid waste	1,960,347	1,853,981	13,229	-
Golf course	701,249	583,411	29,053	-
Parking lots	33,938	36,754	-	-
RCR Arena	851,672	306,959	123,638	-
Total Business-type Activities	<u>18,949,310</u>	<u>19,018,887</u>	<u>366,859</u>	<u>-</u>
Total Primary Government	<u>\$ 67,190,678</u>	<u>\$ 22,303,162</u>	<u>\$ 3,203,216</u>	<u>\$ 7,426,729</u>
Component units				
Housing and redevelopment	<u>\$ 2,335,962</u>	<u>\$ -</u>	<u>\$ 2,374,741</u>	<u>\$ -</u>

General Revenues

- 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 - internal activities
- Transfers - capital assets
- 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	
\$ (5,168,765)	\$ -	\$ (5,168,765)	\$ -
(16,420,585)	-	(16,420,585)	-
(3,181,518)	-	(3,181,518)	-
(426,641)	-	(426,641)	-
(4,864,896)	-	(4,864,896)	-
(3,340,300)	-	(3,340,300)	-
(1,291,302)	-	(1,291,302)	-
<u>(34,694,007)</u>	<u>-</u>	<u>(34,694,007)</u>	<u>-</u>
-	539,804	539,804	-
-	744,050	744,050	-
-	(46,485)	(46,485)	-
-	(349,914)	(349,914)	-
-	149,162	149,162	-
-	(93,137)	(93,137)	-
-	(88,785)	(88,785)	-
-	2,816	2,816	-
-	(421,075)	(421,075)	-
<u>-</u>	<u>436,436</u>	<u>436,436</u>	<u>-</u>
<u>(34,694,007)</u>	<u>436,436</u>	<u>(34,257,571)</u>	<u>-</u>
-	-	-	38,779
18,395,339	187,966	18,583,305	-
3,389,816	-	3,389,816	-
1,539,066	-	1,539,066	-
6,686,203	-	6,686,203	-
1,124,525	-	1,124,525	-
25,965	-	25,965	-
2,063,277	-	2,063,277	-
1,662,390	342,777	2,005,167	3,128
635,295	-	635,295	-
8,269	-	8,269	-
1,365,513	(1,365,513)	-	-
(579,622)	579,622	-	-
<u>36,316,036</u>	<u>(255,148)</u>	<u>36,060,888</u>	<u>3,128</u>
<u>1,622,029</u>	<u>181,288</u>	<u>1,803,317</u>	<u>41,907</u>
95,354,648	68,174,371	163,529,019	240,579
-	-	-	(5,508)
<u>95,354,648</u>	<u>68,174,371</u>	<u>163,529,019</u>	<u>235,071</u>
<u>\$ 96,976,677</u>	<u>\$ 68,355,659</u>	<u>\$ 165,332,336</u>	<u>\$ 276,978</u>

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

FUND FINANCIAL STATEMENTS

CITY OF MASON CITY
MASON CITY, IOWA

FOR THE YEAR ENDED
JUNE 30, 2023

City of Mason City, Iowa
Balance Sheet
Governmental Funds
June 30, 2023

	General	110 Road and Use Tax	121 Local Option Sales Tax	210 Debt Service	310 RC Renaissance
Assets					
Cash and investments	\$ 14,049,058	\$ 2,453,738	\$ 237,357	\$ 4,015,892	\$ 8,432,870
Receivables					
Property taxes	142,607	-	-	50,342	-
Succeeding years property taxes	10,468,922	-	-	3,784,327	-
Accounts, net of allowances	55,837	-	-	-	-
Special assessments	67,299	130,698	-	-	-
Due from other governments	972,040	357,238	488,876	-	27,689
Due from other funds	150,055	-	-	-	-
Prepaid items	260,064	20,553	-	-	-
Total Assets	<u>\$ 26,165,882</u>	<u>\$ 2,962,227</u>	<u>\$ 726,233</u>	<u>\$ 7,850,561</u>	<u>\$ 8,460,559</u>
Liabilities					
Accounts payable	\$ 347,498	\$ 86,851	\$ -	\$ -	\$ 227,514
Due to other funds	-	-	-	-	-
Due to other governments	6,956	-	-	-	-
Accrued salaries payable	310,405	32,036	-	-	-
Unearned revenue	615,010	-	-	-	-
Total Liabilities	<u>1,279,869</u>	<u>118,887</u>	<u>-</u>	<u>-</u>	<u>227,514</u>
Deferred Inflows of Resources					
Unavailable revenue - taxes	20,874	-	-	6,465	-
Unavailable Revenue - special assessments	65,825	119,198	-	-	-
Succeeding year property taxes	10,468,922	-	-	3,784,327	-
Total Deferred Inflows of Resources	<u>10,555,621</u>	<u>119,198</u>	<u>-</u>	<u>3,790,792</u>	<u>-</u>
Fund Balances					
Nonspendable	260,064	20,553	-	-	-
Restricted	917,148	2,703,589	726,233	4,059,769	8,233,045
Committed	-	-	-	-	-
Assigned	2,558,420	-	-	-	-
Unassigned	10,594,760	-	-	-	-
Total Fund Balances	<u>14,330,392</u>	<u>2,724,142</u>	<u>726,233</u>	<u>4,059,769</u>	<u>8,233,045</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 26,165,882</u>	<u>\$ 2,962,227</u>	<u>\$ 726,233</u>	<u>\$ 7,850,561</u>	<u>\$ 8,460,559</u>

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

315	320	Other	
ARPA	G.O. Capital Projects	Governmental Funds	Total
\$ 2,516,117	\$ 929,511	\$ 12,967,323	\$ 45,601,866
-	-	130,068	323,017
-	-	1,863,587	16,116,836
-	-	-	55,837
-	-	-	197,997
-	4,057,466	383,705	6,287,014
-	-	-	150,055
-	-	67,304	347,921
<u>\$ 2,516,117</u>	<u>\$ 4,986,977</u>	<u>\$ 15,411,987</u>	<u>\$ 69,080,543</u>
\$ -	\$ 2,566,040	\$ 596,939	\$ 3,824,842
-	-	150,055	150,055
-	-	553	7,509
-	-	326	342,767
2,436,374	1,528,849	-	4,580,233
<u>2,436,374</u>	<u>4,094,889</u>	<u>747,873</u>	<u>8,905,406</u>
-	-	8,530	35,869
-	-	-	185,023
-	-	1,863,587	16,116,836
-	-	1,872,117	16,337,728
-	-	700,942	981,559
-	-	7,109,319	23,749,103
-	-	5,062,490	5,062,490
79,743	892,088	-	3,530,251
-	-	(80,754)	10,514,006
<u>79,743</u>	<u>892,088</u>	<u>12,791,997</u>	<u>43,837,409</u>
<u>\$ 2,516,117</u>	<u>\$ 4,986,977</u>	<u>\$ 15,411,987</u>	<u>\$ 69,080,543</u>

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

THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Mason City, Iowa
Reconciliation of the Balance Sheet
to the Statement of Net Position
Governmental Funds
For the Year Ended June 30, 2023

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

Total Fund Balances - Governmental Funds	\$ 43,837,409
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	237,887,924
Less: accumulated depreciation	(120,637,920)
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	(1,482,925)
Other postemployment benefit obligation	(745,129)
Net pension liability	(12,258,299)
Bonds payable	(45,520,939)
Bond discounts	136,967
Bond premiums	(934,749)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are delayed in the funds.	
Special assessments	185,023
Property taxes	35,869
Governmental funds do not report long-term amounts related to pensions and other post employment benefits.	
Deferred outflows of pension resources	4,278,925
Deferred inflows of pension resources	(8,625,481)
Deferred outflows of other postemployment benefit resources	79,774
Deferred inflows of other postemployment benefit resources	(476,017)
Governmental funds do not report a liability for accrued interest until due and payable.	
	(103,433)
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.	
	1,319,678
Total Net Position - Governmental Activities	\$ 96,976,677

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, 2023

	110 General	110 Road and Use Tax	121 Local Option Sales Tax	210 Debt Service	310 RC Renaissance
Revenues					
Taxes	\$ 10,828,931	\$ 3,779,974	\$ 6,686,203	\$ 3,389,816	\$ -
Special assessments	-	-	-	-	-
Licenses and permits	9,245	-	-	-	-
Intergovernmental	3,653,277	1,000,000	-	-	214,558
Charges for services	1,619,563	-	-	-	-
Fines and forfeits	67,530	-	-	-	-
Use of money and property	764,065	80,652	(662)	78,414	256,582
Refunds	41,461	-	-	-	-
Miscellaneous	1,012,436	59,463	-	-	220,000
Total Revenues	<u>17,996,508</u>	<u>4,920,089</u>	<u>6,685,541</u>	<u>3,468,230</u>	<u>691,140</u>
Expenditures					
Current					
General government	2,115,115	-	-	-	-
Public safety	10,467,264	-	-	-	-
Public works	1,138,153	-	-	-	-
Health and social services	352,543	-	-	-	-
Culture and recreation	3,641,606	-	-	-	-
Community and economic development	1,367,916	-	-	-	-
Capital outlay					
General government	419,540	-	-	-	-
Public safety	1,862,949	-	-	-	-
Public works	67,268	3,682,644	151	-	-
Culture and recreation	581,071	-	-	-	-
Community and economic development	243,465	-	-	-	833,432
Debt service					
Principal	-	-	-	4,773,607	-
Interest and other	-	-	-	1,421,838	-
Total Expenditures	<u>22,256,890</u>	<u>3,682,644</u>	<u>151</u>	<u>6,195,445</u>	<u>833,432</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,260,382)</u>	<u>1,237,445</u>	<u>6,685,390</u>	<u>(2,727,215)</u>	<u>(142,292)</u>
Other Financing Sources (Uses)					
Sale of capital assets	17,269	-	-	-	-
Transfers in	6,668,801	-	-	3,964,547	-
Bonds issued	1,240,770	-	-	40,960	-
Premium on bonds issued	24,411	-	-	46,749	-
Transfers out	(1,990,461)	(1,653,719)	(8,236,856)	(251,882)	(8,999)
Total Other Financing Sources (Uses)	<u>5,960,790</u>	<u>(1,653,719)</u>	<u>(8,236,856)</u>	<u>3,800,374</u>	<u>(8,999)</u>
Net Change in Fund Balances	1,700,408	(416,274)	(1,551,466)	1,073,159	(151,291)
Fund Balances, July 1	<u>12,629,984</u>	<u>3,140,416</u>	<u>2,277,699</u>	<u>2,986,610</u>	<u>8,384,336</u>
Fund Balances, June 30	<u>\$ 14,330,392</u>	<u>\$ 2,724,142</u>	<u>\$ 726,233</u>	<u>\$ 4,059,769</u>	<u>\$ 8,233,045</u>

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

315	320	Other	
ARPA	G.O. Capital	Governmental	Total
	Projects	Funds	
\$ -	\$ -	\$ 4,929,690	\$ 29,614,614
-	-	13,741	13,741
-	-	-	9,245
946,646	4,986,128	998,674	11,799,283
-	-	6,889	1,626,452
-	-	-	67,530
79,743	60,465	230,057	1,549,316
-	-	-	41,461
-	-	412,504	1,704,403
<u>1,026,389</u>	<u>5,046,593</u>	<u>6,591,555</u>	<u>46,426,045</u>
-	-	833,491	2,948,606
-	-	2,280,422	12,747,686
-	-	60,027	1,198,180
-	-	11,439	363,982
-	-	479,130	4,120,736
739,510	-	1,442,672	3,550,098
53,948	-	-	473,488
153,188	-	-	2,016,137
-	9,859,037	1,503,920	15,113,020
-	-	9,985	591,056
-	-	-	1,076,897
-	-	-	4,773,607
-	-	-	1,421,838
<u>946,646</u>	<u>9,859,037</u>	<u>6,621,086</u>	<u>50,395,331</u>
<u>79,743</u>	<u>(4,812,444)</u>	<u>(29,531)</u>	<u>(3,969,286)</u>
-	-	-	17,269
-	2,858,579	5,158,643	18,650,570
-	3,263,270	-	4,545,000
-	84,730	-	155,890
-	(275,668)	(3,587,472)	(16,005,057)
-	<u>5,930,911</u>	<u>1,571,171</u>	<u>7,363,672</u>
79,743	1,118,467	1,541,640	3,394,386
-	(226,379)	11,250,357	40,443,023
<u>\$ 79,743</u>	<u>\$ 892,088</u>	<u>\$ 12,791,997</u>	<u>\$ 43,837,409</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, 2023

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

Net Change in Fund Balances - Governmental Funds	\$ 3,394,386
<p>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.</p>	
Capital outlay	14,462,545
Depreciation expense	(8,308,308)
Capital contributions	(579,622)
<p>The net effect of various miscellaneous transactions involving capital assets is to increase (decrease) net position.</p>	
Sale/disposal of capital assets	(89,477)
<p>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.</p>	
Principal repayments	4,773,607
Debt issued	(4,545,000)
Premium on bonds issued	(155,890)
Bond discount amortization	(8,960)
Bond premium amortization	141,340
<p>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.</p>	
	(1,844)
<p>Long-term pension activity is not reported in governmental funds.</p>	
Pension expense	(7,581,751)
<p>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.</p>	
Property taxes	5,399
Special assessments	(16,518)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	(133,803)
Other postemployment benefits costs	(8,417)
<p>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.</p>	
	274,342
Change in Net Position - Governmental Activities	\$ 1,622,029

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$10,872,313	10,872,313	\$10,828,931	\$ (43,382)
Licenses and permits	8,000	8,000	9,245	1,245
Intergovernmental	1,901,238	3,263,000	3,653,277	390,277
Charges for services	1,334,949	1,344,949	1,619,563	274,614
Fines and forfeits	22,589	66,266	67,530	1,264
Special assessments	1,500	1,500	-	(1,500)
Use of money and property	6,000	502,000	764,065	262,065
Refunds	4,186	4,186	41,461	37,275
Miscellaneous	576,175	708,076	1,012,436	304,360
Total Revenues	<u>14,726,950</u>	<u>16,770,290</u>	<u>17,996,508</u>	<u>1,226,218</u>
Expenditures				
Current				
General government	2,141,629	2,302,692	2,115,115	187,577
Public safety	10,878,258	11,193,236	10,467,264	725,972
Public works	1,398,276	1,445,690	1,138,153	307,537
Culture and recreation	3,571,421	3,756,908	3,641,606	115,302
Community and economic development	1,379,226	1,470,941	1,367,916	103,025
Health and social	417,658	417,658	352,543	65,115
Capital outlay				
General government	166,000	383,000	419,540	(36,540)
Public safety	1,233,476	2,811,463	1,862,949	948,514
Public works	118,203	118,203	67,268	50,935
Culture and recreation	710,111	1,143,332	581,071	562,261
Community and economic development	358,300	562,635	243,465	319,170
Total Expenditures	<u>22,372,558</u>	<u>25,605,758</u>	<u>22,256,890</u>	<u>3,348,868</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,645,608)</u>	<u>(8,835,468)</u>	<u>(4,260,382)</u>	<u>4,575,086</u>
Other Financing Sources (Uses)				
Sale of capital assets	-	-	17,269	17,269
Transfers in	6,160,166	6,680,306	6,668,801	(11,505)
Bonds issued	1,136,190	1,265,181	1,240,770	(24,411)
Premium on bonds issued	-	-	24,411	24,411
Transfers out	(249,550)	(1,053,609)	(1,990,461)	(936,852)
Total Other Financing Sources (Uses)	<u>7,046,806</u>	<u>6,891,878</u>	<u>5,960,790</u>	<u>(931,088)</u>
Net Change in Fund Balances	(598,802)	(1,943,590)	1,700,408	3,643,998
Fund Balances, July 1	<u>12,629,984</u>	<u>12,629,984</u>	<u>12,629,984</u>	<u>-</u>
Fund Balances, June 30	<u>\$12,031,182</u>	<u>\$10,686,394</u>	<u>\$14,330,392</u>	<u>\$ 3,643,998</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, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 3,672,000	\$ 3,672,000	\$ 3,779,974	\$ 107,974
Intergovernmental	70,000	1,020,000	1,000,000	(20,000)
Use of money and property	-	-	80,652	80,652
Miscellaneous	60,000	64,594	59,463	(5,131)
Total Revenues	<u>3,802,000</u>	<u>4,756,594</u>	<u>4,920,089</u>	<u>163,495</u>
Expenditures				
Capital outlay				
Public works	<u>3,922,226</u>	<u>4,249,838</u>	<u>3,682,644</u>	<u>567,194</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(120,226)	506,756	1,237,445	730,689
Other Financing Sources (Uses)				
Transfers out	<u>(73,000)</u>	<u>(1,402,631)</u>	<u>(1,653,719)</u>	<u>(251,088)</u>
Net Change in Fund Balances	(193,226)	(895,875)	(416,274)	479,601
Fund Balances, July 1	<u>3,140,416</u>	<u>3,140,416</u>	<u>3,140,416</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ (193,226)</u></u>	<u><u>\$ (895,875)</u></u>	<u><u>\$ 2,724,142</u></u>	<u><u>\$ 479,601</u></u>

City of Mason City, Iowa
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Local Option Sales Tax
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
Taxes	\$ 5,825,000	\$ 5,825,000	\$ 6,686,203	\$ 861,203
Use of money and property	1,200	1,200	(662)	(1,862)
Total Revenues	<u>5,826,200</u>	<u>5,826,200</u>	<u>6,685,541</u>	<u>859,341</u>
Expenditures				
Capital outlay				
Public works	-	-	151	(151)
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,826,200	5,826,200	6,685,390	859,190
Other Financing Sources (Uses)				
Transfers out	<u>(6,341,410)</u>	<u>(7,573,438)</u>	<u>(8,236,856)</u>	<u>(663,418)</u>
Net Change in Fund Balances	(515,210)	(1,747,238)	(1,551,466)	195,772
Fund Balances, July 1	<u>2,277,699</u>	<u>2,277,699</u>	<u>2,277,699</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ (515,210)</u></u>	<u><u>\$ (1,747,238)</u></u>	<u><u>\$ 726,233</u></u>	<u><u>\$ 195,772</u></u>

City of Mason City, Iowa
Statement of Net Position
Proprietary Funds (Continued on the Following Pages)
June 30, 2023

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	600	610	660			
	Waterworks	Sewer	Ambulance	Other Enterprise Funds	Total	
Assets						
Current Assets						
Cash and investments	\$ 4,103,331	\$ 1,312,487	\$ 1,090,081	\$ 608,938	\$ 7,114,837	\$ 2,600,354
Receivables						
Accounts, net of allowance	850,479	517,615	639,726	308,967	2,316,787	-
Property taxes	-	-	-	2,071	2,071	18,061
Succeeding year property taxes	-	-	-	189,121	189,121	1,386,103
Special assessments	49,469	18,987	-	2,355	70,811	-
Due from other funds	217,073	-	-	-	217,073	-
Inventories	319,488	18,365	-	-	337,853	-
Prepaid items	36,630	54,920	3,813	6,870	102,233	265
Total Current Assets	<u>5,576,470</u>	<u>1,922,374</u>	<u>1,733,620</u>	<u>1,118,322</u>	<u>10,350,786</u>	<u>4,004,783</u>
Noncurrent Assets						
Capital assets						
Land	167,220	369,809	-	4,339,933	4,876,962	-
Buildings and structures	53,201,057	-	447,043	1,302,706	54,950,806	-
Infrastructure and improvements	-	35,057,839	-	3,487,158	38,544,997	-
Machinery and equipment	5,493,790	22,258,315	2,365,171	10,739,923	40,857,199	262,880
Improvements	-	-	-	-	-	21,546
Construction in progress	1,267,030	8,320,770	-	770,932	10,358,732	-
Less accumulated depreciation	<u>(30,744,925)</u>	<u>(33,254,594)</u>	<u>(1,622,920)</u>	<u>(9,074,019)</u>	<u>(74,696,458)</u>	<u>(152,332)</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>29,384,172</u>	<u>32,752,139</u>	<u>1,189,294</u>	<u>11,566,633</u>	<u>74,892,238</u>	<u>132,094</u>
Total Assets	<u>34,960,642</u>	<u>34,674,513</u>	<u>2,922,914</u>	<u>12,684,955</u>	<u>85,243,024</u>	<u>4,136,877</u>
Deferred Outflows of Resources						
Deferred pension resources	258,319	185,564	405,792	203,911	1,053,586	-
Deferred other postemployment benefit resources	11,206	6,759	6,211	9,281	33,457	-
Total Deferred Outflows of Resources	<u>269,525</u>	<u>192,323</u>	<u>412,003</u>	<u>213,192</u>	<u>1,087,043</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, 2023

