



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

NEWS RELEASE

FOR RELEASE

May 20, 2021

Contact: Marlys Gaston
515/281-5834

Auditor of State Rob Sand today released an audit report on the City of Perry, Iowa.

FINANCIAL HIGHLIGHTS:

The City's receipts totaled \$11,621,851 for the year ended June 30, 2020, a 6.8% decrease from the prior year. Disbursements for the year ended June 30, 2020 totaled \$13,640,577, a 34.7% increase over the prior year. The significant increase in disbursements is primarily due to increased activity for the Perry Municipal Airport.

AUDIT FINDINGS:

Sand reported six findings related to the receipt and disbursement of taxpayer funds. They are found on pages 64 through 74 of this report. The findings address issues such as a lack of segregation of duties, reconciliations of utility billings, collections and delinquent accounts not prepared, disbursements exceeding budgeted amounts and noncompliance with Chapter 556.11 of the Code of Iowa pertaining to unclaimed property. Sand provided the City with recommendations to address each of the findings.

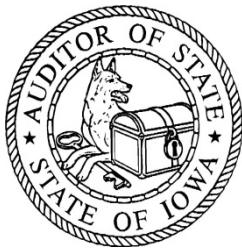
Six of the six findings discussed above are repeated from the prior year. The City has a fiduciary responsibility to provide oversight of the City's operations and financial transactions. Oversight is typically defined as the "watchful a responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

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CITY OF PERRY
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

City of Perry



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STATE OF IOWA

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Des Moines, Iowa 50319-0006

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May 11, 2021

Officials of the City of Perry
Perry, Iowa

Dear Honorable Mayor and Members of the City Council:

I am pleased to submit to you the financial and compliance audit report for the City of Perry, Iowa, for the year ended June 30, 2020. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the City of Perry throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand
Auditor of State

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City of Perry

Officials

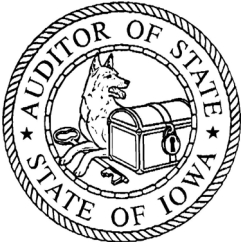
(Before January 2020)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
John Andorf	Mayor	Jan 2020
Dean Berkland	Council Member	Jan 2020
Chuck Schott	Council Member	Jan 2020
Barbara Wolling	Council Member	Jan 2020
Vicki Klein	Council Member	Jan 2022
Dr. Randall McCaulley	Council Member	Jan 2022
Sven Peterson	City Administrator	Indefinite
Susie Moorhead	Finance Officer	Indefinite
Paula Rychnovsky	City Clerk/Treasurer	Indefinite
DuWayne Dalen	Attorney	Indefinite

(After January 2020)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
John Andorf	Mayor	Jan 2022
Vicki Klein	Council Member	Jan 2022
Dr. Randall McCaulley	Council Member	Jan 2022
Dean Berkland	Council Member	Jan 2024
Chuck Schott	Council Member	Jan 2024
Barbara Wolling	Council Member	Jan 2024
Sven Peterson	City Administrator	Indefinite
Susie Moorhead	Finance Officer	Indefinite
Paula Rychnovsky	City Clerk/Treasurer	Indefinite
DuWayne Dalen	Attorney	Indefinite

City of Perry



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Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Perry, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1. This includes determining the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified and qualified audit opinions.

Opinions

Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units

The financial data included in the financial statements for the Perry Public Library Foundation Inc., a legally separate entity which is reported as a discretely presented component unit, include investments at fair market value. This is a departure from the basis of accounting described in Note 1. The amount by which this departure would affect the receipts, and balances of the aggregate discretely presented component units is not reasonably determinable.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the aggregate discretely presented component units of the City of Perry as of June 30, 2020, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Perry as of June 30, 2020, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Perry's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2019 (which are not presented herein) and expressed unmodified opinions on the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information which were prepared on the basis of cash receipts and disbursements. We expressed a qualified opinion on the financial statements of the aggregate discretely presented component units due to the financial data of the Perry Public Library Foundation Inc reported investments at fair market value. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the six years ended June 30, 2017 (which are not presented herein) and expressed unmodified opinions on the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information which were prepared on the basis of cash receipts and disbursements. We expressed an adverse opinion on the financial statements of the aggregate discretely presented component units due to the omission of the Perry Public Library Foundation Inc. We also previously audited, in accordance with the standards referred to in the third paragraph of the report, the financial statements for the year ended June 30, 2011 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 5, including the Schedule of

Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, except for the effects of reporting investments of the Perry Public Library Foundation Inc. at fair market value as described in the “Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units” paragraph on the preceding page, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Other Information, the Budgetary Comparison Information, the Schedule of the City’s Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 40 through 48, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 11, 2021 on our consideration of the City of Perry’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Perry’s internal control over financial reporting and compliance.