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	600	610	660			
	Waterworks	Sewer	Ambulance	Other Enterprise Funds	Total	
Liabilities						
Current Liabilities						
Accounts payable	\$ 241,730	\$ 535,430	\$ 104,563	\$ 102,645	\$ 984,368	\$ 473,004
Due to other funds	-	-	-	217,073	217,073	-
Due to other governments	52,754	18,001	-	8,917	79,672	-
Accrued interest payable	4,261	9,161	12	2,503	15,937	-
Accrued salaries payable	39,720	29,038	26,040	39,712	134,510	4,668
Compensated absences	81,032	79,325	83,505	70,902	314,764	7,056
Unearned revenue	-	-	-	227,620	227,620	-
Bonds payable - current	675,500	990,658	11,500	197,271	1,874,929	-
Total Current Liabilities	<u>1,094,997</u>	<u>1,661,613</u>	<u>225,620</u>	<u>866,643</u>	<u>3,848,873</u>	<u>484,728</u>
Noncurrent Liabilities						
Compensated absences	29,971	29,339	30,885	26,225	116,420	6,673
Other postemployment benefit obligation	104,667	63,128	58,017	86,679	312,491	-
Net pension liability	637,004	457,594	1,224,688	502,837	2,822,123	-
Bonds payable	2,283,061	5,490,440	136	1,013,047	8,786,684	-
Total Noncurrent Liabilities	<u>3,054,703</u>	<u>6,040,501</u>	<u>1,313,726</u>	<u>1,628,788</u>	<u>12,037,718</u>	<u>6,673</u>
Total Liabilities	<u>4,149,700</u>	<u>7,702,114</u>	<u>1,539,346</u>	<u>2,495,431</u>	<u>15,886,591</u>	<u>491,401</u>
Deferred Inflows of Resources						
Deferred pension resources	791,122	568,305	654,836	624,494	2,638,757	-
Deferred other postemployment benefit resources	66,866	40,329	37,064	55,375	199,634	-
Succeeding year property taxes	-	-	-	189,121	189,121	1,386,103
Total Deferred Inflows of Resources	<u>857,988</u>	<u>608,634</u>	<u>691,900</u>	<u>868,990</u>	<u>3,027,512</u>	<u>1,386,103</u>
Net Position						
Net investment in capital assets	26,425,611	26,271,041	1,177,658	10,356,315	64,230,625	132,094
Unrestricted	3,796,868	285,047	(73,987)	(822,589)	3,185,339	2,127,279
Total Net Position	<u>\$ 30,222,479</u>	<u>\$ 26,556,088</u>	<u>\$ 1,103,671</u>	<u>\$ 9,533,726</u>	67,415,964	<u>\$ 2,259,373</u>
					939,695	
					<u>\$ 68,355,659</u>	

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

Net position of business-type activities

THIS PAGE IS LEFT
BLANK INTENTIONALLY

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	\$ 7,433,840	\$ 5,120,216	\$ 2,843,977	\$ 3,367,337	\$ 18,765,370	\$ 428,138
Health insurance contributions	-	-	-	-	-	4,080,820
Total Operating Revenues	<u>7,433,840</u>	<u>5,120,216</u>	<u>2,843,977</u>	<u>3,367,337</u>	<u>18,765,370</u>	<u>4,508,958</u>
Operating Expenses						
Personal services	2,620,042	1,760,542	1,857,396	2,274,541	8,512,521	247,075
Supplies and maintenance	885,845	325,584	166,944	468,029	1,846,402	202,310
Medical and dental claims	-	-	-	-	-	4,053,065
Other services and charges	1,761,889	905,636	826,725	1,276,518	4,770,768	20,453
Depreciation	1,745,134	1,325,184	138,293	393,616	3,602,227	22,142
Total Operating Expenses	<u>7,012,910</u>	<u>4,316,946</u>	<u>2,989,358</u>	<u>4,412,704</u>	<u>18,731,918</u>	<u>4,545,045</u>
Operating Income (Loss)	<u>420,930</u>	<u>803,270</u>	<u>(145,381)</u>	<u>(1,045,367)</u>	<u>33,452</u>	<u>(36,087)</u>
Nonoperating Revenues (Expenses)						
Property taxes	-	-	-	187,966	187,966	1,482,171
Other taxes	-	-	-	-	-	32,765
Intergovernmental	-	-	-	25,548	25,548	-
Use of money and property	190,503	78,064	35,448	38,762	342,777	113,074
Other income	101,820	15,900	51,951	171,640	341,311	215,936
Interest expense and other	(67,857)	(126,319)	(149)	(23,247)	(217,572)	-
Bond premium amortization	-	-	-	180	180	-
Total Nonoperating Revenues (Expenses)	<u>224,466</u>	<u>(32,355)</u>	<u>87,250</u>	<u>400,849</u>	<u>680,210</u>	<u>1,843,946</u>
Income (Loss) Before Contributions and Transfers	645,396	770,915	(58,131)	(644,518)	713,662	1,807,859
Transfers In	1,900,000	258,798	-	252,038	2,410,836	-
Capital Contributions	-	-	-	579,622	579,622	-
Transfers Out	<u>(1,678,348)</u>	<u>(1,139,135)</u>	<u>(34,721)</u>	<u>(924,145)</u>	<u>(3,776,349)</u>	<u>(1,280,000)</u>
Change in Net Position	867,048	(109,422)	(92,852)	(737,003)	(72,229)	527,859
Net Position, July 1	<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>
Net Position, June 30	<u>\$ 30,222,479</u>	<u>\$ 26,556,088</u>	<u>\$ 1,103,671</u>	<u>\$ 9,533,726</u>	<u>\$ 67,415,964</u>	<u>\$ 2,259,373</u>
					\$ (72,229)	
					253,517	
					<u>\$ 181,288</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, 2023

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	600	610	660	Other Enterprise Funds		
	Waterworks	Sewer	Ambulance	Enterprise Funds	Total	Funds
Cash Flows from Operating Activities						
Payments to and on behalf of employees	\$ 7,333,156	\$ 5,084,724	\$ 2,876,424	\$ 3,330,785	\$ 18,625,089	\$ -
Receipts from interfund services provided	-	-	-	-	-	4,508,958
Other receipts	101,820	15,900	51,951	171,640	341,311	215,936
Payments to vendors and suppliers	(2,458,871)	(1,339,764)	(918,338)	(1,711,786)	(6,428,759)	(4,401,588)
Payments to and on behalf of employees	(2,089,961)	(1,404,585)	(1,281,444)	(1,895,020)	(6,671,010)	(252,907)
Net Cash Provided (Used) by Operating Activities	<u>2,886,144</u>	<u>2,356,275</u>	<u>728,593</u>	<u>(104,381)</u>	<u>5,866,631</u>	<u>70,399</u>
Cash Flows from Noncapital Financing Activities						
Transfers out	(1,678,348)	(1,139,135)	(34,721)	(924,145)	(3,776,349)	(1,280,000)
Transfers in	1,900,000	258,798	-	252,038	2,410,836	-
Increase in due from other funds	(217,073)	-	-	-	(217,073)	-
Increase in due to other funds	-	-	-	217,073	217,073	-
Property taxes received	-	-	-	188,029	188,029	1,509,513
Grants received	-	-	-	25,548	25,548	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>4,579</u>	<u>(880,337)</u>	<u>(34,721)</u>	<u>(241,457)</u>	<u>(1,151,936)</u>	<u>229,513</u>
Cash Flows from Capital and Related Financing Activities						
Acquisition of capital assets	(1,129,325)	(1,854,946)	(429,186)	(1,256,764)	(4,670,221)	-
Proceeds from sale of capital assets	-	-	-	-	-	4,858
Principal paid on long-term debt	(1,756,375)	(917,007)	(11,387)	(182,855)	(2,867,624)	-
Interest paid on long-term debt	(84,758)	(121,043)	(162)	(29,271)	(235,234)	-
Net Cash Used by Capital and Related Financing Activities	<u>(2,970,458)</u>	<u>(2,892,996)</u>	<u>(440,735)</u>	<u>(1,468,890)</u>	<u>(7,773,079)</u>	<u>4,858</u>
Cash Flows from Investing Activities						
Interest received on investments	192,146	79,377	35,727	40,266	347,516	113,978
Net Increase (Decrease) in Cash and Cash Equivalents	112,411	(1,337,681)	288,864	(1,774,462)	(2,710,868)	418,748
Cash and Cash Equivalents, July 1	3,990,920	2,650,168	801,217	2,383,400	9,825,705	2,181,606
Cash and Cash Equivalents, June 30	<u>\$ 4,103,331</u>	<u>\$ 1,312,487</u>	<u>\$ 1,090,081</u>	<u>\$ 608,938</u>	<u>\$ 7,114,837</u>	<u>\$ 2,600,354</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)
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds				Total	Governmental Activities - Internal Service Funds
	600	610	660	Other Enterprise Funds		
	Water	Sewer	Ambulance			
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ 420,930	\$ 803,270	\$ (145,381)	\$ (1,045,367)	\$ 33,452	\$ (36,087)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Other income related to operations	101,820	15,900	51,951	171,640	341,311	215,936
Depreciation	1,745,134	1,325,184	138,293	393,616	3,602,227	22,142
(Increase) decrease in assets						
Accounts receivable	(63,277)	(35,492)	32,447	(32,750)	(99,072)	-
Special assessments	(37,407)	-	-	-	(37,407)	-
Inventories	(15,436)	(2,825)	-	-	(18,261)	-
Prepaid items	(7,967)	(11,832)	102	(1,135)	(20,832)	(21)
(Increase) decrease in deferred outflows of resources						
Deferred pension resources	78,119	64,737	49,425	68,484	260,765	-
Deferred other postemployment benefit resources	1,089	1,642	464	1,621	4,816	-
Increase (decrease) in liabilities						
Accounts payable	173,732	(102,183)	75,229	27,737	174,515	(125,739)
Due to other governments	38,534	8,296	-	6,159	52,989	-
Accrued salaries payable	(46,093)	(26,678)	(45,860)	(42,928)	(161,559)	(5,832)
Compensated Absences	21,086	12,574	(10,541)	5,999	29,118	-
Other postemployment benefit obligation	4,358	(5,411)	3,559	(2,257)	249	-
Net pension liability	614,322	440,719	730,971	484,473	2,270,485	-
Unearned revenue	-	-	-	(3,802)	(3,802)	-
Increase (decrease) in deferred inflows of resources						
Deferred pension resources	(138,790)	(123,527)	(150,651)	(128,405)	(541,373)	-
Deferred other postemployment benefit resources	(4,010)	(8,099)	(1,415)	(7,466)	(20,990)	-
Net Cash Provided (Used) by Operating Activities	\$ 2,886,144	\$ 2,356,275	\$ 728,593	\$ (104,381)	\$ 5,866,631	\$ 70,399
Schedule of Noncash Investing, Capital and Financing Activities						
Gain (loss) on disposal of capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Book value of disposed/traded capital assets	\$ -	\$ 2,219	\$ -	\$ -	\$ 2,219	\$ -
Capital assets acquired on account	\$ -	\$ 431,073	\$ -	\$ -	\$ 431,073	\$ -
Capital assets contributed by (to) other funds	\$ -	\$ -	\$ -	\$ 579,622	\$ 579,622	\$ -
Amortization of bond (premium) discount	\$ (14,264)	\$ 2,813	\$ (137)	\$ (5,874)	\$ (17,462)	\$ -

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

THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

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 103 E State St Ste 506, 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, 2023

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, 2023

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 *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 *Local Option Sales Tax fund* is used to collect resources related to sales tax and fund specific projects.

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

The *ARPA fund* is used to account for activities related to American Rescue Plan Act.

The *G.O. Capital Projects fund* is used to collect resources related to debt issued for capital projects.

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, 2023

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, 2023:

- 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, 2023, were due by July 1, 2022, with the first half installment being delinquent after September 30, 2022, and the second half installment being delinquent after March 31, 2023. 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 2023 levy certified on March 15, 2023, based on 2022 assessed valuations. As the levy is intended for use in the fiscal year ended June 30, 2023, the revenue has been recorded as a deferred inflow of resources.

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

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 2023. 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, 2023:

	Accounts Receivable	Allowance for uncollectable accounts	Accounts Receivable, Net
General	\$ 89,252	\$ (33,415)	\$ 55,837
Road and Use Tax	35,339	(35,339)	-
Nonmajor governmental	1,307,457	(1,307,457)	-
Waterworks	869,868	(19,389)	850,479
Sewer	517,615	-	517,615
Ambulance	1,421,614	(781,888)	639,726
Nonmajor enterprise	320,967	(12,000)	308,967
Total	\$ 4,562,112	\$ (2,189,488)	\$ 2,372,624

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, 2023

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, represent a consumption of net assets 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, 2023

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 assets that applies to future period(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, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred inflows of resources in the Statement of Net Position and governmental fund financial statements 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.

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

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, 22nd Street Buyout fund, Police forfeitures, MacNider Museum Foundation, Pending Forfeitures and Police Task Force 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, 2023

Note 2: Stewardship, Compliance and Accountability (Continued)

The following table presented on a budgetary basis demonstrates the statutory compliance with the annual fiscal year 2023 budget:

Fund	Revenues			Expenditures / Expense		
	Original Certified Budget	Final Certified Budget	Budget Amendments	Original Certified Budget	Final Certified Budget	Budget Amendments
General Fund	\$ 22,023,306	\$ 24,715,777	\$ 2,692,471	\$ 22,622,108	\$ 26,659,367	\$ 4,037,259
Debt Service	7,422,297	7,422,297	-	7,422,300	7,422,300	-
Road and Use Tax	4,756,594	4,756,594	-	5,652,469	5,652,469	-
Local Option Sales Tax	5,825,000	5,825,000	-	12,166,410	13,398,438	1,232,028
RC Renaissance	100,000	100,000	-	25,000	8,528,740	8,503,740
ARPA	-	2,013,401	2,013,401	785,000	1,672,928	887,928
G.O. Capital Projects	16,940,000	23,367,922	6,427,922	16,940,000	21,190,513	4,250,513
Nonmajor governmental	4,686,661	7,022,206	2,335,545	5,159,107	8,261,200	3,102,093
Waterworks	7,828,994	7,985,123	156,129	9,385,453	10,271,705	886,252
Sewer	5,916,704	5,966,704	50,000	6,939,871	8,062,676	1,122,805
Ambulance	2,512,276	2,535,939	23,663	2,860,015	2,873,678	13,663
Nonmajor enterprise	4,641,169	4,754,148	112,979	5,402,039	6,783,856	1,381,817
Internal Service	6,189,965	6,254,965	65,000	6,185,238	6,352,611	167,373
	<u>\$ 88,842,966</u>	<u>\$ 102,720,076</u>	<u>\$ 13,877,110</u>	<u>\$ 101,545,010</u>	<u>\$ 127,130,481</u>	<u>\$ 25,585,471</u>

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2023, expenditures exceeded appropriations in the following funds:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
Major Fund			
Local Option Sales Tax	\$ -	\$ 151	\$ 151
Nonmajor Funds			
Hotel / Motel Tax	650,246	656,407	6,161
Library Trust	142,604	159,799	17,195
Youth Softball Complex Trust	29,538	39,053	9,515

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

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

Note 2: Stewardship, Compliance and Accountability (Continued)

C. Deficit Fund Equity

The following funds had fund equity deficits at June 30, 2023:

Fund	Amount
Nonmajor Funds	
Special Revenue	
Unified TIF	\$ 7,444
Downtown Reinvestment	73,175
City Administered Grant	135

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

Note 3: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

The City's deposits at June 30, 2023 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, 2023, the City and the Authority have the following carrying amount of deposits, bank balances, federal depository insurance coverage and State Sinking Fund coverage:

	Primary Government	Component Unit Mason City Housing Authority	Total Reporting Entity
Carrying amount of deposits	\$ 43,051,661	\$ 311,406	\$ 43,363,067
Bank Balance	\$ 44,613,242	\$ 318,082	\$ 44,931,324
Less: Covered by FDIC	(1,450,319)	(318,082)	(1,768,401)
Collateralized with securities pledged in City's name	\$ 43,162,923	\$ -	\$ 43,162,923

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, 2023

Note 3: Detailed Notes on All Funds (Continued)

As of June 30, 2023, 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	\$ 11,193,068			
Non-pooled Investments at Fair Value						
Negotiable Certificates of Deposit	N/A	1 to 5 years	1,064,878	-	1,064,878	-
Total Investments			<u>\$ 12,257,946</u>	<u>\$ -</u>	<u>\$ 1,064,878</u>	<u>\$ -</u>

(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, 2023, 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, 2023

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 Mason City Housing Authority	Total Reporting Entity
Deposits	\$ 43,051,661	\$ 311,406	\$ 43,363,067
Investments	12,257,946	-	12,257,946
Cash on Hand	7,450	-	7,450
Total	\$ 55,317,057	\$ 311,406	\$ 55,628,463
Cash and Investments			
Unrestricted	\$ 55,317,057	\$ 252,314	\$ 55,569,371
Restricted	-	59,092	59,092
Total	\$ 55,317,057	\$ 311,406	\$ 55,628,463

B. Interfund Receivables, Payables and Transfers

Due from/to Other Funds

Interfund balances at June 30, 2023 consisted of the following amounts:

Receivable Fund	Payable Fund	Purpose	Amount
Major Funds	Nonmajor Funds		
General Fund	Downtown Reinvestment Fund	Fund negative cash flow	\$ 150,055
Waterworks Fund	Cemetery Fund	Fund negative cash flow	16,959
Waterworks Fund	Storm Sewer Fund	Fund negative cash flow	200,114
Total			\$ 367,128

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

Note 3: Detailed Notes on All Funds (Continued)

Interfund Transfers

The following transfers were made for the year ended June 30, 2023:

Fund	Transfer In							Total
	General	Debt Service	G.O. Capital Projects	Nonmajor Governmental	Water	Sewer	Nonmajor Enterprise	
Transfer Out								
General	\$ -	\$ -	\$ 128,630	\$ 1,812,972	\$ -	\$ -	\$ 48,859	\$ 1,990,461
Debt Service	-	-	-	61,377	-	190,505	-	251,882
Road and Use Tax	30,000	-	1,300,564	289,976	-	-	33,179	1,653,719
Local Option Sales Tax	4,599,368	1,196,804	253,225	2,119,166	-	68,293	-	8,236,856
RC Renaissance	-	-	-	8,999	-	-	-	8,999
G.O. Capital Projects	66,921	-	-	208,747	-	-	-	275,668
Nonmajor governmental	585,712	525,052	-	406,708	1,900,000	-	170,000	3,587,472
Waterworks	30,000	1,382,487	150,000	115,861	-	-	-	1,678,348
Sewer	30,000	698,488	287,355	123,292	-	-	-	1,139,135
Ambulance	-	34,721	-	-	-	-	-	34,721
Nonmajor enterprise	46,800	126,995	738,805	11,545	-	-	-	924,145
Internal Service funds	1,280,000	-	-	-	-	-	-	1,280,000
Total	\$ 6,668,801	\$ 3,964,547	\$ 2,858,579	\$ 5,158,643	\$ 1,900,000	\$ 258,798	\$ 252,038	\$ 21,061,406

For the year ended June 30, 2023, the City made various routine transfers as budgeted. One time transfers were made to fund various capital projects, fund certain shortfalls at year end, move designated fund balance and fund debt service requirements.

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

Note 3: Detailed Notes on All Funds (Continued)

C. Capital Assets

Primary Government

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 20,972,492	\$ -	\$ -	\$ 20,972,492
Construction in progress	5,073,477	10,701,486	(2,092,677)	13,682,286
Total Capital Assets not Being Depreciated	<u>26,045,969</u>	<u>10,701,486</u>	<u>(2,092,677)</u>	<u>34,654,778</u>
Capital Assets Being Depreciated				
Buildings	26,358,010	369,197	(60,616)	26,666,591
Improvements	44,425,979	676,185	(22,325)	45,079,839
Machinery and equipment	20,417,738	2,854,260	(587,928)	22,684,070
Infrastructure	107,712,600	1,374,472	-	109,087,072
Total Capital Assets Being Depreciated	<u>198,914,327</u>	<u>5,274,114</u>	<u>(670,869)</u>	<u>203,517,572</u>
Less Accumulated Depreciation for				
Buildings	(14,942,992)	(911,820)	60,061	(15,794,751)
Improvements	(21,328,101)	(2,034,120)	10,013	(23,352,208)
Machinery and equipment	(13,686,320)	(1,402,424)	496,905	(14,591,839)
Infrastructure	(63,078,923)	(3,982,086)	9,555	(67,051,454)
Total Accumulated Depreciation	<u>(113,036,336)</u>	<u>(8,330,450)</u>	<u>576,534</u>	<u>(120,790,252)</u>
Total Capital Assets Being Depreciated, Net	<u>85,877,991</u>	<u>(3,056,336)</u>	<u>(94,335)</u>	<u>82,727,320</u>
Governmental Activities Capital Assets, Net	<u>\$ 111,923,960</u>	<u>\$ 7,645,150</u>	<u>\$ (2,187,012)</u>	<u>\$ 117,382,098</u>

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

Note 3: Detailed Notes on All Funds (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities				
Capital Assets not Being Depreciated				
Land	\$ 4,876,962	\$ -	\$ -	\$ 4,876,962
Construction in progress	8,309,729	3,840,276	(1,791,273)	10,358,732
Total Capital Assets not Being Depreciated	<u>13,186,691</u>	<u>3,840,276</u>	<u>(1,791,273)</u>	<u>15,235,694</u>
Capital Assets Being Depreciated				
Buildings	17,496,080	170,097	(10,356)	17,655,821
Improvements	38,457,319	87,679	-	38,544,998
Machinery and equipment	8,843,541	1,109,793	(438,967)	9,514,367
Infrastructure	67,108,747	1,671,886	(142,826)	68,637,807
Total Capital Assets Being Depreciated	<u>131,905,687</u>	<u>3,039,455</u>	<u>(592,149)</u>	<u>134,352,993</u>
Less Accumulated Depreciation for				
Buildings	(8,126,533)	(423,841)	8,683	(8,541,691)
Improvements	(21,143,292)	(736,842)		(21,880,134)
Machinery and equipment	(5,970,976)	(551,183)	436,748	(6,085,411)
Infrastructure	(36,441,678)	(1,890,361)	142,826	(38,189,213)
Total Accumulated Depreciation	<u>(71,682,479)</u>	<u>(3,602,227)</u>	<u>588,257</u>	<u>(74,696,449)</u>
Total Capital Assets Being Depreciated, Net	<u>60,223,208</u>	<u>(562,772)</u>	<u>(3,892)</u>	<u>59,656,544</u>
Business-type Activities Capital Assets, Net	<u>\$ 73,409,899</u>	<u>\$ 3,277,504</u>	<u>\$ (1,795,165)</u>	<u>\$ 74,892,238</u>

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

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	\$ 173,697
Public safety	794,335
Public works	5,923,182
Culture and recreation	1,267,903
Community and economic development	149,191
Capital assets held by the City's internal service funds are charged to the various functions based on their usage of the assets	<u>22,142</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 8,330,450</u></u>

Business-type Activities

Water	\$ 1,745,134
Sewer	1,325,184
Ambulance	138,293
Nonmajor Enterprise funds	<u>393,616</u>
Total Depreciation Expense - Business-type Activities	<u><u>\$ 3,602,227</u></u>

Construction Commitments

The City has active projects as of June 30, 2023. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Street Rehab Project	\$ 2,209,050	\$ 95,320
12th Street Bridge Replacement	434,545	1,001,857
Engineering River Walk	86,324	341,848
Trail Maintenance Project	164,297	75,115
Bike North Iowa	176,499	377,501
Terminal Apron Expansion	964,789	50,778
Airport Hangar	72,884	1,334,683
Decomission Lagoon	786,575	41,399
Terminal Building Improvements	2,096,170	12,012,882
Water Tower Maintenance Project	612,750	32,250
Cemetery Facility Improvements	<u>224,150</u>	<u>492,057</u>
Total	<u><u>\$ 7,828,033</u></u>	<u><u>\$ 15,855,690</u></u>

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

Note 3: Detailed Notes on All Funds (Continued)

Discretely Presented Component Unit

Capital asset activity for the Authority for the year ending June 30, 2023 was as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Being Depreciated				
Lease asset	\$ 101,293	\$ -	\$ -	\$ 101,293
Equipment - administration	20,792	-	-	20,792
Vehicle	28,653	-	-	28,653
Total Capital Assets Being Depreciated	150,738	-	-	150,738
Less Accumulated Depreciation	(42,470)	(19,210)	-	(61,680)
Governmental Activities Capital Assets, Net	<u>\$ 108,268</u>	<u>\$ (19,210)</u>	<u>\$ -</u>	<u>\$ 89,058</u>

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, 2023

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	\$ 140,780
General Obligation Bonds, Series 2016	1,590,000	1.25 - 1.38	09/21/16	06/01/24	218,500
General Obligation Bonds, Series 2018	5,550,000	3.00	09/15/18	06/01/28	3,317,985
General Obligation Bonds, Series 2019B	4,665,000	4.00	04/16/19	06/01/29	2,825,000
General Obligation Bonds, Series 2019C	5,905,000	2.00	09/04/19	06/01/29	1,342,397
General Obligation Bonds, Series 2020A	6,845,000	1.00	09/02/20	06/01/30	3,834,102
General Obligation Bonds, Series 2021A	3,950,000	2.00	07/20/21	06/01/32	2,492,175
General Obligation Bonds, Series 2022A	4,545,000	3.00	08/02/22	06/01/32	<u>4,120,000</u>
Total G.O. Bonds					<u><u>\$ 18,290,939</u></u>

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

Year Ending June 30	General Obligation Bonds		
	Governmental Activities		
	Principal	Interest	Total
2024	\$ 2,903,320	\$ 457,344	\$ 3,360,664
2025	2,631,636	388,092	3,019,728
2026	2,812,270	322,574	3,134,844
2027	2,544,392	251,544	2,795,936
2028	2,603,842	182,538	2,786,380
2029 - 2032	<u>4,795,479</u>	<u>227,860</u>	<u>5,023,339</u>
Total	<u><u>\$ 18,290,939</u></u>	<u><u>\$ 1,829,952</u></u>	<u><u>\$ 20,120,891</u></u>

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

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	\$ 14,130,000
Taxable General Obligation Urban Renewal Bonds, Series 2019D	6,115,000	2.00 - 2.90	09/04/19	06/01/39	5,115,000
Taxable General Obligation Urban Renewal Bonds, Series 2021B	8,185,000	2.00 - 2.35	07/20/21	06/01/41	<u>7,985,000</u>
Total G.O. Tax Increment Bonds					<u>\$ 27,230,000</u>

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

Year Ending June 30	G.O. Tax Increment Bonds Governmental Activities		
	Principal	Interest	Total
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	1,330,000	651,155	1,981,155
2029 - 2033	7,935,000	2,652,540	10,587,540
2034 - 2038	10,535,000	1,318,609	11,853,609
2039 - 2041	<u>2,655,000</u>	<u>118,666</u>	<u>2,773,666</u>
Total	<u>\$ 27,230,000</u>	<u>\$ 7,683,845</u>	<u>\$ 34,913,845</u>

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

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 Waterworks, Sewer, Storm Sewer, 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	\$ 259,218
General Obligation Bonds, Series 2016	1,590,000	1.25 - 1.38	09/21/16	06/01/24	11,500
General Obligation Bonds, Series 2018	5,550,000	3.00	09/15/18	06/01/28	182,015
General Obligation Bonds, Series 2019C	5,905,000	2.00	09/04/19	06/01/29	2,642,603
General Obligation Bonds, Series 2020A	6,845,000	1.00	09/02/20	06/01/30	1,610,900
General Obligation Bonds, Series 2021A	3,950,000	2.00	07/20/21	06/01/32	1,044,593
Total G.O. Revenue Bonds					<u>\$ 5,750,829</u>

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

Year Ending June 30	G.O. Revenue Bonds Business-type Activities		
	Principal	Interest	Total
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	776,360	36,579	812,939
2029 - 2032	1,380,136	36,021	1,416,157
Total	<u>\$ 5,750,829</u>	<u>\$ 370,920</u>	<u>\$ 6,121,749</u>

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

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
Sewer Revenue Bonds	\$ 9,675,542	3.00 %	08/15/08	06/01/29	<u>\$ 4,804,000</u>

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

Year Ending June 30	Revenue Bonds		
	Business-type Activities		
	Principal	Interest	Total
2024	\$ 738,000	\$ 84,070	\$ 822,070
2025	762,000	71,155	833,155
2026	787,000	57,820	844,820
2027	812,000	44,048	856,048
2028	839,000	29,838	868,838
2029	866,000	15,155	881,155
Total	<u>\$ 4,804,000</u>	<u>\$ 302,086</u>	<u>\$ 5,106,086</u>

The G.O. revenue and revenue bonds were issued to finance capital improvements. The bonds are payable from future revenues pledged from the Waterworks, Sewer and Storm Sewer 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 Sewer
Revenue	\$ 7,433,840	\$ 5,120,216	\$ 461,665
Principal and Interest	1,841,133	1,038,050	208,719
Percent of Revenue	24.8%	20.3%	45.2%

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 17,434,546	\$ 4,545,000	\$ (3,688,607)	\$ 18,290,939	\$ 2,903,320
General obligation tax increment bonds	28,315,000	-	(1,085,000)	27,230,000	1,115,000
Bond discount	(145,927)	-	8,960	(136,967)	-
Bond premium	920,199	155,890	(141,340)	934,749	-
Total Bonds Payable	<u>46,523,818</u>	<u>4,700,890</u>	<u>(4,905,987)</u>	<u>46,318,721</u>	<u>4,018,320</u>
Compensated Absences Payable	<u>1,362,851</u>	<u>1,205,689</u>	<u>(1,071,886)</u>	<u>1,496,654</u>	<u>1,084,635</u>
Governmental Activity Long-term Liabilities	<u>\$ 47,886,669</u>	<u>\$ 5,906,579</u>	<u>\$ (5,977,873)</u>	<u>\$ 47,815,375</u>	<u>\$ 5,102,955</u>
Business-type Activities					
Bonds Payable					
General obligation revenue bonds	\$ 6,897,453	\$ -	\$ (1,146,624)	\$ 5,750,829	\$ 1,136,929
Revenue bonds	6,525,000	-	(1,721,000)	4,804,000	738,000
Bond discount	(67,523)	-	10,503	(57,020)	-
Bond premium	191,769	-	(27,965)	163,804	-
Total Bonds Payable	<u>13,546,699</u>	<u>-</u>	<u>(2,885,086)</u>	<u>10,661,613</u>	<u>1,874,929</u>
Compensated Absences Payable	<u>402,066</u>	<u>295,632</u>	<u>(266,514)</u>	<u>431,184</u>	<u>314,764</u>
Business-type Activity Long-term Liabilities	<u>\$ 13,948,765</u>	<u>\$ 295,632</u>	<u>\$ (3,151,600)</u>	<u>\$ 11,092,797</u>	<u>\$ 2,189,693</u>

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

Note 3: Detailed Notes on All Funds (Continued)

E. Fund Balance Classification

At June 30, 2023, a summary of the governmental fund balance classifications are as follows:

	General	Debt Service	Road and Use Tax	Local Option Sales Tax	RC Renaissance	ARPA	G.O. Capital Projects	Other Governmental Funds	Total
Fund Balances									
Nonspendable									
Prepaid items	\$ 260,064	\$ -	\$ 20,553	\$ -	\$ -	\$ -	\$ -	\$ 67,304	\$ 347,921
Endowment expenses	-	-	-	-	-	-	-	633,638	633,638
Total Nonspendable	<u>260,064</u>	<u>-</u>	<u>20,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>700,942</u>	<u>981,559</u>
Restricted									
Tort liability	917,148	-	-	-	-	-	-	-	917,148
Debt service	-	4,059,769	-	-	-	-	-	-	4,059,769
Road and use tax	-	-	2,703,589	-	-	-	-	-	2,703,589
River City Renaissance	-	-	-	-	8,233,045	-	-	-	8,233,045
Tax increment financing	-	-	-	-	-	-	-	37,874	37,874
Softball complex	-	-	-	-	-	-	-	3,117	3,117
Hotel / motel tax	-	-	-	-	-	-	-	293,220	293,220
Employee benefits	-	-	-	-	-	-	-	5,612,724	5,612,724
Grant programs	-	-	-	-	-	-	-	129,915	129,915
Street and park improvements	-	-	-	726,233	-	-	-	-	726,233
Cemetery perpetual care	-	-	-	-	-	-	-	555,771	555,771
Museum funding	-	-	-	-	-	-	-	476,698	476,698
Total Restricted	<u>917,148</u>	<u>4,059,769</u>	<u>2,703,589</u>	<u>726,233</u>	<u>8,233,045</u>	<u>-</u>	<u>-</u>	<u>7,109,319</u>	<u>23,749,103</u>
Committed									
Library services	-	-	-	-	-	-	-	480,996	480,996
MacNider Museum Foundation	-	-	-	-	-	-	-	1,080,537	1,080,537
Softball complex	-	-	-	-	-	-	-	115,629	115,629
Police forfeitures	-	-	-	-	-	-	-	107,162	107,162
Public Safety	-	-	-	-	-	-	-	20,890	20,890
Emergency Levy	-	-	-	-	-	-	-	3,924	3,924
Corridor Revite Program	-	-	-	-	-	-	-	60,000	60,000
Downtown Revite Program	-	-	-	-	-	-	-	194,541	194,541
Capital projects	-	-	-	-	-	-	-	2,998,811	2,998,811
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,062,490</u>	<u>5,062,490</u>
Assigned									
Airport	2,206,883	-	-	-	-	-	-	-	2,206,883
Parks and recreation	351,537	-	-	-	-	-	-	-	351,537
Capital projects	-	-	-	-	-	79,743	892,088	-	971,831
Total Assigned	<u>2,558,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>79,743</u>	<u>892,088</u>	<u>-</u>	<u>3,530,251</u>
Unassigned	<u>10,594,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(80,754)</u>	<u>10,514,006</u>
Total Fund Balance	<u>\$ 14,330,392</u>	<u>\$ 4,059,769</u>	<u>\$ 2,724,142</u>	<u>\$ 726,233</u>	<u>\$ 8,233,045</u>	<u>\$ 79,743</u>	<u>\$ 892,088</u>	<u>\$ 12,791,997</u>	<u>\$ 43,837,409</u>

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

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.

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, 2023

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, 2023.

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 23.90% for the year ended June 30, 2023.

The City's contributions to MFPRSI for the year ended June 30, 2023 are as follows:

MPRSI Contributions - Primary Government	<u><u>\$ 1,567,132</u></u>
--	----------------------------

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, 2023.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, 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, 2022 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, 2022, the City's proportion was as follows, which was an increase from its proportion measured as of June 30, 2021.

	MFPRSI (Primary Government)		
	6/30/2021	Increase/ (Decrease)	6/30/2022
Proportionate Share	<u>1.8536 %</u>	<u>0.0087 %</u>	<u>1.8623 %</u>
Net Pension Liability			<u><u>\$ 10,457,970</u></u>
Pension Expense			<u><u>\$ (2,159,057)</u></u>

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

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

For the year ended June 30, 2023, the City recognized the above pension expense. At June 30, 2023, 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	\$ 1,361,223	\$ 129,941
Changes in Actuarial Assumptions	529,653	58,337
Net Difference Between Projected and Actual Earnings on Plan Investments	-	4,662,732
Changes in Proportion	-	672,411
Contributions Paid Subsequent to the Measurement Date	1,567,132	-
Total	\$ 3,458,008	\$ 5,523,421

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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2024	\$ (678,363)
2025	(789,440)
2026	(1,144,491)
2027	(1,192,945)
2028	129,847
Thereafter	42,847

Actuarial Assumptions – The total pension liability in the June 30, 2022 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, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2020.

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, 2023

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 pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2022, are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
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.

	<u>City Proportionate Share of NPL</u>		
	1 Percent		1 Percent
	<u>Decrease (6.50%)</u>	<u>Current (7.50%)</u>	<u>Increase (8.50%)</u>
MFPRSI	18,926,976	10,457,970	3,441,283

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.

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, 2023.

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

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.

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 2023, 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%.

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

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

The City's and Authority's contributions to IPERS for the year ended June 30, 2023 were as follows:

IPERS Contributions - Primary Government	\$ 1,522,000
IPERS Contributions - Mason City Housing Authority	\$ 25,210

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, 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, 2022 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, 2022, the City's and Authority's proportion was as follows, which was a decrease from its proportion measured as of June 30, 2021.

	IPERS (Primary Government)		
	6/30/2021	Increase/ (Decrease)	6/30/2022
Proportionate Share	0.1157 %	0.0007 %	0.1165 %
Net Pension Liability			\$ 4,622,452
Pension Expense			\$ 435,448

	IPERS (Component Unit - Mason City Housing Authority)		
	6/30/2022	Increase/ (Decrease)	6/30/2023
Proportionate Share	0.0028 %	(0.00019) %	0.0027 %
Net Pension Liability			\$ 105,571
Pension Expense			\$ (1,515)

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

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

For the year ended June 30, 2023, the City and Authority recognized the above pension expense. At June 30, 2023, 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	\$ 334,465	\$ 441,893	\$ 4,680	\$ 1,446
Changes in Actuarial Assumptions	1,035,146	110	90	3
Net Difference Between Projected and Actual Earnings on Plan Investments	-	5,273,585		11,301
Changes in Proportion	-	25,229	7,336	16,095
Contributions Paid Subsequent to the Measurement Date	504,892	-	25,210	-
Total	\$ 1,874,503	\$ 5,740,817	\$ 37,316	\$ 28,845

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.

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
2024	\$ (959,550)	\$ (9,963)
2025	(1,089,309)	(10,073)
2026	(1,056,730)	(13,435)
2027	(1,211,411)	16,732
2028	(64,476)	-
Thereafter	10,270	-

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

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

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2022 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, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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.

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

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

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	\$ 8,612,180	\$ 4,622,452	\$ 1,106,401
Component Unit - Mason City Housing Authority	196,692	105,571	25,269

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

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 OPEB liability. Retired participants must be age 55 or older at retirement.

At June 30, 2023, the following employees were covered by the benefit terms:

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

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

Note 7: Postemployment Benefits Other Than Pensions (Continued)

B. Actuarial Methods and Assumptions

The City's total OPEB liability of \$1,027,485 was measured as of June 30, 2023. 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.

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, 2022	<u>\$ 1,027,485</u>
Changes for the Year	
Service cost	69,540
Interest	25,445
Recognition of deferred inflows/outflows	(30,906)
Benefits	<u>(33,944)</u>
Net Changes	<u>30,135</u>
Balances at June 30, 2023	<u><u>\$ 1,057,620</u></u>

Since the prior measurement date, the following assumptions changed:

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

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

Note 7: Postemployment Benefits Other Than Pensions (Continued)

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	\$ 1,164,160	\$ 1,057,620	\$ 961,405

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	\$ 912,534	\$ 1,057,620	\$ 1,231,272

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

For the year ended June 30, 2023, the City recognized negative OPEB expense of \$92,326. At June 30, 2023, 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	\$ 56,916	\$ 287,764
Changes in Actuarial Assumptions	56,315	387,887
Total	\$ 113,231	\$ 675,651

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

2024	\$ (68,552)
2025	(68,552)
2026	(68,552)
2027	(68,552)
2028	(68,552)
Thereafter	(219,660)

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

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, 2023 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 2023 is as follows:

	Beginning of fiscal year liability	Current year claims and changes in estimates	Claim payments	Ending of fiscal year liability
Current Year	\$ 598,643	\$ 4,050,183	\$ 4,306,712	\$ 342,114
Prior Year	773,800	4,062,540	4,237,697	598,643

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, 2023, the City abated \$610,469 of property tax under the urban renewal and economic development projects.