Marlys K. Gaston, CPA
Deputy Auditor of State

May 11, 2021

City of Perry

Basic Financial Statements

City of Perry

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2020

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Primary Government:				
Governmental activities:				
Public safety	\$ 1,909,233	18,957	139,546	-
Public works	2,121,556	967,118	1,026,822	-
Health and social services	10,916	-	-	-
Culture and recreation	2,023,788	321,653	250,179	37,412
Community and economic development	246,258	89,917	902	-
General government	811,435	46,647	107,847	-
Debt service	1,018,463	-	-	-
Capital projects	3,743,809	-	-	1,144,847
Total governmental activities	11,885,458	1,444,292	1,525,296	1,182,259
Business type activities:				
Sewer	1,352,690	1,356,059	-	-
Sewer discharge	402,429	170,138	-	-
Total business type activities	1,755,119	1,526,197	-	-
Total Primary Government	\$ 13,640,577	2,970,489	1,525,296	1,182,259
Component Units:				
Perry Police Officers Association	\$ 9,355	-	8,544	-
Perry Volunteer Firefighter's Association	13,144	-	7,411	-
The Perry Public Library Foundation, Inc.	29,916	-	4,505	-
Perry Municipal Waterworks	2,279,715	2,115,840	160,060	-
Total Component Units	\$ 2,332,130	2,115,840	180,520	-
General Receipts and Transfers:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Hotel/motel tax				
Local option sales tax				
Commercial/industrial tax replacement				
Unrestricted interest on investments				
Franchise fees				
Anticipation note proceeds				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
Cash Basis Net Position				
Restricted:				
Nonexpendable:				
Permanent Funds				
Expendable:				
Streets				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net position				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Position			
Primary Government			Component Units
Governmental Activities	Business Type Activities	Total	
(1,750,730)	-	(1,750,730)	
(127,616)	-	(127,616)	
(10,916)	-	(10,916)	
(1,414,544)	-	(1,414,544)	
(155,439)	-	(155,439)	
(656,941)	-	(656,941)	
(1,018,463)	-	(1,018,463)	
<u>(2,598,962)</u>	-	<u>(2,598,962)</u>	
<u>(7,733,611)</u>	-	<u>(7,733,611)</u>	
-	3,369	3,369	
-	(232,291)	(232,291)	
-	(228,922)	(228,922)	
<u>(7,733,611)</u>	<u>(228,922)</u>	<u>(7,962,533)</u>	
			(811)
			(5,733)
			(25,411)
			<u>(3,815)</u>
			<u>(35,770)</u>
2,472,243	-	2,472,243	-
422,246	-	422,246	-
123,182	-	123,182	-
89,995	-	89,995	-
2,148,510	-	2,148,510	-
76,170	-	76,170	-
6,022	353	6,375	6,206
234,063	-	234,063	-
-	370,889	370,889	-
134	-	134	31,238
<u>166,925</u>	<u>(166,925)</u>	<u>-</u>	<u>-</u>
<u>5,739,490</u>	<u>204,317</u>	<u>5,943,807</u>	<u>37,444</u>
(1,994,121)	(24,605)	(2,018,726)	1,674
<u>3,906,988</u>	<u>1,563,516</u>	<u>5,470,504</u>	<u>2,342,917</u>
<u>\$ 1,912,867</u>	<u>1,538,911</u>	<u>3,451,778</u>	<u>2,344,591</u>
\$ 285,067	-	285,067	-
254,924	-	254,924	-
284,686	-	284,686	-
1,688,002	6,177	1,694,179	1,059,859
<u>(599,812)</u>	<u>1,532,734</u>	<u>932,922</u>	<u>1,284,732</u>
<u>\$ 1,912,867</u>	<u>1,538,911</u>	<u>3,451,778</u>	<u>2,344,591</u>