City of Mason City, Iowa
Notes to the Financial Statements
June 30, 2023

Note 8: Other Information (Continued)

D. Related Party Transactions

The City had material business transactions between the City and City officials, totaling \$2,365,850 during the year ended June 30, 2023.

Note 9: Prior Period Adjustment

For the year ended June 30, 2023, the Housing Authority has a current year prior period adjustment in the amount of \$5,508 for the recording of a lease asset and liability that should have been recorded in 2022 due to the implementation of GASB Statement No. 87.

Note 10: Subsequent Events

On August 2, 2023, the City issued \$9,050,000 in General Obligation Bonds, Series 2023A. The bonds were issued to pay the costs of various essential and general corporate purpose capital improvements.

THIS PAGE IS LEFT
BLANK INTENTIONALLY

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MASON CITY
MASON CITY, IOWA

FOR THE YEAR ENDED
JUNE 30, 2023

City of Mason City, Iowa
 Required Supplementary Information
 For the Year Ended June 30, 2023

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 (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
06/30/23	0.1165 %	\$ 4,622,452	\$ -	\$ 4,622,452	\$ 10,275,369	45.0 %	90.1 %
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	6,905,777	-	6,905,777	8,602,000	80.3	85.5
06/30/19	0.1145	7,242,904	-	7,242,904	8,197,000	88.4	83.6
06/30/18	0.1108	7,312,260	-	7,312,260	7,976,000	91.7	82.2
06/30/17	0.1122	6,994,385	-	6,994,385	7,941,000	88.1	81.8
06/30/16	0.1122	5,727,000	-	5,727,000	7,763,000	73.8	85.2
06/30/15	0.1122	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	0.0027 %	\$ 105,571	\$ -	\$ 105,571	\$ 251,524	42.0 %	100.8 %
06/30/21	0.0028	3,988	-	3,988	230,879	1.7 %	100.8
06/30/20	0.0027	185,830	-	185,830	204,677	90.8	82.9
06/30/19	0.0027	156,594	-	156,594	216,988	72.2	85.5
06/30/18	0.0032	201,170	-	201,170	205,549	97.9	83.6
06/30/17	0.0031	207,535	-	207,535	227,158	91.4	82.2
06/30/16	0.0031	195,404	-	195,404	214,653	91.0	81.8
06/30/15	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, 2023

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

Primary Government

Year Ending	Contributions in Relation to the		Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)			
06/30/23	\$ 1,009,786	\$ 1,009,786	\$ -	10,696,886	9.4 %
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	Contributions in Relation to the		Contribution Deficiency (Excess) (a-b)	City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
	Statutorily Required Contribution (a)	Statutorily Required Contribution (b)			
06/30/23	\$ 25,210	\$ 25,210	\$ -	\$ 251,524	10.02 %
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, 2023

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 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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, 2023

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
06/30/23	1.8623 %	\$ 10,457,970	\$ -	\$ 10,457,970	\$ 6,846,215	152.8 %	93.7 %
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)
06/30/23	\$ 1,567,132	\$ 1,567,132	\$ -	\$ 6,557,037	23.9 %
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, 2023

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, 2023

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total OPEB Liability				
Service cost	\$ 69,540	\$ 69,563	\$ 59,075	\$ 59,088
Interest	25,445	24,734	29,302	28,268
Changes in assumptions	-	(12,068)	-	(571,544)
Demographic change	-	94,869	-	(207,010)
Recognition of deferred inflows/outflows	(30,906)	(25,633)	(38,711)	(35,604)
Benefit payments	(33,944)	(41,788)	(17,558)	(19,466)
Net Change in Total OPEB Liability	<u>30,135</u>	<u>109,677</u>	<u>32,108</u>	<u>(746,268)</u>
*Total OPEB Liability - Beginning	<u>1,027,485</u>	<u>917,808</u>	<u>885,700</u>	<u>1,631,968</u>
Total OPEB Liability - Ending	<u>\$ 1,057,620</u>	<u>\$ 1,027,485</u>	<u>\$ 917,808</u>	<u>\$ 885,700</u>
Covered-Employee Payroll	\$ 7,775,549	\$ 7,775,549	\$ 16,264,823	\$ 15,968,169
City's Total OPEB Liability as a Percentage of Covered-Employee Payroll	13.60 %	13.21 %	5.64 %	5.55 %

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%

THIS PAGE IS LEFT
BLANK INTENTIONALLY

COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF MASON CITY
MASON CITY, IOWA

FOR THE YEAR ENDED
JUNE 30, 2023

City of Mason City, Iowa
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Nonmajor Special Revenue	Nonmajor Capital Project Fund LOSST Capital Projects	Nonmajor Permanent Funds	Total
Assets				
Cash and investments	\$ 8,046,710	\$ 3,254,506	\$ 1,666,107	\$ 12,967,323
Receivables				
Property taxes	130,068	-	-	130,068
Succeeding year property taxes	1,863,587	-	-	1,863,587
Due from other governments	383,705	-	-	383,705
Prepaid items	67,304	-	-	67,304
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 10,491,374</u>	<u>\$ 3,254,506</u>	<u>\$ 1,666,107</u>	<u>\$ 15,411,987</u>
Liabilities				
Accounts payable	\$ 341,244	\$ 255,695	\$ -	\$ 596,939
Due to other funds	150,055	-	-	150,055
Due to other governments	553	-	-	553
Accrued salaries payable	326	-	-	326
Total Liabilities	<u>492,178</u>	<u>255,695</u>	<u>-</u>	<u>747,873</u>
Deferred Inflows of Resources				
Unavailable revenue - taxes	8,530	-	-	8,530
Succeeding year property tax	1,863,587	-	-	1,863,587
Total Deferred Inflows of Resources	<u>1,872,117</u>	<u>-</u>	<u>-</u>	<u>1,872,117</u>
Fund Balances				
Nonspendable	67,304	-	633,638	700,942
Restricted	6,076,850	-	1,032,469	7,109,319
Assigned	2,063,679	2,998,811	-	5,062,490
Committed	(80,754)	-	-	(80,754)
Total Fund Balances	<u>8,127,079</u>	<u>2,998,811</u>	<u>1,666,107</u>	<u>12,791,997</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,491,374</u>	<u>\$ 3,254,506</u>	<u>\$ 1,666,107</u>	<u>\$ 15,411,987</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, 2023

	Nonmajor Special Revenue	Nonmajor Capital Project Fund LOSST Capital Projects	Nonmajor Permanent Funds	Total
Revenues				
Taxes				
Property taxes	\$ 2,215,347	\$ -	\$ -	\$ 2,215,347
Tax increment	1,539,066	-	-	1,539,066
Other taxes	1,175,277	-	-	1,175,277
Special assessments	13,741	-	-	13,741
Intergovernmental	998,674	-	-	998,674
Charges for services	-	-	6,889	6,889
Use of money and property	178,816	32,126	19,115	230,057
Miscellaneous	310,726	24,864	76,914	412,504
Total Revenues	<u>6,431,647</u>	<u>56,990</u>	<u>102,918</u>	<u>6,591,555</u>
Expenditures				
Current				
General government	833,491	-	-	833,491
Public safety	2,280,422	-	-	2,280,422
Public works	60,027	-	-	60,027
Health and social services	11,439	-	-	11,439
Culture and recreation	411,474	-	67,656	479,130
Community and economic development	1,442,672	-	-	1,442,672
Capital outlay				
Public works	-	1,503,920	-	1,503,920
Culture and recreation	9,985	-	-	9,985
Total Expenditures	<u>5,049,510</u>	<u>1,503,920</u>	<u>67,656</u>	<u>6,621,086</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>1,382,137</u>	<u>(1,446,930)</u>	<u>35,262</u>	<u>(29,531)</u>
Other Financing Sources (Uses)				
Transfers in	704,902	4,453,741	-	5,158,643
Transfers out	<u>(3,503,486)</u>	<u>-</u>	<u>(83,986)</u>	<u>(3,587,472)</u>
Total Other Financing Sources (Uses)	<u>(2,798,584)</u>	<u>4,453,741</u>	<u>(83,986)</u>	<u>1,571,171</u>
Net Change in Fund Balances	<u>(1,416,447)</u>	<u>3,006,811</u>	<u>(48,724)</u>	<u>1,541,640</u>
Fund Balances, July 1	<u>9,543,526</u>	<u>(8,000)</u>	<u>1,714,831</u>	<u>11,250,357</u>
Fund Balances, June 30	<u>\$ 8,127,079</u>	<u>\$ 2,998,811</u>	<u>\$ 1,666,107</u>	<u>\$ 12,791,997</u>

City of Mason City, Iowa
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2023

	Business-type Activities - Enterprise Funds		
	070 Cemetery	620 Storm Sewer	640 Solid Waste
Assets			
Current Assets			
Cash and investments	\$ -	\$ -	\$ 486,969
Receivables			
Accounts, net of allowance	11,515	52,110	224,842
Property taxes	2,071	-	-
Succeeding year property taxes	189,121	-	-
Special assessments	-	-	1,490
Prepaid items	1,584	-	1,221
Total Current Assets	204,291	52,110	714,522
Noncurrent Assets			
Capital assets			
Land	-	-	-
Buildings and structures	47,699	-	461,278
Infrastructure and improvements	773,991	-	-
Machinery and equipment	283,678	8,845,830	1,010,965
Construction in progress	290,946	479,986	-
Less accumulated depreciation	(772,574)	(3,969,754)	(787,367)
Total Capital Assets (Net of Accumulated Depreciation)	623,740	5,356,062	684,876
Total Assets	828,031	5,408,172	1,399,398
Deferred Outflows of Resources			
Deferred pension resources	39,564	-	128,365
Deferred other postemployment benefit resources	1,565	-	6,244
Total Deferred Outflows of Resources	41,129	-	134,609

Business-type Activities - Enterprise Funds

650	630	670	
Golf Course	Parking Lots	RCR Arena	Total
\$ 63,963	\$ 34,122	\$ 23,884	\$ 608,938
-	-	20,500	308,967
-	-	-	2,071
-	-	-	189,121
-	865	-	2,355
4,065	-	-	6,870
<u>68,028</u>	<u>34,987</u>	<u>44,384</u>	<u>1,118,322</u>
196,813	4,143,120	-	4,339,933
793,729	-	-	1,302,706
128,176	2,584,991	-	3,487,158
599,450	-	-	10,739,923
-	-	-	770,932
<u>(959,333)</u>	<u>(2,584,991)</u>	<u>-</u>	<u>(9,074,019)</u>
<u>758,835</u>	<u>4,143,120</u>	<u>-</u>	<u>11,566,633</u>
<u>826,863</u>	<u>4,178,107</u>	<u>44,384</u>	<u>12,684,955</u>
24,670	-	11,312	203,911
1,138	-	334	9,281
<u>25,808</u>	<u>-</u>	<u>11,646</u>	<u>213,192</u>

City of Mason City, Iowa
Combining Statement of Net Position (Continued)
Nonmajor Proprietary Funds
June 30, 2023

	Business-type Activities - Enterprise Funds		
	70 Cemetery	620 Storm Sewer	640 Solid Waste
Liabilities			
Current Liabilities			
Accounts payable	\$ 10,024	\$ 1,157	\$ 32,283
Due to other funds	16,959	200,114	-
Due to other governments	-	-	-
Accrued interest payable	456	2,047	-
Accrued salaries payable	6,980	3,186	20,482
Compensated absences	12,635	-	50,188
Unearned revenue	17,104	-	-
Bonds payable - current	4,208	193,063	-
Total Current Liabilities	<u>68,366</u>	<u>399,567</u>	<u>102,953</u>
Noncurrent Liabilities			
Compensated absences	4,673	-	18,563
Other postemployment benefit obligation	14,615	-	58,318
Net pension liability	97,563	-	316,544
Bonds payable	27,460	985,587	-
Total Noncurrent Liabilities	<u>144,311</u>	<u>985,587</u>	<u>393,425</u>
Total Liabilities	<u>212,677</u>	<u>1,385,154</u>	<u>496,378</u>
Deferred Inflows of Resources			
Deferred pension resources	121,167	-	393,129
Deferred other post employment benefit resources	9,337	-	37,256
Succeeding year property taxes	189,121	-	-
Total Deferred Inflows of Resources	<u>319,625</u>	<u>-</u>	<u>430,385</u>
Net Position			
Net investment in capital assets	592,072	4,177,412	684,876
Unrestricted	<u>(255,214)</u>	<u>(154,394)</u>	<u>(77,632)</u>
Total Net Position	<u>\$ 336,858</u>	<u>\$ 4,023,018</u>	<u>\$ 607,244</u>

Business-type Activities - Enterprise Funds

650	630	670	
Golf Course	Parking Lots	RCR Arena	Total
\$ 22,424	\$ 218	\$ 36,539	\$ 102,645
-	-	-	217,073
7,787	-	1,130	8,917
-	-	-	2,503
7,453	-	1,611	39,712
6,036	-	2,043	70,902
-	-	210,516	227,620
-	-	-	197,271
<u>43,700</u>	<u>218</u>	<u>251,839</u>	<u>866,643</u>
2,233	-	756	26,225
10,628	-	3,118	86,679
60,835	-	27,895	502,837
-	-	-	1,013,047
<u>73,696</u>	<u>-</u>	<u>31,769</u>	<u>1,628,788</u>
<u>117,396</u>	<u>218</u>	<u>283,608</u>	<u>2,495,431</u>
75,554	-	34,644	624,494
6,790	-	1,992	55,375
-	-	-	189,121
<u>82,344</u>	<u>-</u>	<u>36,636</u>	<u>868,990</u>
758,835	4,143,120	-	10,356,315
(105,904)	34,769	(264,214)	(822,589)
<u>\$ 652,931</u>	<u>\$ 4,177,889</u>	<u>\$ (264,214)</u>	<u>\$ 9,533,726</u>

THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Mason City, Iowa
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended June 30, 2023

	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	\$ 187,330	\$ 457,359	\$ 1,806,674	\$ 574,788	\$ 36,754	\$ 304,432	\$ 3,367,337
Operating Expenses							
Personal services	407,582	71,612	1,345,678	327,001	(17,181)	139,849	2,274,541
Supplies and maintenance	47,812	11,264	130,682	185,908	1,144	91,219	468,029
Other services and charges	56,843	1,463	403,683	143,950	49,975	620,604	1,276,518
Depreciation	37,446	231,476	80,304	44,390	-	-	393,616
Total Operating Expenses	<u>549,683</u>	<u>315,815</u>	<u>1,960,347</u>	<u>701,249</u>	<u>33,938</u>	<u>851,672</u>	<u>4,412,704</u>
Operating Income (Loss)	<u>(362,353)</u>	<u>141,544</u>	<u>(153,673)</u>	<u>(126,461)</u>	<u>2,816</u>	<u>(547,240)</u>	<u>(1,045,367)</u>
Nonoperating Revenues (Expenses)							
Property taxes	187,966	-	-	-	-	-	187,966
Intergovernmental	-	25,548	-	-	-	-	25,548
Use of money and property	12,506	11,993	14,252	9	-	2	38,762
Other income	1,053	4,667	13,229	29,053	-	123,638	171,640
Interest expense and other	(650)	(22,597)	-	-	-	-	(23,247)
Bond premium amortization	180	-	-	-	-	-	180
Total Nonoperating Revenues (Expenses)	<u>201,055</u>	<u>19,611</u>	<u>27,481</u>	<u>29,062</u>	<u>-</u>	<u>123,640</u>	<u>400,849</u>
Income (Loss) Before Capital Contributions and Transfers	<u>(161,298)</u>	<u>161,155</u>	<u>(126,192)</u>	<u>(97,399)</u>	<u>2,816</u>	<u>(423,600)</u>	<u>(644,518)</u>
Transfers In	-	33,179	-	50,000	48,859	120,000	252,038
Capital Contributions	364,927	-	-	214,695	-	-	579,622
Transfers Out	<u>(31,800)</u>	<u>(892,345)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(924,145)</u>
Change in Net Position	171,829	(698,011)	(126,192)	167,296	51,675	(303,600)	(737,003)
Net Position, July 1	<u>165,029</u>	<u>4,721,029</u>	<u>733,436</u>	<u>485,635</u>	<u>4,126,214</u>	<u>39,386</u>	<u>10,270,729</u>
Net Position, June 30	<u>\$ 336,858</u>	<u>\$ 4,023,018</u>	<u>\$ 607,244</u>	<u>\$ 652,931</u>	<u>\$ 4,177,889</u>	<u>\$ (264,214)</u>	<u>\$ 9,533,726</u>

City of Mason City, Iowa
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds		
	070 Cemetery	620 Storm Sewer	640 Solid Waste
Cash Flows from Operating Activities			
Receipts from customers	\$ 175,353	\$ 461,665	\$ 1,798,618
Other receipts	1,053	4,667	13,229
Payments to vendors and suppliers	(96,287)	(18,321)	(539,302)
Payments to and on behalf of employees	(328,127)	(68,426)	(1,091,802)
Net Cash Provided (Used) by Operating Activities	<u>(248,008)</u>	<u>379,585</u>	<u>180,743</u>
Cash Flows from Noncapital Financing Activities			
Transfers out	(31,800)	(892,345)	-
Transfers in	-	33,179	-
Increase in due to other funds	16,959	200,114	-
Property taxes received	188,029	-	-
Grants received	-	25,548	-
Net Cash Provided (Used) by Noncapital Financing Activities	<u>173,188</u>	<u>(633,504)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition of capital assets	-	(1,057,942)	(199,724)
Principal paid on long-term debt	(2,753)	(180,102)	-
Interest paid on long-term debt	(654)	(28,617)	-
Net Cash Used by Capital and Related Financing Activities	<u>(3,407)</u>	<u>(1,266,661)</u>	<u>(199,724)</u>
Cash Flows from Investing Activities			
Interest received on investments	<u>12,506</u>	<u>13,426</u>	<u>14,323</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(65,721)	(1,507,154)	(4,658)
Cash and Cash Equivalents, July 1	<u>65,721</u>	<u>1,507,154</u>	<u>491,627</u>
Cash and Cash Equivalents, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 486,969</u>

Business-type Activities - Enterprise Funds

650	630	670	
Golf Course	Parking	RCR Arena	Total
\$ 574,788	\$ 36,429	\$ 283,932	\$ 3,330,785
29,053	-	123,638	171,640
(312,950)	(51,166)	(693,760)	(1,711,786)
(296,737)	-	(109,928)	(1,895,020)
<u>(5,846)</u>	<u>(14,737)</u>	<u>(396,118)</u>	<u>(104,381)</u>
-	-	-	(924,145)
50,000	48,859	120,000	252,038
-	-	-	217,073
-	-	-	188,029
-	-	-	25,548
<u>50,000</u>	<u>48,859</u>	<u>120,000</u>	<u>(241,457)</u>
902	-	-	(1,256,764)
-	-	-	(182,855)
-	-	-	(29,271)
<u>902</u>	<u>-</u>	<u>-</u>	<u>(1,468,890)</u>
9	-	2	40,266
45,065	34,122	(276,116)	(1,774,462)
18,898	-	300,000	2,383,400
<u>\$ 63,963</u>	<u>\$ 34,122</u>	<u>\$ 23,884</u>	<u>\$ 608,938</u>

City of Mason City, Iowa
Combining Statement of Cash Flows (Continued)
Nonmajor Proprietary Funds
For the Year Ended June 30, 2023

	Business-type Activities - Enterprise Funds		
	<u>070</u> Cemetery	<u>620</u> Storm Sewer	<u>640</u> Solid Waste
Reconciliation of Operating Income to Net Cash			
Provided by Operating Activities			
Operating income (loss)	\$ (362,353)	\$ 141,544	\$ (153,673)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities			
Other income related to operations	1,053	4,667	13,229
Depreciation and amortization	37,446	231,476	80,304
(Increase) decrease in assets			
Accounts receivable	(8,175)	4,306	(8,056)
Prepaid items	(175)	-	(266)
(Increase) decrease in deferred outflows of resources			
Deferred pension resources	11,658	-	41,387
Deferred other postemployment benefit resources	104	-	1,010
Increase (decrease) in liabilities			
Accounts payable	8,543	(5,594)	(4,671)
Due to other governments	-	-	-
Accrued salaries payable	(8,472)	3,186	(27,045)
Compensated Absences	1,750	-	14,915
Other postemployment benefit obligation	999	-	(864)
Pension liability	94,110	-	305,099
Unearned revenue	(3,802)	-	-
Increase (decrease) in deferred inflows of resources			
Deferred pension resources	(20,410)	-	(76,065)
Deferred other postemployment benefit resources	(284)	-	(4,561)
Net Cash Provided (Used) by Operating Activities	<u>\$ (248,008)</u>	<u>\$ 379,585</u>	<u>\$ 180,743</u>
Schedule of Noncash Investing, Capital and Financing Activities			
Book value of disposed/traded capital assets	\$ -	\$ -	\$ -
Capital assets contributed by (to) other funds	<u>\$ 364,927</u>	<u>\$ -</u>	<u>\$ -</u>
Amortization of bond (premium) discount	<u>\$ (180)</u>	<u>\$ (2,060)</u>	<u>\$ -</u>

Business-type Activities - Enterprise Funds

650	630	670	
Golf Course	Parking	RCR Arena	Total
\$ (126,461)	\$ 2,816	\$ (547,240)	\$ (1,045,367)
29,053	-	123,638	171,640
44,390	-	-	393,616
-	(325)	(20,500)	(32,750)
(694)	-	-	(1,135)
8,453	6,576	410	68,484
176	398	(67)	1,621
12,573	(47)	16,933	27,737
5,029	-	1,130	6,159
(8,512)	-	(2,085)	(42,928)
(11,581)	-	915	5,999
(91)	(3,244)	943	(2,257)
58,602	(443)	27,105	484,473
-	-	-	(3,802)
(15,999)	(18,176)	2,245	(128,405)
(784)	(2,292)	455	(7,466)
<u>\$ (5,846)</u>	<u>\$ (14,737)</u>	<u>\$ (396,118)</u>	<u>\$ (104,381)</u>
\$ -	\$ -	\$ -	\$ -
<u>\$ 214,695</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 579,622</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,240)</u>

City of Mason City, Iowa
Nonmajor Special Revenue Funds
Combining Balance Sheet (Continued on the Following Pages)
June 30, 2023

	130	120	117	114	116	112
	Unified TIF	Hotel & Motel Tax	Medical costs	Police Retirement	Fire Retirement	Employee Retirement
Assets						
Cash and investments	\$ 13,998	\$ 74,600	\$ 657,727	\$ 2,540,247	\$ 2,322,145	\$ 72,744
Receivables						
Property taxes	19,042	-	1,332	9,280	6,175	11,411
Succeeding year property taxes	-	-	102,258	466,935	310,338	645,761
Due from other governments	-	233,620	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total Assets	<u>\$ 33,040</u>	<u>\$ 308,220</u>	<u>\$ 761,317</u>	<u>\$ 3,016,462</u>	<u>\$ 2,638,658</u>	<u>\$ 729,916</u>
Liabilities						
Accounts payable	\$ 40,475	\$ 15,000	\$ 1,543	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Accrued salaries payable	-	-	-	-	-	-
Total Liabilities	<u>40,475</u>	<u>15,000</u>	<u>1,543</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources						
Unavailable revenue - taxes	9	-	-	1,356	909	4,529
Succeeding year property tax	-	-	102,258	466,935	310,338	645,761
Total Deferred Inflows of Resources	<u>9</u>	<u>-</u>	<u>102,258</u>	<u>468,291</u>	<u>311,247</u>	<u>650,290</u>
Fund Balances						
Nonspendable	-	-	-	-	-	-
Restricted	-	293,220	657,516	2,548,171	2,327,411	79,626
Committed	-	-	-	-	-	-
Unassigned	(7,444)	-	-	-	-	-
Total Fund Balances	<u>(7,444)</u>	<u>293,220</u>	<u>657,516</u>	<u>2,548,171</u>	<u>2,327,411</u>	<u>79,626</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 33,040</u>	<u>\$ 308,220</u>	<u>\$ 761,317</u>	<u>\$ 3,016,462</u>	<u>\$ 2,638,658</u>	<u>\$ 729,916</u>

510		127		131	
Library Trust	MacNider Museum Foundation	Forest Park TIF District	Downtown Reinvestment		
\$ 489,902	\$ 1,080,537	\$ 4,437	\$ -		
-	-	-	76,880		
-	-	-	-		
-	67,304	-	-		
<u>\$ 489,902</u>	<u>\$ 1,147,841</u>	<u>\$ 4,437</u>	<u>\$ 76,880</u>		
\$ 8,906	\$ -	\$ -	\$ -		
-	-	-	150,055		
-	-	-	-		
-	-	-	-		
<u>8,906</u>	<u>-</u>	<u>-</u>	<u>150,055</u>		
-	-	-	-		
-	-	-	-		
-	-	-	-		
-	67,304	-	-		
-	-	4,437	-		
480,996	1,080,537	-	-		
-	-	-	(73,175)		
<u>480,996</u>	<u>1,147,841</u>	<u>4,437</u>	<u>(73,175)</u>		
<u>\$ 489,902</u>	<u>\$ 1,147,841</u>	<u>\$ 4,437</u>	<u>\$ 76,880</u>		

City of Mason City, Iowa
Nonmajor Special Revenue Funds
Combining Balance Sheet (Continued)
June 30, 2023

	132	142	144	146	147	149	152
	Southside Gateway	City Administered Grant	FEMA Grant	ADDI	Housing Fund	ESGP Grant Fund	22nd Street SE Buyout
Assets							
Cash and investments	\$ 33,140	\$ -	\$ -	\$ -	\$ 251,372	\$ -	\$ 1,846
Receivables							-
Property taxes	2,024	-	-	-	-	-	-
Succeeding year property taxes	-	-	-	-	-	-	-
Due from other governments	-	-	-	-	144,283	-	-
Prepaid items	-	-	-	-	-	-	-
Total Assets	<u>\$ 35,164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 395,655</u>	<u>\$ -</u>	<u>\$ 1,846</u>
Liabilities							
Accounts payable	\$ -	-	\$ -	\$ -	\$ 267,395	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-
Accrued salaries payable	-	135	-	-	191	-	-
Total Liabilities	<u>-</u>	<u>135</u>	<u>-</u>	<u>-</u>	<u>267,586</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources							
Unavailable revenue - taxes	1,727	-	-	-	-	-	-
Succeeding year property tax	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>1,727</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances							
Nonspendable	-	-	-	-	-	-	-
Restricted	33,437	-	-	-	128,069	-	1,846
Committed	-	-	-	-	-	-	-
Unassigned	-	(135)	-	-	-	-	-
Total Fund Balances	<u>33,437</u>	<u>(135)</u>	<u>-</u>	<u>-</u>	<u>128,069</u>	<u>-</u>	<u>1,846</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 35,164</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 395,655</u>	<u>\$ -</u>	<u>\$ 1,846</u>

530	535	540	119	154	155	541	542	
Softball Trust	Youth Softball Complex	Police Forfeitures	Emergency Levy	Corridor Revite Program	Downtown Revite Program	Pending Forfeitures	Police Task Force	Total
\$ 4,276	\$ 121,259	\$ 65,521	\$ -	\$ 60,000	\$ 194,541	\$ 41,641	\$ 16,777	\$ 8,046,710
-	-	-	3,924	-	-	-	-	130,068
-	-	-	338,295	-	-	-	-	1,863,587
-	-	-	-	-	-	-	5,802	383,705
-	-	-	-	-	-	-	-	67,304
<u>\$ 4,276</u>	<u>\$ 121,259</u>	<u>\$ 65,521</u>	<u>\$ 342,219</u>	<u>\$ 60,000</u>	<u>\$ 194,541</u>	<u>\$ 41,641</u>	<u>\$ 22,579</u>	<u>\$ 10,491,374</u>
\$ 1,100	\$ 5,136	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,689	\$ 341,244
-	-	-	-	-	-	-	-	150,055
59	494	-	-	-	-	-	-	553
-	-	-	-	-	-	-	-	326
<u>1,159</u>	<u>5,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,689</u>	<u>492,178</u>
-	-	-	-	-	-	-	-	8,530
-	-	-	338,295	-	-	-	-	1,863,587
-	-	-	338,295	-	-	-	-	1,872,117
-	-	-	-	-	-	-	-	67,304
3,117	-	-	-	-	-	-	-	6,076,850
-	115,629	65,521	3,924	60,000	194,541	41,641	20,890	2,063,679
-	-	-	-	-	-	-	-	(80,754)
<u>3,117</u>	<u>115,629</u>	<u>65,521</u>	<u>3,924</u>	<u>60,000</u>	<u>194,541</u>	<u>41,641</u>	<u>20,890</u>	<u>8,127,079</u>
<u>\$ 4,276</u>	<u>\$ 121,259</u>	<u>\$ 65,521</u>	<u>\$ 342,219</u>	<u>\$ 60,000</u>	<u>\$ 194,541</u>	<u>\$ 41,641</u>	<u>\$ 22,579</u>	<u>\$ 10,491,374</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, 2023

	130	120	117	114	116
	Unified TIF	Hotel & Motel Tax	Medical costs	Police Retirement	Fire Retirement
Revenues					
Taxes					
Property taxes	\$ -	\$ -	\$ 198,283	\$ 679,364	\$ 429,401
Tax increment	793,383	-	-	-	-
Other taxes	-	1,124,525	4,565	15,560	9,829
Special assessments	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Use of money and property	(262)	-	(14)	2,228	2,640
Miscellaneous	-	-	-	-	-
Total Revenues	<u>793,121</u>	<u>1,124,525</u>	<u>202,834</u>	<u>697,152</u>	<u>441,870</u>
Expenditures					
Current					
General government	-	656,407	-	-	-
Public safety	-	-	88,914	1,209,370	730,581
Public works	-	-	-	-	-
Health and social services	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community and economic development	271,785	-	-	-	-
Capital outlay					
Culture and recreation	-	-	-	-	-
Total Expenditures	<u>271,785</u>	<u>656,407</u>	<u>88,914</u>	<u>1,209,370</u>	<u>730,581</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>521,336</u>	<u>468,118</u>	<u>113,920</u>	<u>(512,218)</u>	<u>(288,711)</u>
Other Financing Sources (Uses)					
Transfers in	155,459	-	-	-	-
Transfers out	(1,960,000)	(280,000)	-	-	-
Total Other Financing Sources (Uses)	<u>(1,804,541)</u>	<u>(280,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(1,283,205)</u>	<u>188,118</u>	<u>113,920</u>	<u>(512,218)</u>	<u>(288,711)</u>
Fund Balances, July 1	<u>1,275,761</u>	<u>105,102</u>	<u>543,596</u>	<u>3,060,389</u>	<u>2,616,122</u>
Fund Balances, June 30	<u>\$ (7,444)</u>	<u>\$ 293,220</u>	<u>\$ 657,516</u>	<u>\$ 2,548,171</u>	<u>\$ 2,327,411</u>

112	510		127	131
Employee Retirement	Library Trust	MacNider Museum Foundation	Forest Park TIF District	Downtown Reinvestment
\$ 578,480	\$ -	\$ -	\$ -	\$ -
-	-	-	-	596,169
13,246	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	15,898	142,412	-	-
-	61,953	38,806	-	-
<u>591,726</u>	<u>77,851</u>	<u>181,218</u>	<u>-</u>	<u>596,169</u>
177,084	-	-	-	-
216,813	-	-	-	-
60,027	-	-	-	-
11,439	-	-	-	-
137,492	159,799	74,609	-	-
54,542	-	-	-	57,291
-	-	-	-	-
<u>657,397</u>	<u>159,799</u>	<u>74,609</u>	<u>-</u>	<u>57,291</u>
<u>(65,671)</u>	<u>(81,948)</u>	<u>106,609</u>	<u>-</u>	<u>538,878</u>
-	-	-	-	70,375
-	(19,148)	-	-	(655,052)
-	(19,148)	-	-	(584,677)
(65,671)	(101,096)	106,609	-	(45,799)
145,297	582,092	1,041,232	4,437	(27,376)
<u>\$ 79,626</u>	<u>\$ 480,996</u>	<u>\$ 1,147,841</u>	<u>\$ 4,437</u>	<u>\$ (73,175)</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, 2023

	132	142	144	146	147	149
	Southside Gateway	City Administered Grant	FEMA Grant	ADDI	Housing Fund	ESGP Grant Fund
Revenues						
Taxes						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment	149,514	-	-	-	-	-
Other taxes	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Intergovernmental	-	-	-	-	990,233	-
Use of money and property	-	24	-	-	12,586	-
Miscellaneous	-	1,000	-	-	103,462	-
Total Revenues	<u>149,514</u>	<u>1,024</u>	<u>-</u>	<u>-</u>	<u>1,106,281</u>	<u>-</u>
Expenditures						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Public works	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community and economic development	-	7,747	-	-	1,051,307	-
Capital outlay						
Culture and recreation	-	-	-	-	-	-
Total Expenditures	<u>-</u>	<u>7,747</u>	<u>-</u>	<u>-</u>	<u>1,051,307</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>149,514</u>	<u>(6,723)</u>	<u>-</u>	<u>-</u>	<u>54,974</u>	<u>-</u>
Other Financing Sources (Uses)						
Transfers in	-	7,141	-	-	11,146	-
Transfers out	(79,427)	-	(143)	(5,637)	-	(1,366)
Total Other Financing Sources (Uses)	<u>(79,427)</u>	<u>7,141</u>	<u>(143)</u>	<u>(5,637)</u>	<u>11,146</u>	<u>(1,366)</u>
Net Change in Fund Balances	70,087	418	(143)	(5,637)	66,120	(1,366)
Fund Balances, July 1	<u>(36,650)</u>	<u>(553)</u>	<u>143</u>	<u>5,637</u>	<u>61,949</u>	<u>1,366</u>
Fund Balances, June 30	<u>\$ 33,437</u>	<u>\$ (135)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 128,069</u>	<u>\$ -</u>

152	530	535	540	119	154	155	541	542	
22nd Street SE Buyout	Softball Trust	Youth Softball Complex	Police Forfeitures	Emergency Levy	Corridor Revite Program	Downtown Revite Program	Pending Forfeitures	Police Task Force	Total
\$ -	\$ -	\$ -	\$ -	\$ 329,819	\$ -	\$ -	\$ -	\$ -	\$ 2,215,347
-	-	-	-	-	-	-	-	-	1,539,066
-	-	-	-	7,552	-	-	-	-	1,175,277
-	2,888	10,853	-	-	-	-	-	-	13,741
-	-	-	-	-	-	-	-	8,441	998,674
-	-	(7)	2,123	-	-	-	1,188	-	178,816
-	11,167	50,504	13,183	-	-	-	-	30,651	310,726
-	14,055	61,350	15,306	337,371	-	-	1,188	39,092	6,431,647
-	-	-	-	-	-	-	-	-	833,491
-	-	-	16,542	-	-	-	-	18,202	2,280,422
-	-	-	-	-	-	-	-	-	60,027
-	-	-	-	-	-	-	-	-	11,439
-	9,614	29,960	-	-	-	-	-	-	411,474
-	-	-	-	-	-	-	-	-	1,442,672
-	892	9,093	-	-	-	-	-	-	9,985
-	10,506	39,053	16,542	-	-	-	-	18,202	5,049,510
-	3,549	22,297	(1,236)	337,371	-	-	1,188	20,890	1,382,137
-	-	-	6,224	-	60,000	350,000	44,557	-	704,902
-	-	-	(9,703)	(333,447)	-	(155,459)	(4,104)	-	(3,503,486)
-	-	-	(3,479)	(333,447)	60,000	194,541	40,453	-	(2,798,584)
-	3,549	22,297	(4,715)	3,924	60,000	194,541	41,641	20,890	(1,416,447)
1,846	(432)	93,332	70,236	-	-	-	-	-	9,543,526
\$ 1,846	\$ 3,117	\$ 115,629	\$ 65,521	\$ 3,924	\$ 60,000	\$ 194,541	\$ 41,641	\$ 20,890	\$ 8,127,079

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, 2023

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Taxes			
Tax increment	\$ 801,526	\$ 793,383	\$ (8,143)
Use of money and property	200	(262)	(462)
Total Revenues	801,726	793,121	(8,605)
Expenditures			
Current			
Community and economic development	761,526	271,785	489,741
Excess (Deficiency) of Revenues Over (Under) Expenditures	40,200	521,336	481,136
Other Financing Sources (Uses)			
Transfers in	155,459	155,459	-
Transfers out	-	(1,960,000)	(1,960,000)
Total Other Financing Sources (Uses)	155,459	(1,804,541)	(1,960,000)
Net Change in Fund Balances	195,659	(1,283,205)	(1,478,864)
Fund Balances, July 1	1,275,761	1,275,761	-
Fund Balances, June 30	\$ 1,471,420	\$ (7,444)	\$ (1,478,864)

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, 2023

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Taxes			
Other taxes	\$ 854,991	\$ 1,124,525	\$ 269,534
Expenditures			
Current			
General government	650,246	656,407	(6,161)
Excess (Deficiency) of Revenues Over (Under) Expenditures	204,745	468,118	263,373
Other Financing Sources (Uses)			
Transfers out	(280,000)	(280,000)	-
Net Change in Fund Balances	(75,255)	188,118	263,373
Fund Balances, July 1	105,102	105,102	-
Fund Balances, June 30	\$ 29,847	\$ 293,220	\$ 263,373

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, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Property taxes	\$ 200,000	\$ 198,283	\$ (1,717)
Other taxes	4,516	4,565	49
Use of money and property	-	(14)	(14)
Total Revenues	<u>204,516</u>	<u>202,834</u>	<u>(1,682)</u>
Expenditures			
Current			
Public safety	<u>225,000</u>	<u>88,914</u>	<u>136,086</u>
Net Change in Fund Balances	(20,484)	113,920	134,404
Fund Balances, July 1	<u>543,596</u>	<u>543,596</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 523,112</u></u>	<u><u>\$ 657,516</u></u>	<u><u>\$ 134,404</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, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Property taxes	\$ 697,235	\$ 679,364	\$ (17,871)
Other taxes	-	15,560	15,560
Use of money and property	10,000	2,228	(7,772)
Total Revenues	<u>707,235</u>	<u>697,152</u>	<u>(10,083)</u>
Expenditures			
Current			
Public safety	<u>1,406,107</u>	<u>1,209,370</u>	<u>196,737</u>
Net Change in Fund Balances	(698,872)	(512,218)	186,654
Fund Balances, July 1	<u>3,060,389</u>	<u>3,060,389</u>	<u>-</u>
Fund Balances, June 30	<u><u>\$ 2,361,517</u></u>	<u><u>\$ 2,548,171</u></u>	<u><u>\$ 186,654</u></u>