City of Perry

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2020

	Special Revenue				
	General	Road Use Tax	Urban Renewal Tax Increment	Local Option Sales Tax	Employee Benefits
Receipts:					
Property tax	\$ 1,421,434	-	-	-	954,379
Local option sales tax	-	-	-	2,148,510	-
Tax increment financing	-	-	123,182	-	-
Other city tax	146,647	-	-	-	39,778
Licenses and permits	322,563	-	-	-	-
Use of money and property	52,069	-	-	5	-
Intergovernmental	113,909	990,003	-	7,665	26,290
Charges for service	1,215,447	-	-	-	-
Miscellaneous	270,169	-	-	5,455	23,797
Total receipts	3,542,238	990,003	123,182	2,161,635	1,044,244
Disbursements:					
Operating:					
Public safety	1,347,314	-	-	78,222	458,549
Public works	583,348	795,025	-	412,204	330,979
Health and social services	10,916	-	-	-	-
Culture and recreation	1,095,221	-	-	523,644	240,952
Community and economic development	161,188	-	15,404	11,025	57,741
General government	507,801	-	-	209,551	91,441
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	3,705,788	795,025	15,404	1,234,646	1,179,662
Excess (deficiency) of receipts over (under) disbursements	(163,550)	194,978	107,778	926,989	(135,418)
Other financing sources (uses):					
Transfers in	222,947	-	-	-	130,000
Transfers out	-	(260,000)	(209,350)	(545,523)	-
Total other financing sources (uses)	222,947	(260,000)	(209,350)	(545,523)	130,000
Change in cash balances	59,397	(65,022)	(101,572)	381,466	(5,418)
Cash balances (deficits) beginning of year	37,619	319,946	300,903	1,120,340	(16,391)
Cash balances (deficits) end of year	\$ 97,016	254,924	199,331	1,501,806	(21,809)
Cash Basis Fund Balances					
Nonspendable:					
Cemetery perpetual care	\$ -	-	-	-	-
O'Brien beautification	-	-	-	-	-
Restricted for:					
Streets	-	254,924	-	-	-
Debt service	-	-	199,331	-	-
Other purposes	-	-	-	1,501,806	-
Unassigned	97,016	-	-	-	(21,809)
Total cash basis fund balances	\$ 97,016	254,924	199,331	1,501,806	(21,809)

See notes to financial statements.

Debt Service	Capital Projects	Permanent		Total
		Cemetery Perpetual Care	Nonmajor	
405,720	-	-	-	2,781,533
-	-	-	-	2,148,510
-	-	-	-	123,182
16,526	-	-	-	202,951
-	-	-	-	322,563
-	-	-	7,355	59,429
10,922	1,094,495	-	19,334	2,262,618
-	-	-	9,604	1,225,051
-	130,405	3,880	164,869	598,575
433,168	1,224,900	3,880	201,162	9,724,412
-	-	-	25,148	1,909,233
-	-	-	-	2,121,556
-	-	-	-	10,916
-	-	-	163,971	2,023,788
-	-	-	900	246,258
-	-	-	2,642	811,435
1,018,463	-	-	-	1,018,463
-	3,720,009	-	23,800	3,743,809
1,018,463	3,720,009	-	216,461	11,885,458
(585,295)	(2,495,109)	3,880	(15,299)	(2,161,046)
586,729	270,457	-	-	1,210,133
-	(28,335)	-	-	(1,043,208)
586,729	242,122	-	-	166,925
1,434	(2,252,987)	3,880	(15,299)	(1,994,121)
83,921	1,577,968	235,341	247,341	3,906,988
85,355	(675,019)	239,221	232,042	1,912,867
-	-	239,221	-	239,221
-	-	-	45,846	45,846
-	-	-	-	254,924
85,355	-	-	-	284,686
-	-	-	186,196	1,688,002
-	(675,019)	-	-	(599,812)
85,355	(675,019)	239,221	232,042	1,912,867