City of Mason City, Iowa
 Fire Retirement Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget to Actual
 For the Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Property taxes	\$ 430,704	\$ 429,401	\$ (1,303)
Other taxes	9,725	9,829	104
Use of money and property	10,000	2,640	(7,360)
Total Revenues	<u>450,429</u>	<u>441,870</u>	<u>(8,559)</u>
Expenditures			
Current			
Public safety	<u>786,093</u>	<u>730,581</u>	<u>55,512</u>
Net Change in Fund Balances	(335,664)	(288,711)	46,953
Fund Balances, July 1	<u>2,616,122</u>	<u>2,616,122</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 2,280,458</u>	<u>\$ 2,327,411</u>	<u>\$ 46,953</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, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Property taxes	\$ 593,546	\$ 578,480	\$ (15,066)
Other taxes	-	13,246	13,246
Total Revenues	<u>593,546</u>	<u>591,726</u>	<u>(1,820)</u>
Expenditures			
Current			
General government	148,124	177,084	(28,960)
Public safety	232,987	216,813	16,174
Public works	69,868	60,027	9,841
Health and social	12,102	11,439	663
Culture and recreation	153,780	137,492	16,288
Community and economic development	48,379	54,542	(6,163)
Total Expenditures	<u>665,240</u>	<u>657,397</u>	<u>7,843</u>
Net Change in Fund Balances	(71,694)	(65,671)	6,023
Fund Balances, July 1	<u>145,297</u>	<u>145,297</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 73,603</u>	<u>\$ 79,626</u>	<u>\$ 6,023</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, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Use of money and property	\$ 19,500	\$ 15,898	\$ (3,602)
Miscellaneous	54,600	61,953	7,353
Total Revenues	<u>74,100</u>	<u>77,851</u>	<u>3,751</u>
Expenditures			
Current			
Culture and recreation	<u>142,604</u>	<u>159,799</u>	<u>(17,195)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(68,504)	(81,948)	20,946
Other Financing Sources (Uses)			
Transfers out	<u>(19,148)</u>	<u>(19,148)</u>	<u>-</u>
Net Change in Fund Balances	(87,652)	(101,096)	(13,444)
Fund Balances, July 1	<u>582,092</u>	<u>582,092</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 494,440</u>	<u>\$ 480,996</u>	<u>\$ (13,444)</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, 2023

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Taxes			
Tax increment	\$ 658,529	\$ 596,169	\$ (62,360)
Expenditures			
Current			
Community and economic development	150,000	57,291	92,709
Excess (Deficiency) of Revenues Over (Under) Expenditures	508,529	538,878	30,349
Other Financing Sources (Uses)			
Transfers in	8,999	70,375	61,376
Transfers out	(655,052)	(655,052)	-
Total Other Financing Sources (Uses)	(646,053)	(584,677)	61,376
Net Change in Fund Balances	(137,524)	(45,799)	91,725
Fund Balances, July 1	(27,376)	(27,376)	-
Fund Balances, June 30	\$ (164,900)	\$ (73,175)	\$ 91,725

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, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Tax increment	\$ 152,167	\$ 149,514	\$ (2,653)
Intergovernmental	(37,761)	-	37,761
Total Revenues	<u>114,406</u>	<u>149,514</u>	<u>35,108</u>
Other Financing Sources (Uses)			
Transfers out	<u>(116,105)</u>	<u>(79,427)</u>	<u>36,678</u>
Net Change in Fund Balances	(1,699)	70,087	71,786
Fund Balances, July 1	<u>-</u>	<u>(36,650)</u>	<u>(36,650)</u>
Fund Balances, June 30	<u>\$ (1,699)</u>	<u>\$ 33,437</u>	<u>\$ 35,136</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, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Use of money and property	\$ -	\$ 24	\$ 24
Miscellaneous	-	1,000	1,000
Total Revenues	<u>-</u>	<u>1,024</u>	<u>1,024</u>
Expenditures			
Current			
Community and economic development	<u>8,825</u>	<u>7,747</u>	<u>1,078</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,825)	(6,723)	1,078
Other Financing Sources (Uses)			
Transfers in	<u>6,000</u>	<u>7,141</u>	<u>1,141</u>
Net Change in Fund Balances	(2,825)	418	3,243
Fund Balances, July 1	<u>(553)</u>	<u>(553)</u>	<u>-</u>
Fund Balances, June 30	<u>\$ (3,378)</u>	<u>\$ (135)</u>	<u>\$ 3,243</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, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Intergovernmental	\$ 1,270,875	\$ 990,233	\$ (280,642)
Use of money and property	-	12,586	12,586
Miscellaneous	-	103,462	103,462
Total Revenues	<u>1,270,875</u>	<u>1,106,281</u>	<u>(164,594)</u>
Expenditures			
Current			
Community and economic development	<u>1,602,583</u>	<u>1,051,307</u>	<u>551,276</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(331,708)	54,974	386,682
Other Financing Sources (Uses)			
Transfers in	<u>4,000</u>	<u>11,146</u>	<u>7,146</u>
Net Change in Fund Balances	(327,708)	66,120	393,828
Fund Balances, July 1	<u>61,949</u>	<u>61,949</u>	<u>61,949</u>
Fund Balances, June 30	<u><u>\$ (265,759)</u></u>	<u><u>\$ 128,069</u></u>	<u><u>\$ 455,777</u></u>

City of Mason City, Iowa
Softball Improvement Trust Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget to Actual
For the Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Special assessments	\$ 1,700	\$ 2,888	\$ 1,188
Miscellaneous	9,800	11,167	1,367
Total Revenues	<u>11,500</u>	<u>14,055</u>	<u>2,555</u>
Expenditures			
Current			
Culture and recreation	10,900	9,614	1,286
Capital outlay			
Culture and recreation	600	892	(292)
Total Expenditures	<u>11,500</u>	<u>10,506</u>	<u>994</u>
Net Change in Fund Balances	-	3,549	3,549
Fund Balances, July 1	<u>(432)</u>	<u>(432)</u>	<u>-</u>
Fund Balances, June 30	<u>\$ (432)</u>	<u>\$ 3,117</u>	<u>\$ 3,549</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, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Special assessments	\$ 9,000	\$ 10,853	\$ 1,853
Use of money and property	-	(7)	(7)
Miscellaneous	20,000	50,504	30,504
Total Revenues	<u>29,000</u>	<u>61,350</u>	<u>32,350</u>
Expenditures			
Current			
Culture and recreation	26,238	29,960	(3,722)
Capital outlay			
Culture and recreation	3,300	9,093	(5,793)
Total Expenditures	<u>29,538</u>	<u>39,053</u>	<u>(9,515)</u>
Net Change in Fund Balances	(538)	22,297	22,835
Fund Balances, July 1	<u>93,332</u>	<u>93,332</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 92,794</u>	<u>\$ 115,629</u>	<u>\$ 22,835</u>

City of Mason City, Iowa
Police Forfeitures Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget to Actual
For the Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance With Final Budget
Revenues			
Taxes			
Use of money and property	\$ -	\$ 2,123	\$ 2,123
Miscellaneous	12,000	13,183	1,183
Total Revenues	<u>12,000</u>	<u>15,306</u>	<u>3,306</u>
Expenditures			
Current			
Public safety	40,000	16,542	23,458
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(28,000)</u>	<u>(1,236)</u>	<u>(20,152)</u>
Other Financing Sources (Uses)			
Transfers in	5,387	6,224	837
Transfers out	-	(9,703)	(9,703)
Total Other Financing Sources (Uses)	<u>5,387</u>	<u>(3,479)</u>	<u>(8,866)</u>
Net Change in Fund Balances	(22,613)	(4,715)	17,898
Fund Balances, July 1	<u>70,236</u>	<u>70,236</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 47,623</u>	<u>\$ 65,521</u>	<u>\$ 17,898</u>

City of Mason City, Iowa
 Emergency Levy Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget to Actual
 For the Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Revenues			
Taxes			
Property taxes	\$ 330,940	\$ 329,819	\$ (1,121)
Other taxes	7,473	7,552	79
Total Revenues	<u>338,413</u>	<u>337,371</u>	<u>(1,042)</u>
Other Financing Sources (Uses)			
Transfers out	<u>(338,413)</u>	<u>(333,447)</u>	<u>4,966</u>
Net Change in Fund Balances	-	3,924	3,924
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u>\$ -</u>	<u>\$ 3,924</u>	<u>\$ 3,924</u>

City of Mason City, Iowa
 Corridor Revitalization Program Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget to Actual
 For the Year Ended June 30, 2023

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance With Final Budget</u>
Expenditures			
Current			
Housing and economic development	\$ 60,000	\$ -	\$ 60,000
Other Financing Sources (Uses)			
Transfers in	-	60,000	60,000
Net Change in Fund Balances	(60,000)	60,000	120,000
Fund Balances, July 1	-	-	-
Fund Balances, June 30	<u>\$ (60,000)</u>	<u>\$ 60,000</u>	<u>\$ 120,000</u>

City of Mason City, Iowa
 Downtown Revitalization Program Special Revenue Fund
 Schedule of Revenues, Expenditures and Changes in Fund Balance -
 Budget to Actual
 For the Year Ended June 30, 2023

	Final Budget	Actual Amounts	Variance With Final Budget
Expenditures			
Current			
Housing and economic development	\$ 120,000	\$ -	\$ 120,000
Other Financing Sources (Uses)			
Transfers in	350,000	350,000	-
Transfers out	(155,459)	(155,459)	-
Total Other Financing Sources (Uses)	<u>194,541</u>	<u>194,541</u>	<u>-</u>
Net Change in Fund Balances	74,541	194,541	120,000
Fund Balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, June 30	<u>\$ 74,541</u>	<u>\$ 194,541</u>	<u>\$ 120,000</u>

City of Mason City, Iowa
 Nonmajor Permanent Funds
 Combining Balance Sheet
 June 30, 2023

	500	520	
	Cemetery Prepetual Care	Museum Trust	Total
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash and investments	\$ 555,771	\$ 1,110,336	\$ 1,666,107
	<u> </u>	<u> </u>	<u> </u>
Fund Balances			
Nonspendable	-	633,638	633,638
Restricted	555,771	476,698	1,032,469
	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>\$ 555,771</u>	<u>\$ 1,110,336</u>	<u>\$ 1,666,107</u>

City of Mason City, Iowa
 Nonmajor Permanent Funds
 Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 For the Year Ended June 30, 2023

	500	520	
	Cemetery Prepetual Care	Museum Trust	Total
Revenues			
Charges for services	\$ 6,889	\$ -	\$ 6,889
Use of money and property	(467)	19,582	19,115
Miscellaneous	-	76,914	76,914
Total Revenues	<u>6,422</u>	<u>96,496</u>	<u>102,918</u>
Expenditures			
Current			
Culture and recreation	<u>67,656</u>	<u>-</u>	<u>67,656</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(61,234)	96,496	35,262
Other Financing Sources (Uses)			
Transfers out	<u>-</u>	<u>(83,986)</u>	<u>(83,986)</u>
Net Change in Fund Balances	(61,234)	12,510	(48,724)
Fund Balances, July 1	<u>617,005</u>	<u>1,097,826</u>	<u>1,714,831</u>
Fund Balances, June 30	<u>\$ 555,771</u>	<u>\$ 1,110,336</u>	<u>\$ 1,666,107</u>

City of Mason City, Iowa
Internal Service Funds
Combining Statement of Net Position
For the Year Ended June 30, 2023

	800	820	840	
	Employee Health care	Central Services	Unemployment Self-Insurance	Total
Assets				
Current Assets				
Cash and investments	\$ 2,476,202	\$ 78,145	\$ 46,007	\$ 2,600,354
Receivables				
Property taxes	18,061	-	-	18,061
Succeeding year property taxes	1,386,103	-	-	1,386,103
Prepaid items	-	265	-	265
Total Current Assets	<u>3,880,366</u>	<u>78,410</u>	<u>46,007</u>	<u>4,004,783</u>
Capital Assets				
Machinery and equipment	-	262,880	-	262,880
Improvements	-	21,546	-	21,546
Less accumulated depreciation	-	(152,332)	-	(152,332)
Total Capital Assets	<u>-</u>	<u>132,094</u>	<u>-</u>	<u>132,094</u>
 Total Assets	 <u>3,880,366</u>	 <u>210,504</u>	 <u>46,007</u>	 <u>4,136,877</u>
Liabilities				
Current Liabilities				
Accounts payable	472,034	970	-	473,004
Accrued salaries payable	-	4,668	-	4,668
Compensated absences	-	7,056	-	7,056
Total Current Liabilities	<u>472,034</u>	<u>12,694</u>	<u>-</u>	<u>484,728</u>
Noncurrent Liabilities				
Compensated absences	-	6,673	-	6,673
 Total Liabilities	 <u>472,034</u>	 <u>19,367</u>	 <u>-</u>	 <u>491,401</u>
Deferred Inflows of Resources				
Succeeding year property taxes	1,386,103	-	-	1,386,103
Net Position				
Investment in capital assets	-	132,094	-	132,094
Unrestricted	2,022,229	59,043	46,007	2,127,279
 Total Net Position	 <u>\$ 2,022,229</u>	 <u>\$ 191,137</u>	 <u>\$ 46,007</u>	 <u>\$ 2,259,373</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, 2023

	800 Employee Health care	820 Central Services	840 Unemployment Self-Insurance	Total
Operating Revenues				
Charges for services	\$ -	\$ 378,992	\$ 49,146	\$ 428,138
Health insurance contributions	4,080,820	-	-	4,080,820
Total Operating Revenues	<u>4,080,820</u>	<u>378,992</u>	<u>49,146</u>	<u>4,508,958</u>
Operating Expenses				
Personal services	-	247,075	-	247,075
Supplies and maintenance	160,011	42,299	-	202,310
Medical and dental claims	4,053,065	-	-	4,053,065
Other services and charges	-	16,790	3,663	20,453
Depreciation	-	22,142	-	22,142
Total Operating Expenses	<u>4,213,076</u>	<u>328,306</u>	<u>3,663</u>	<u>4,545,045</u>
Operating Income (Loss)	<u>(132,256)</u>	<u>50,686</u>	<u>45,483</u>	<u>(36,087)</u>
Nonoperating Revenues				
Property taxes	1,482,171	-	-	1,482,171
Other taxes	32,765	-	-	32,765
Use of money and property	112,550	-	524	113,074
Other income	215,936	-	-	215,936
Total Nonoperating Revenues	<u>1,843,422</u>	<u>-</u>	<u>524</u>	<u>1,843,946</u>
Income (Loss) Before Transfers	1,711,166	50,686	46,007	1,807,859
Transfers Out	<u>(1,280,000)</u>	<u>-</u>	<u>-</u>	<u>(1,280,000)</u>
Change in Net Position	431,166	50,686	46,007	527,859
Net Position, July 1	<u>1,591,063</u>	<u>140,451</u>	<u>-</u>	<u>1,731,514</u>
Net Position, June 30	<u>\$ 2,022,229</u>	<u>\$ 191,137</u>	<u>\$ 46,007</u>	<u>\$ 2,259,373</u>

City of Mason City, Iowa
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2023

	800 Employee Health care	820 Central Services	840 Unemployment Self-Insurance	Total
Cash Flows from Operating Activities				
Receipts from interfund services provided	\$ 4,080,820	\$ 378,992	\$ 49,146	\$ 4,508,958
Other receipts	215,936	-	-	215,936
Payments to vendors and suppliers	(4,339,685)	(58,240)	(3,663)	(4,401,588)
Payments to and on behalf of employees	-	(252,907)	-	(252,907)
Net Cash Provided (Used) by Operating Activities	<u>(42,929)</u>	<u>67,845</u>	<u>45,483</u>	<u>70,399</u>
Cash Flows from Noncapital Financing Activities				
Transfers out	(1,280,000)	-	-	(1,280,000)
Property taxes received	1,509,513	-	-	1,509,513
Net Cash Provided by Noncapital Financing Activities	<u>229,513</u>	<u>-</u>	<u>-</u>	<u>229,513</u>
Cash Flows from Capital and Related Financing Activities				
Proceeds from sale of capital assets	-	4,858	-	4,858
Cash Flows from Investing Activities				
Interest received on investments	113,454	-	524	113,978
Net Increase (Decrease) in Cash and Cash Equivalents	300,038	72,703	46,007	418,748
Cash and Cash Equivalents, July 1	<u>2,176,164</u>	<u>5,442</u>	<u>-</u>	<u>2,181,606</u>
Cash and Cash Equivalents, June 30	<u>\$ 2,476,202</u>	<u>\$ 78,145</u>	<u>\$ 46,007</u>	<u>\$ 2,600,354</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ (132,256)	\$ 50,686	\$ 45,483	\$ (36,087)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Other income related to operations	215,936	-	-	215,936
Depreciation	-	22,142	-	22,142
(Increase) decrease in assets				
Prepaid items	-	(21)	-	(21)
Increase (decrease) in liabilities				
Accounts payable	(126,609)	870	-	(125,739)
Accrued salaries payable	-	(5,832)	-	(5,832)
Net Cash Provided (Used) by Operating Activities	<u>\$ (42,929)</u>	<u>\$ 67,845</u>	<u>\$ 45,483</u>	<u>\$ 70,399</u>

THIS PAGE IS LEFT
BLANK INTENTIONALLY

STATISTICAL SECTION
(UNAUDITED)

CITY OF MASON CITY
MASON CITY, IOWA

FOR THE YEAR ENDED
JUNE 30, 2023

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

	Fiscal Year			
	2023	2022	2021	2020
Governmental Activities				
Net investment in capital assets	\$ 99,033,677	\$ 94,244,550	\$ 88,686,867	\$ 90,438,337
Restricted	24,469,294	23,479,902	2,125,806	1,986,332
Unrestricted	(26,526,294)	(22,369,804)	(5,148,251)	(11,616,038)
Total Governmental Activities Net Position	<u>96,976,677</u>	<u>95,354,648</u>	<u>85,664,422</u>	<u>80,808,631</u>
Business-type Activities				
Net investment in capital assets	64,230,625	59,863,200	57,668,962	56,662,601
Restricted	-	-	-	-
Unrestricted	4,125,034	8,311,171	8,748,963	5,227,088
Total Business-type Activities Net Position	<u>68,355,659</u>	<u>68,174,371</u>	<u>66,417,925</u>	<u>61,889,689</u>
Primary Government				
Net investment in capital assets	163,264,302	154,107,750	146,355,829	147,100,938
Restricted	24,469,294	23,479,902	2,125,806	1,986,332
Unrestricted	(22,401,260)	(14,058,633)	3,600,712	(6,388,950)
Total Primary Government Net Position	<u>\$ 165,332,336</u>	<u>\$ 163,529,019</u>	<u>\$ 152,082,347</u>	<u>\$ 142,698,320</u>

Source: Financial Statements

Table 1

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 73,970,246	\$ 89,707,598	\$ 90,307,081	\$ 86,127,886	\$ 84,727,602	\$ 88,920,358
23,488,941	1,743,138	1,686,875	1,533,460	1,512,350	1,332,657
(2,324,177)	6,742,339	6,567,726	11,079,651	11,111,707	20,189,874
<u>95,135,010</u>	<u>98,193,075</u>	<u>98,561,682</u>	<u>98,740,997</u>	<u>97,351,659</u>	<u>110,442,889</u>
57,410,331	56,757,952	54,903,077	53,212,613	49,472,024	49,736,029
-	2,749,609	2,719,918	2,783,610	2,861,234	2,854,605
2,359,227	(165,251)	(330,714)	(579,255)	1,324,665	2,963,829
<u>59,769,558</u>	<u>59,342,310</u>	<u>57,292,281</u>	<u>55,416,968</u>	<u>53,657,923</u>	<u>55,554,463</u>
131,380,577	146,465,550	145,210,158	139,340,499	134,199,626	138,656,387
23,488,941	4,492,747	4,406,793	4,317,070	4,373,584	4,187,262
35,050	6,577,088	6,237,012	10,500,396	12,436,372	23,153,703
<u>\$ 154,904,568</u>	<u>\$ 157,535,385</u>	<u>\$ 155,853,963</u>	<u>\$ 154,157,965</u>	<u>\$ 151,009,582</u>	<u>\$ 165,997,352</u>

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

	Fiscal Year			
	2023	2022	2021	2020
Expenses				
Governmental Activities				
General government	\$ 5,183,675	\$ 4,073,039	\$ 2,991,173	\$ 3,383,662
Public safety	18,174,927	9,131,740	11,718,887	10,957,695
Public works	12,020,785	10,486,854	11,367,141	10,312,487
Health and social services	509,897	378,880	515,411	411,439
Culture and recreation	6,173,283	4,872,161	4,934,891	4,694,894
Community and economic development	4,887,499	4,211,814	3,912,220	17,929,749
Interest on long-term debt	1,291,302	1,468,642	1,255,332	1,318,715
Total Governmental Activities Expenses	48,241,368	34,623,130	36,695,055	49,008,641
Business-type Activities				
Water	7,080,767	6,313,249	5,790,532	5,220,900
Sewer	4,443,265	4,089,580	3,860,404	3,863,136
Ambulance	2,989,507	1,677,886	2,442,905	2,162,857
Cemetery	550,153	464,265	444,609	384,870
Storm sewer	338,412	251,440	230,236	216,945
Sold waste	1,960,347	1,859,634	1,650,409	1,529,463
Golf course	701,249	434,763	524,476	451,683
Parking lots	33,938	77,267	121,032	135,022
RCR Arena	851,672	1,225,007	540,683	269,799
Total Business-type Activities Expenses	18,949,310	16,393,091	15,605,286	14,234,675
Total Primary Government Expenses	\$ 67,190,678	\$ 51,016,221	\$ 52,300,341	\$ 63,243,316
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ -	\$ -	\$ -	\$ -
Public safety	1,188,644	934,237	507,259	472,643
Public works	917,725	768,481	-	-
Health and social services	32,012	31,421	-	-
Culture and recreation	1,126,948	949,652	134,103	80,072
Community and economic development	18,946	586	-	-
Other activities	-	-	790,110	872,446
Operating grants and contributions	2,836,357	2,259,186	9,115,987	5,176,790
Capital grants and contributions	7,426,729	6,005,701	3,261,853	1,260,562
Total Governmental Activities Program Revenues	13,547,361	10,949,264	13,809,312	7,862,513

Table 2

		Fiscal Year				
2019	2018	2017	2016	2015	2014	
\$ 2,884,048	\$ 2,691,821	\$ 2,683,181	\$ 2,506,268	\$ 2,518,372	\$ 2,485,932	
11,127,573	11,480,697	11,199,350	10,754,469	10,241,427	10,446,427	
9,574,719	9,106,466	8,485,842	9,511,930	10,250,497	8,903,627	
401,381	391,249	390,046	413,573	439,606	511,107	
4,522,392	4,416,702	4,149,309	4,258,749	4,149,775	4,177,101	
7,670,240	2,326,652	2,717,656	2,054,156	2,289,522	2,370,711	
809,206	600,722	623,661	686,189	755,292	736,324	
<u>36,989,559</u>	<u>31,014,309</u>	<u>30,249,045</u>	<u>30,185,334</u>	<u>30,644,491</u>	<u>29,631,229</u>	
5,513,438	4,953,457	5,146,266	5,193,904	4,975,418	5,092,230	
4,047,256	3,914,179	3,725,216	3,739,623	3,749,185	3,741,731	
2,103,937	2,021,967	2,017,871	1,907,191	1,721,519	1,721,519	
368,898	390,888	352,923	356,153	311,137	325,879	
231,183	205,456	192,538	189,771	166,928	204,436	
1,507,834	1,406,757	1,384,561	1,337,596	1,439,651	1,402,968	
468,268	436,977	457,069	467,724	445,611	446,921	
126,024	126,708	141,304	134,594	128,181	136,465	
-	-	-	-	-	-	
<u>14,366,838</u>	<u>13,456,389</u>	<u>13,417,748</u>	<u>13,326,556</u>	<u>12,937,630</u>	<u>13,072,149</u>	
<u>\$ 51,356,397</u>	<u>\$ 44,470,698</u>	<u>\$ 43,666,793</u>	<u>\$ 43,511,890</u>	<u>\$ 43,582,121</u>	<u>\$ 42,703,378</u>	
\$ -	\$ 330,740	\$ 348,218	\$ 372,314	\$ 344,976	\$ 304,320	
382,540	342,490	336,785	809,878	354,664	422,028	
-	-	-	-	-	-	
-	-	-	-	-	-	
69,662	529,384	537,921	558,680	542,348	495,266	
-	-	-	-	-	-	
1,038,401	186,455	237,072	240,179	175,344	188,867	
5,392,457	5,230,279	4,969,902	4,638,840	4,357,766	3,957,726	
1,005,405	1,359,323	1,425,444	2,139,435	1,387,300	2,531,898	
<u>7,888,465</u>	<u>7,978,671</u>	<u>7,855,342</u>	<u>8,759,326</u>	<u>7,162,398</u>	<u>7,900,105</u>	

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

	Fiscal Year			
	2023	2022	2021	2020
Program Revenues (Continued)				
Business-type Activities				
Charges for services				
Water	\$ 7,518,751	\$ 7,054,308	\$ 6,676,613	\$ 6,256,701
Sewer	5,171,415	4,919,133	4,732,656	4,616,733
Ambulance	2,891,071	2,666,612	-	-
Cemetery	199,186	229,785	-	-
Storm sewer	457,359	437,114	-	-
Sold waste	1,853,981	1,786,665	-	-
Golf course	583,411	478,951	-	-
Parking lots	36,754	33,663	-	-
RCR Arena	306,959	163,211	-	-
Other activities	-	-	5,168,237	4,801,700
Operating grants and contributions	366,859	474,656	73,500	643,684
Capital grants and contributions	-	246,704	-	-
Total Business-type Activities Program Revenues	<u>19,385,746</u>	<u>18,490,802</u>	<u>16,651,006</u>	<u>16,318,818</u>
 Total Primary Government Program Revenues	 <u>\$ 32,933,107</u>	 <u>\$ 29,440,066</u>	 <u>\$ 30,460,318</u>	 <u>\$ 24,181,331</u>
 Net (Expense)/Revenue				
Governmental activities	\$ (34,694,007)	\$ (23,673,866)	\$ (22,885,743)	\$ (41,146,128)
Business-type activities	436,436	2,097,711	1,045,720	2,084,143
 Total Primary Government Net Expense	 <u>\$ (34,257,571)</u>	 <u>\$ (21,576,155)</u>	 <u>\$ (21,840,023)</u>	 <u>\$ (39,061,985)</u>
 General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes, levied for general purposes	\$ 18,395,339	\$ 18,164,436	\$ 16,490,075	\$ 15,906,115
Property taxes, levied for debt service	3,389,816	3,324,629	-	-
Other Taxes				
Tax increments	1,539,066	1,548,436	2,034,793	1,681,991
Local option sales tax	6,686,203	6,259,486	3,703,784	2,118,739
Hotel/motel tax	1,124,525	826,097	587,833	742,929
Airport Passenger facility charge	25,965	36,166	-	-
Grants and contributions not restricted to specific programs	2,063,277	1,477,344	25,107	294,180
Use of money and property(loss)	1,662,390	423,008	911,618	1,111,188
Miscellaneous	635,295	384,942	98,134	77,704
Gain on sale of capital assets	8,269	5,700	-	-
Transfers	1,365,513	1,852,358	125,560	597,808
Total Governmental Activities	<u>36,895,658</u>	<u>34,302,602</u>	<u>23,976,904</u>	<u>22,530,654</u>
 Business-type Activities				
Property taxes, levied for general purposes	187,966	182,716	1,537,844	1,482,066
Grants and contributions not restricted to specific programs	-	-	(170,757)	(170,316)
Unrestricted Use of money and property	342,777	23,495	146,963	263,233
Miscellaneous	-	-	255,191	194,412
Gain on sale of capital assets	-	14,996	-	-
Transfers	(1,365,513)	(1,852,358)	(125,560)	(589,973)
Total Business-type Activities	<u>(834,770)</u>	<u>(1,631,151)</u>	<u>1,643,681</u>	<u>1,179,422</u>
 Total Primary Government	 <u>\$ 36,060,888</u>	 <u>\$ 32,671,451</u>	 <u>\$ 25,620,585</u>	 <u>\$ 23,710,076</u>
 Changes in Net Position				
Governmental Activities	\$ 2,201,651	\$ 10,628,736	\$ 1,091,161	\$ (18,615,474)
Business-type Activities	(398,334)	466,560	2,689,401	3,263,565
 Total Primary Government	 <u>\$ 1,803,317</u>	 <u>\$ 11,095,296</u>	 <u>\$ 3,780,562</u>	 <u>\$ (15,351,909)</u>

Source: Financial Statements

Table 2 (Continued)

Fiscal Year					
2019	2018	2017	2016	2015	2014
\$ 5,864,705	\$ 6,174,746	\$ 5,932,570	\$ 5,813,383	\$ 5,672,000	\$ 5,526,389
4,714,109	4,677,780	4,597,032	4,295,594	4,261,982	4,135,284
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,126,819	3,969,041	4,030,533	4,062,132	4,173,545	3,688,887
170,878	-	7,740	-	-	-
133,960	310,461	232,870	471,576	-	-
<u>15,010,471</u>	<u>15,132,028</u>	<u>14,800,745</u>	<u>14,642,685</u>	<u>14,107,527</u>	<u>13,350,560</u>
<u>\$ 22,898,936</u>	<u>\$ 23,110,699</u>	<u>\$ 22,656,087</u>	<u>\$ 23,402,011</u>	<u>\$ 21,269,925</u>	<u>\$ 21,250,665</u>
\$ (29,101,094)	\$ (23,035,638)	\$ (22,393,703)	\$ (21,426,008)	\$ (23,482,093)	\$ (21,731,124)
643,633	1,675,639	1,382,997	1,316,129	1,169,897	278,411
<u>\$ (28,457,461)</u>	<u>\$ (21,359,999)</u>	<u>\$ (21,010,706)</u>	<u>\$ (20,109,879)</u>	<u>\$ (22,312,196)</u>	<u>\$ (21,452,713)</u>
\$ 15,233,666	\$ 14,188,247	\$ 13,614,345	\$ 13,607,115	\$ 13,290,267	\$ 12,960,600
-	-	-	-	-	-
1,961,441	1,318,034	1,213,704	1,474,317	1,573,744	1,415,513
2,867,243	3,047,432	2,924,260	3,850,232	2,892,998	2,551,976
753,871	696,889	728,860	624,796	686,826	581,732
-	-	-	-	-	-
1,844	1,279	96,887	-	6,460	162,241
1,427,195	467,468	368,943	1,013,796	682,226	641,132
96,351	14,184	75,967	130,946	52,321	106,062
-	-	-	-	-	-
858,455	(75,385)	62,622	(54,818)	(121,215)	(100,378)
<u>23,200,066</u>	<u>19,658,148</u>	<u>19,085,588</u>	<u>20,646,384</u>	<u>19,063,627</u>	<u>18,318,878</u>
1,308,598	1,270,814	1,224,846	1,323,298	1,354,668	1,300,911
(164,279)	(156,448)	147,450	148,886	137,372	126,798
269,283	44,603	214,361	105,188	86,078	71,380
208,508	157,165	193,122	134,024	164,043	123,060
-	-	-	-	-	-
(858,455)	(75,385)	(62,622)	54,818	121,215	100,378
<u>763,655</u>	<u>1,240,749</u>	<u>1,717,157</u>	<u>1,766,214</u>	<u>1,863,376</u>	<u>1,722,527</u>
<u>\$ 23,963,721</u>	<u>\$ 20,898,897</u>	<u>\$ 20,802,745</u>	<u>\$ 22,412,598</u>	<u>\$ 20,927,003</u>	<u>\$ 20,041,405</u>
\$ (5,901,028)	\$ (3,377,490)	\$ (3,308,115)	\$ (779,624)	\$ (4,418,466)	\$ (3,412,246)
1,407,288	2,916,388	3,100,154	3,082,343	3,033,273	2,000,938
<u>\$ (4,493,740)</u>	<u>\$ (461,102)</u>	<u>\$ (207,961)</u>	<u>\$ 2,302,719</u>	<u>\$ (1,385,193)</u>	<u>\$ (1,411,308)</u>

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

	Fiscal Year				
	2023	2022	2021	2020	2019
General Fund					
Nonspendable	\$ 260,064	\$ 214,952	\$ 182,464	\$ 173,670	\$ 155,281
Restricted	917,148	970,041	783,614	643,272	615,001
Assigned	2,558,420	828,626	1,233,276	721,468	837,357
Unassigned	<u>10,594,760</u>	<u>10,616,365</u>	<u>8,658,060</u>	<u>5,531,846</u>	<u>4,746,555</u>
Total General Fund	<u>\$ 14,330,392</u>	<u>\$ 12,629,984</u>	<u>\$ 10,857,414</u>	<u>\$ 7,070,256</u>	<u>\$ 6,354,194</u>
All Other Governmental Funds					
Nonspendable	\$ 721,495	\$ 713,807	\$ 651,067	\$ 649,596	\$ 649,198
Restricted	22,831,955	25,675,772	16,626,440	13,429,444	21,487,577
Committed	5,062,490	-	-	-	-
Assigned	971,831	1,722,850	1,793,772	1,517,685	1,457,329
Unassigned	<u>(80,754)</u>	<u>(299,390)</u>	<u>20,012</u>	<u>422,773</u>	<u>286,983</u>
Total All Other Governmental Funds	<u>\$ 29,507,017</u>	<u>\$ 27,813,039</u>	<u>\$ 19,091,291</u>	<u>\$ 16,019,498</u>	<u>\$ 23,881,087</u>

Source: Financial Statements

Table 3

Fiscal Year				
2018	2017	2016	2015	2014
\$ 165,990	\$ 154,615	\$ 139,659	\$ 150,431	\$ 150,177
669,691	764,810	902,107	1,041,256	1,159,526
578,860	555,113	1,340,521	244,094	209,235
4,318,537	3,807,449	4,477,546	5,531,032	4,182,542
<u>\$ 5,733,078</u>	<u>\$ 5,281,987</u>	<u>\$ 6,859,833</u>	<u>\$ 6,966,813</u>	<u>\$ 5,701,480</u>
\$ 648,345	\$ 706,119	\$ 573,521	\$ 547,542	\$ 797,680
9,826,300	9,385,578	11,657,353	12,698,720	13,572,250
1,346,304	1,311,686	1,199,497	1,154,724	1,394,529
961,675	259,100	88,029	32,253	3,922,831
<u>\$ 12,782,624</u>	<u>\$ 11,662,483</u>	<u>\$ 13,518,400</u>	<u>\$ 14,433,239</u>	<u>\$ 19,687,290</u>

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

	Fiscal Year				
	2023	2022	2021	2020	2019
Revenues					
Taxes	\$ 29,614,614	\$ 28,741,925	\$ 25,349,889	\$ 23,666,702	\$ 22,762,871
Special assessments	13,741	34,487	17,133	12,981	15,996
Licenses and permits	9,245	8,515	661,865	703,669	617,470
Intergovernmental revenue	11,799,283	9,127,436	11,160,811	6,148,561	5,848,277
Charges for services	1,626,452	1,382,833	672,767	659,145	809,729
Fines and forfeits	67,530	48,475	79,707	49,366	47,708
Use of money and property	1,549,316	381,190	853,403	1,055,724	1,358,680
Refunds	41,461	105,990	140,673	2,342	4,295
Miscellaneous	1,704,403	1,304,081	891,135	726,980	732,328
Total Revenues	46,426,045	41,134,932	39,827,383	33,025,470	32,197,354
Expenditures					
General government	2,948,606	3,018,955	2,543,243	3,087,109	2,737,217
Public safety	12,747,686	11,921,140	10,782,049	10,424,238	10,607,328
Public works	1,198,180	1,205,544	4,251,672	4,034,783	4,289,697
Health and social services	363,982	389,456	416,585	372,354	379,095
Culture and recreation	4,120,736	3,710,544	3,319,691	3,323,169	3,362,668
Community and economic development	3,550,098	2,344,347	3,588,200	2,291,716	2,055,858
Capital outlay	19,270,598	17,912,414	7,644,944	22,022,560	14,787,630
Debt service					
Principal	4,773,607	4,292,304	4,269,000	3,219,000	8,134,000
Interest	1,421,838	1,378,428	1,185,055	1,268,535	574,358
Bond issuance costs	-	146,930	74,993	48,680	179,050
Total Expenditures	50,395,331	46,320,062	38,075,432	50,092,144	47,106,901
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,969,286)	(5,185,130)	1,751,951	(17,066,674)	(14,909,547)
Other Financing Sources (Uses)					
Sale of capital assets	17,269	129,406	6,591,535	4,049,108	3,933,607
Transfers in	18,650,570	6,647,310	(5,428,861)	(2,411,300)	(2,175,152)
Transfers out	(16,005,057)	(3,494,952)	4,665,000	7,920,000	25,725,000
Bonds issued	4,545,000	10,967,850	124,873	91,650	495,055
Premium on bonds issued	155,890	247,707	-	-	-
Total Other Financing Sources (Uses)	7,363,672	14,497,321	5,952,547	9,649,458	27,978,510
Net Change in Fund Balances	\$ 3,394,386	\$ 9,312,191	\$ 7,704,498	\$ (7,417,216)	\$ 13,068,963
Debt Service as a Percentage of Noncapital Expenditures	17.24%	16.75%	18.17%	10.17%	22.35%

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				
2018	2017	2016	2015	2014
\$ 21,094,400	\$ 20,464,382	\$ 20,820,512	\$ 20,386,685	\$ 19,219,665
16,622	16,125	17,561	22,988	20,662
559,895	571,825	594,415	580,014	513,516
5,893,042	5,912,079	6,025,276	5,207,187	6,043,361
761,359	834,127	894,300	754,598	708,049
51,193	37,919	74,775	59,722	71,074
473,217	361,485	984,474	660,836	629,500
5,112	10,048	27,189	11,077	25,555
712,928	712,928	917,396	643,736	751,594
<u>29,567,768</u>	<u>28,920,918</u>	<u>30,355,898</u>	<u>28,326,843</u>	<u>27,982,976</u>
2,613,006	2,580,027	2,438,650	2,454,268	2,338,806
11,159,565	10,092,328	10,309,925	10,068,835	9,461,048
4,011,891	3,665,692	3,429,410	3,488,692	3,388,778
374,804	374,330	398,199	439,271	491,775
3,300,474	3,110,549	3,222,303	3,184,421	3,061,843
2,224,006	2,643,901	2,825,572	2,228,117	2,826,482
5,748,868	8,447,797	6,355,203	4,103,833	4,851,153
3,299,000	3,425,000	3,330,000	3,446,922	3,024,646
545,933	587,989	653,668	693,901	710,057
57,654	42,211	37,374	62,138	30,408
<u>33,335,201</u>	<u>34,969,824</u>	<u>33,000,304</u>	<u>30,170,398</u>	<u>30,184,996</u>
<u>(3,767,433)</u>	<u>(6,048,906)</u>	<u>(2,644,406)</u>	<u>(1,843,555)</u>	<u>(2,202,020)</u>
2,590,109	2,852,026	2,505,126	2,488,068	1,754,526
(1,808,777)	(1,989,404)	(2,359,944)	(2,309,238)	(2,354,904)
3,020,000	1,410,000	1,335,000	3,185,000	895,000
93,324	379	30,853	128,026	24,165
-	-	-	-	-
<u>3,894,656</u>	<u>2,273,001</u>	<u>1,511,035</u>	<u>3,491,856</u>	<u>(1,435,739)</u>
<u>\$ 127,223</u>	<u>\$ (3,775,905)</u>	<u>\$ (1,133,371)</u>	<u>\$ 1,648,301</u>	<u>\$ (3,637,759)</u>
13.67%	15.31%	15.09%	15.84%	14.84%

THIS PAGE IS LEFT
BLANK INTENTIONALLY

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					
2023	\$ 18,395,339	\$ 3,389,816	\$ 1,539,066	\$ 6,686,203	\$ 1,124,525	\$ 25,965	\$ 31,160,914
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

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
2023	\$ 1,713,117,516	\$ 530,162,929	\$ 126,948,000	\$ 18,715,680	\$ 185,048,406
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

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 ^{(1) (2)} Actual Taxable Value	Total Direct Tax Rate
\$ 2,573,992,531	\$ 2,782,814,029	13.998
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

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
2023	8.485	2.527	2.986	13.998	5.189	0.284	5.473
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

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			
15.017	1.849	16.866	3.004	13.998	25.343	39.341
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

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

Table 8

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Golden Grain Energy LLC	\$ 28,240,740	1	1.10 %	\$ 19,043,820	2	1.14 %
MFF Mortgage Borrower 20 LLC/MFF HOLDC02 LLC	16,248,430	2	0.63	-		
Lehigh Portland Cement Company	15,320,440	3	0.60	16,312,390	3	0.98
Wal-Mart Real Estate Business Trust	14,889,380	4	0.58	11,599,630	6	0.70
General Foods/Kraft Heinz Foods Co.	13,572,820	5	0.53	-		
Mason City Hotel Associates LLC/Kinseth Hospitality	13,379,140	6	0.52	-		
Tierney Properties/Brick & Tile LLC	12,301,580	7	0.48	-		
Mason City Shopping Center LP	12,004,000	8	0.47	8,500,870	8	0.51
Menards Inc.	11,317,130	9	0.44	-		
Westlakes P&S LLC	11,321,660	10	0.42	-		
Interstate Power Company				45,556,318	1	2.74
Mills Fleet Farm				12,351,950	4	0.74
AADG Inc.				11,679,700	5	0.70
Principal Mutual Life Insurance Co.				8,863,840	7	0.53
Sunny Fresh Foods Inc.				8,275,270	9	0.50
Armour-Eckrich Meats LLC				8,265,010	10	0.50
Total	\$ 148,595,320		5.77 %	\$ 150,448,798		9.04 %

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
2023	\$ 17,692,060	\$ 17,683,863	99.95 %	\$ -	\$ 17,683,863	99.95 %
2022	17,668,314	17,656,894	99.94	750	17,657,644	99.94
2021	17,211,655	16,338,318	94.93	867,487	17,205,805	99.97
2020	16,403,537	13,945,957	85.02	2,453,280	16,399,237	99.97
2019	15,677,119	15,284,729	97.50	389,134	15,673,863	99.98
2018	15,006,783	14,680,773	97.83	326,010	15,006,783	100.00
2017	14,287,266	13,945,957	97.61	339,192	14,285,149	99.99
2016	14,019,135	13,731,010	97.94	285,505	14,016,515	99.98
2015	14,405,234	14,101,474	97.89	303,760	14,405,234	100.00
2014	13,543,634	13,249,201	97.83	294,433	13,543,634	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
2023	\$ 19,147,272	\$ 27,171,449	\$ 5,914,633	\$ -	\$ 4,746,980
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

(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>
\$ 56,980,334	3.78 %	\$ 2,116
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

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 ⁽²⁾	Revenue Bonds	Less: Amounts Paid from Proprietary Revenue	Less: Amounts Available in Debt Service Fund
2023	\$ 25,061,905	\$ 27,171,449	\$ 4,746,980	\$ 10,661,613	\$ 4,059,769
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

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

⁽¹⁾ See Table 6 for property value data.

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

Table 11

Total	Percentage of Total Taxable Assessed ⁽¹⁾ Value of Property	Per Capita
\$ 42,258,952	1.64 %	\$ 1,570
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

THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Mason City, Iowa
 Computation of Direct and Overlapping Governmental Activities Debt
 June 30, 2023

Table 12

Governmental Unit	Debt Outstanding ⁽¹⁾	Estimated Percentage Applicable ⁽²⁾	Estimated Share of Overlapping Debt
Direct Debt			
City of Mason City (1)	\$ 46,318,721	100.00 %	\$ 46,318,721
Overlapping Debt (2):			
Mason City Community School District	41,776,831	88.68	37,046,037
Cerro Gerdo County	3,273,950	40.96	1,341,010
North Iowa Area Community College	45,345,000	0.00	-
Total Overlapping Debt	<u>90,395,781</u>		<u>38,387,047</u>
Total Direct and Overlapping Debt	<u>\$ 136,714,502</u>		<u>\$ 84,705,768</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

	2023	2022	2021	2020
Assessed Value (See Table 6)	\$ 2,573,992,531	\$ 2,224,950,066	\$ 1,954,126,970	\$ 1,891,237,860
Legal Debt Limit Debt limit (5% of assessed value)	128,699,627	111,247,503	97,706,349	94,561,893
Debt Applicable to Limit: (See Table 10)				
General Obligation Bonds	19,147,272	18,271,974	39,817,467	39,348,347
Less: Amount reserved for repayment of general obligation debt	(4,059,769)	(2,986,610)	(948,780)	(802,369)
Total Net Debt Applicable to Limit	<u>15,087,503</u>	<u>15,285,364</u>	<u>38,868,687</u>	<u>38,545,978</u>
Legal Debt Margin	<u>\$ 113,612,124</u>	<u>\$ 95,962,139</u>	<u>\$ 58,837,662</u>	<u>\$ 56,015,915</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	11.72%	13.74%	39.78%	40.76%

Table 13

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,770,041,531	\$ 1,676,095,017	\$ 1,621,728,424	\$ 1,664,754,711	\$ 1,623,062,032	\$ 1,664,754,711
88,502,077	83,804,751	81,086,421	83,237,736	81,153,102	83,237,736
33,977,000	16,386,000	16,665,000	18,680,000	20,675,000	20,936,911
<u>(702,475)</u>	<u>(431,183)</u>	<u>(266,664)</u>	<u>(231,420)</u>	<u>(202,580)</u>	<u>(28,884)</u>
<u>33,274,525</u>	<u>15,954,817</u>	<u>16,398,336</u>	<u>18,448,580</u>	<u>20,472,420</u>	<u>21,229,991</u>
<u>\$ 55,227,552</u>	<u>\$ 67,849,934</u>	<u>\$ 64,688,085</u>	<u>\$ 64,789,156</u>	<u>\$ 60,680,682</u>	<u>\$ 62,007,745</u>
37.60%	19.04%	20.22%	22.16%	25.23%	25.51%

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

Table 14

Sewer ⁽¹⁾						
Year	Operating Revenues	Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
2023	\$ 5,120,216	\$ 4,316,946	\$ 803,270	\$ 917,007	\$ 121,043	0.77
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

Waterworks ⁽¹⁾						
Year	Operating Revenues	Operating Expenses ⁽²⁾	Net Revenue Available for Debt Service	Debt Service Requirements		Coverage
				Principal	Interest	
2023	\$ 7,433,840	\$ 7,012,910	\$ 420,930	\$ 1,756,375	\$ 84,758	0.23
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

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 ⁽¹⁾	Personal Income	Per Capita (2) Personal Income	Medium Age (2)	School ⁽³⁾ Enrollment (K-12)	Unemployment Rate ⁽⁴⁾
2023	26,924	\$ 1,507,986,316	\$ 56,009	43	3,405	3.3 %
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

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

THIS PAGE IS LEFT
BLANK INTENTIONALLY

City of Mason City, Iowa
Principal Employers
2022 and Eight Years Ago

Table 16

Employer	2022			2014		
	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	20.50 %
Curries Manufacturing Company	649	2	3.95	600	2	4.60
Mason City Schools	595	3	3.62	530	4	4.10
Good Shepherd	321	4	1.95	320	7	2.50
Principal Financial Group	316	5	1.92	460	5	3.60
Cargill Kitchens Solutions	273	6	1.66	-		-
City of Mason City	260	7	1.58	259	10	2.00
Smithfield	249	8	1.51	-		-
Cerro Gordo County	238	9	1.45	-		-
NIACC	219	10	1.33	-		-
Hy-Vee Food Stores	-		-	548	3	4.20
Graham Manufacturing	-		-	300	9	2.30
Wal-Mart Stores	-		-	387	6	3.00
Armour-Eckrich Meats	-		-	300	8	2.30
Total	5,063		30.78 %	6,354		49.10 %

Source:

2023 Information not available at time of the audit.
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			
	2023	2022	2021	2020
Public Safety				
Police - sworn	41.00	42.00	41.00	42.00
Police – civilian	6.00	5.00	8.00	5.00
Fire - sworn	46.00	47.00	44.00	47.00
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	7.00	6.00	6.00	6.00
Street	22.00	21.00	19.00	21.00
Arborist	6.00	6.00	6.00	6.00
Engineer	7.00	7.00	7.00	7.00
Health and social services:				
Youth Task Force	3.00	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	1.00
Library	14.00	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	13.00	19.00	17.00	19.00
General government:				
Administrator	2.00	2.00	2.00	2.00
Finance	11.00	9.00	10.00	9.00
Clerk	1.00	1.00	1.00	1.00
Personnel/Safety	2.00	2.00	2.00	2.00
Business-type activities:				
Water	18.00	18.00	2.00	2.00
Sewer	16.00	15.00	17.00	18.00
Sanitation	12.00	12.00	15.00	15.00
Cemetery	3.00	3.00	12.00	12.00
Golf course	2.00	2.00	3.00	3.00
Total	<u>262.00</u>	<u>266.00</u>	<u>261.00</u>	<u>266.00</u>

Table 17

Full-time Equivalent Employees as of June 30

2019	2018	2017	2016	2015	2014
47.00	46.00	46.00	50.00	47.00	45.00
5.00	5.00	5.00	5.00	5.00	5.00
44.00	46.00	44.00	44.00	44.00	44.00
1.00	1.00	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
22.00	20.00	23.00	21.00	21.00	19.00
4.00	4.00	1.00	1.00	1.00	1.00
7.00	7.00	7.00	7.00	7.00	6.00
4.00	4.00	4.00	3.00	3.00	5.00
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	4.00
-	-	-	-	-	-
15.00	15.00	15.00	15.00	17.00	17.00
7.00	7.00	6.00	6.00	7.00	7.00
3.00	3.00	3.00	4.00	4.00	3.00
4.00	4.00	4.00	3.00	3.00	3.00
16.00	16.00	16.00	16.00	17.00	18.00
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
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	12.00	11.00	12.00
3.00	3.00	3.00	3.00	3.00	3.00
3.00	3.00	3.00	3.00	2.00	2.00
<u>264.00</u>	<u>263.00</u>	<u>261.00</u>	<u>262.00</u>	<u>261.00</u>	<u>259.00</u>

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

	2023	2022	2021	2020
Police				
Physical arrests	1,148.00	1,172.00	1,263.00	1,998.00
Parking violations	1,868.00	820.00	2,440.00	3,133.00
Traffic violations	2,734.00	1,626.00	1,709.00	2,656.00
Fire				
Fire calls answered	802.00	724.00	731.00	667.00
Ambulance calls answered	5,847.00	5,853.00	5,571.00	5,247.00
Inspections	2,818.00	2,465.00	27,180.37	22,830.04
Highways and streets				
Street Resurfacing (miles)	1.13	2.03	0.37	0.04
Potholes repaired	6,000.00	6,000.00	6,000.00	6,000.00
Sanitation:				
Refuse Collected	37.20	38.60	37.45	36.04
Recyclables Collected	3.77	4.19	4.04	3.79
Culture and recreation				
Aquatic Center admissions	35,569.00	32,303.00	12,263.00	26,747.00
Water:				
New connections	25.00	14.00	22.00	2.00
Water main breaks	20.00	30.00	18.00	16.00
Average daily consumption (thousands of gallons)	4,717.00	4,377.00	4,140.00	4,141.00
Wastewater:				
Average daily sewage treatment (thousands of gallons)	5,284.00	5,331.00	4,337.00	6,918.00
Total				

Table 18

2019	2018	2017	2016	2015	2014
2,021.00	2,673.00	3,110.00	3,032.00	2,904.00	3,260.00
4,978.00	3,589.00	2,414.00	2,101.00	2,596.00	3,078.00
3,387.00	3,442.00	3,568.00	3,675.00	3,497.00	3,497.00
671.00	1,072.00	1,109.00	676.00	609.00	811.00
5,214.00	4,847.00	4,771.00	4,962.00	5,068.00	4,528.00
553.00	2,241.38	645.00	1,735.00	1,113.00	708.00
-	1.38	-	-	0.79	1.20
6,000.00	6,000.00	6,000.00	5,550.00	5,300.00	6,000.00
35.80	30.63	30.76	30.08	31.93	31.29
3.76	3.82	3.95	4.21	4.43	4.53
28,305.00	31,337.00	31,984.00	35,799.00	32,791.00	31,199.00
17.00	27.00	29.00	32.00	39.00	38.00
18.00	17.00	12.00	8.00	11.00	33.00
4,174.00	4,365.00	4,336.00	4,249.00	4,528.00	4,542.00
8,702.00	6,801.00	7,995.00	6,747.00	6,311.00	5,499.00

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

	2023	2022	2021	2020
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	154.35	154.21	153.89
unpaved	40.93	40.93	40.93	40.93
Streetlights	1,948.00	1,948.00	1,945.00	1,931.00
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	50.90	50.83	50.50
sanitary	165.71	165.71	165.58	165.44
Cemetery				
Facilities	1.00	1.00	1.00	1.00
Acreage	74.12	74.12	74.12	74.12

Table 19

2019	2018	2017	2016	2015	2014
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	153.37	153.16	152.49	452.32	152.49
40.93	40.93	40.93	40.93	40.93	41.12
1,818.00	1,788.00	1,784.00	1,770.00	1,770.00	1,768.00
41.00	41.00	41.00	41.00	41.00	41.00
639.00	639.00	639.00	639.00	639.00	639.00
23.00	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	1.00	11.00	1.00	1.00	1.00
7.00	7.00	7.00	7.00	7.00	7.00
6.00	6.00	6.00	-	-	-
50.16	50.14	50.12	49.35	49.01	48.46
165.44	165.32	165.18	164.99	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

THIS PAGE IS LEFT
BLANK INTENTIONALLY

SINGLE AUDIT AND OTHER REQUIRED REPORTS

CITY OF MASON CITY
MASON CITY, IOWA

FOR THE YEAR ENDED
JUNE 30, 2023

**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 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, 2023 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 29, 2024.

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 2023-001 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 2023-002 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* or *Iowa legal compliance statutes*.

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
March 29, 2024



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

Report on Compliance for Each Major Federal Program

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, 2023. 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, 2023.

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a material weakness.

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 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.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Abdo
Minneapolis, Minnesota
March 29, 2024



City of Mason City, Iowa
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

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 (Covid-19)	21.027C	N/A		\$ 946,646
U. S. Department of Transportation	Iowa Department of Transportation	Highway Planning and Construction	20.205	N/A		705,067
U. S. Department of Transportation	Iowa Department of Transportation	State and Community Highway Safety	20.600	402-MOPT, Task 29-00-00	<u>9,509</u>	
	Total Highway Safety Cluster					9,509
U. S. Department of Housing and Urban Development	Iowa Department of Economic Development	Community Development Block Grant	14.228	20-HSGU-007		584,334
U. S. Department of Housing and Urban Development	Iowa Department of Economic Development	COVID-19 Community Development Block Grant	14.228C	20-CVN-005		405,899
U. S. Department of Justice	Iowa Department of Justice	Violence Against Women Formula Grants	16.588	VS-22-46-LE		21,148
U. S. Department of Justice	Direct	Juvenile Mentoring Program	16.726	N/A		15,082
U. S. Department of Justice	Direct	Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A		8,441
U. S. Department of Justice	Direct	Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	2019-MO-BX-0049		84,498
U. S. Department of Transportation	Iowa Department of Transportation	Airport Improvement Program	20.106	3-19-0059-46, 48, 51, 53		6,316,928
U. S. Department of Transportation	Iowa Department of Transportation	COVID-19 Airport Improvement Program	20.106C	3-19-0059-47-2019		769,974
U. S. Department of Transportation	Iowa Department of Transportation	Formula Grants for Rural Areas	20.509	2020-010-00, 01		1,527,220
U. S. Department of Homeland Security	Direct	Staffing for Adequate Fire and Emergency Response	97.083	EMW-2018-FH-00366		<u>45,993</u>
					Total Federal Expenditures	<u>\$11,440,739</u>

City of Mason City, Iowa
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

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, 2023. 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, 2023, 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, 2023

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?	Yes
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

	CFDA No.
Airport Improvement Program	20.106
Airport Improvement Program - Covid-19	20.106C
Community Development Block Grants	14.228
Community Development Block Grants - Covid-19	14.228C
Highway Planning and Construction	20.205
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 2023-002 is reported as a significant deficiency. Finding 2023-001 is reported as a material weakness.

Section III - Major Federal Award Findings and Questioned Costs

A material weakness in internal control over compliance is reported in the Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control Over Compliance Required by Uniform Guidance. Finding 2023-003 is

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, 2023

<u>Finding</u>	<u>Description</u>
2023-001	Material Audit Adjustments
<i>Condition:</i>	Material audit adjustments were required to properly reflect the June 30, 2023 ending financial statement balances. Adjustments were needed for accounts payable, accounts receivable, capital assets, debt, prepaids and grant revenue.
<i>Criteria:</i>	Such adjustments were needed to correct 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, 2023, the City did not utilize it's the accounting software to adjust year end balances.
<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.
2023-002	Reconciliation of Bank and Investment Balances to the General Ledger
<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>	Timing of cash transactions have not been properly recorded.
<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, 2023

<u>Finding</u>	<u>Description</u>
2023-003	Timely Reporting of Expenditures on the Schedule of Expenditures of Federal Awards.
<i>Condition:</i>	During our audit, we noted errors related to calculations of federal expenditures on the Schedule of Expenditures of Federal Awards.
<i>Criteria:</i>	Uniform Guidance requires proper reporting of federal expenditures.
<i>Cause:</i>	Federal grant reimbursement requests were not submitted timely. Management did not have the information needed to prepare the Schedule of Expenditures of Federal Awards.
<i>Effect:</i>	By not submitting timely reimbursement requests for federal grants, the Schedule of Expenditures of Federal Awards did not reflect the correct amount of federal expenditures.
<i>Recommendation:</i>	We recommend that the Organization implement a review process to ensure correct reporting on the Schedule of Expenditures of Federal Awards prior to the audit, including a reconciliation between the Schedule of Expenditures of Federal Awards and the accounting system. We also recommend updating the federal grant tracking spreadsheet to track expenditures by fiscal year.
<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, 2023

Finding Description

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, 2023, 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, 2023, the City had deficit balances in the following funds:

Fund	Amount
Nonmajor Funds	
Special Revenue	
Unified TIF	\$ 7,444
Downtown Reinvestment	73,175
City Administered Grant	135

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.



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

Finding 2023-001
Material Audit Adjustments

Material audit adjustments were required to properly reflect the June 30, 2023 ending financial statement balances. Adjustments were needed for accounts payable, accounts receivable, capital assets, debt, prepaids and grant revenue.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Action Planned in Response to Finding:

Management is aware of the issue and will implement the suggested procedures.

Official Responsible for Ensuring CAP:

Brent Hinson, Deputy City Administrator/Finance Director, would be responsible for procedures.

Planned Completion Date for CAP:

Procedures will be implemented in the current fiscal year.

Plan to Monitor Completion of CAP:

The finance department will review and ensure compliance.

Sincerely,

A handwritten signature in blue ink, appearing to be "B. Hinson".

Brent Hinson
Deputy City Administrator/Finance Director



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

Finding 2023-002
Reconciliation of Bank and Investment Balances to the General Ledger

It was noted the year-end and monthly bank and investment reconciliations were prepared, however, the detailed reconciliations did not balance to the general ledger.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Action Planned in Response to Finding:

Management is aware of the issue and will implement the suggested procedures.

Official Responsible for Ensuring CAP:

Brent Hinson, Deputy City Administrator/Finance Director, would be responsible for procedures.

Planned Completion Date for CAP:

Procedures will be implemented in the current fiscal year.

Plan to Monitor Completion of CAP:

The finance department will review and ensure compliance.

Sincerely,

A handwritten signature in blue ink, appearing to be "B. Hinson".

Brent Hinson
Deputy City Administrator/Finance Director



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

Finding 2023-003
Timely Reporting of Expenditures on the Schedule of Expenditures of Federal Awards.

During our audit, we noted errors related to calculations of federal expenditures on the Schedule of Expenditures of Federal Awards.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Finding:

There is no disagreement with the audit finding.

Action Planned in Response to Finding:

Management is aware of the issue and will implement the suggested procedures.

Official Responsible for Ensuring CAP:

Brent Hinson, Deputy City Administrator/Finance Director, would be responsible for procedures.

Planned Completion Date for CAP:

Procedures will be implemented in the current fiscal year.

Plan to Monitor Completion of CAP:

The finance department will review and ensure compliance.

Sincerely,

A handwritten signature in blue ink, appearing to be "B. Hinson".

Brent Hinson
Deputy City Administrator/Finance Director



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

City of Mason City, Iowa
Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2023

<u>Finding</u>	<u>Description</u>
2022-001	Material Audit Adjustments and Prior Period Adjustments
<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>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>	
	This finding is included in the current year report.
2022-002	Reconciliation of Bank and Investment Balances to the General Ledger
<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.