City of Perry

Reconciliation of the
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2020

	Enterprise		
	Sewer	Sewer Discharge	Total
Operating receipts:			
Charges for service	\$ 1,356,059	170,138	1,526,197
Operating disbursements:			
Business type activities	542,017	60,296	602,313
Excess of operating receipts over operating disbursements	814,042	109,842	923,884
Non-operating receipts (disbursements):			
Interest on investments	353	-	353
Anticipation note proceeds	370,889	-	370,889
Economic development loan	(350,000)	-	(350,000)
Capital outlay	(460,673)	(342,133)	(802,806)
Net non-operating receipts (disbursements)	(439,431)	(342,133)	(781,564)
Excess (deficiency) of receipts over (under) disbursements	374,611	(232,291)	142,320
Transfers in	45,000	-	45,000
Transfers out	(211,925)	-	(211,925)
Total transfers in (out)	(166,925)	-	(166,925)
Change in cash balances	207,686	(232,291)	(24,605)
Cash balances beginning of year	852,812	710,704	1,563,516
Cash balances end of year	\$ 1,060,498	478,413	1,538,911
Cash Basis Fund Balances			
Restricted for capital outlay	\$ 6,177	-	6,177
Unrestricted	1,054,321	478,413	1,532,734
Total cash basis fund balances	\$ 1,060,498	478,413	1,538,911

See notes to financial statements.

City of Perry

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Fiduciary Fund

As of and for the year ended June 30, 2020

	<u>Police</u> <u>Pension</u>
Additions:	
Employer contributions	\$ 24,985
Deductions:	
Benefits paid	<u>61,924</u>
Change in cash balance	(36,939)
Cash balance held in trust for pension benefits beginning of year	<u>461,619</u>
Cash balance held in trust for pension benefits end of year	<u>\$ 424,680</u>

See notes to financial statements.

City of Perry

Combining Cash Basis Statement of Activities and Net Position
Discretely Presented Component Units

As of and for the year ended June 30, 2020

	Perry Police Officers Association	Perry Volunteer Firefighter's Association	Perry Citizens Against Crime, Inc.
Disbursements	\$ 9,355	13,144	-
Program receipts:			
Charges for service	-	-	-
Operating grants and contributions	8,544	7,411	-
Total program receipts	8,544	7,411	-
General receipts:			
Interest on investments	-	-	-
Rent	-	-	-
Total general receipts	-	-	-
Change in cash basis net position	(811)	(5,733)	-
Cash basis net position beginning of year	24,914	20,429	8,778
Cash basis net position end of year	\$ 24,103	14,696	8,778
Cash Basis Net Position			
Restricted:			
Other purposes	\$ 24,103	14,696	8,778
Unrestricted	-	-	-
Total cash basis net position	\$ 24,103	14,696	8,778

See notes to financial statements.

The Perry Public Library Foundation, Inc.	Perry Municipal Waterworks	Total
29,916	2,279,715	2,332,130
-	2,115,840	2,115,840
1,232	160,060	177,247
1,232	2,275,900	2,293,087
3,273	6,206	9,479
-	31,238	31,238
3,273	37,444	40,717
(25,411)	33,629	1,674
877,473	1,411,323	2,342,917
852,062	1,444,952	2,344,591
852,062	160,220	1,059,859
-	1,284,732	1,284,732
852,062	1,444,952	2,344,591

City of Perry

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies

The City of Perry is a political subdivision of the State of Iowa located in Dallas County. It was first incorporated in 1875 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 and recreation, community and economic development and general government services. The City also provides sewer utilities for its citizens.

A. Reporting Entity

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

These financial statements present the City of Perry (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Discretely Presented Component Units

The Perry Municipal Waterworks was established to operate the City's waterworks facilities. The Waterworks is governed by a three member Board of Trustees appointed by the Mayor and approved by the City Council. Title to all property of the Waterworks is held in the name of the City. A financial benefit/burden exists between the City and the Waterworks in that the City is authorized by statute to issue general obligation debt for a city utility and may certify taxes for the payment of the debt. Complete financial statements can be obtained from the Perry Municipal Waterworks, 1101 W 3rd Street, PO Box 604, Perry, Iowa 50220.

The Perry Police Officers Association and the Perry Volunteer Firefighter's Association were organized as non-profit entities under Chapter 504A of the Code of Iowa. The purpose of each Association is to promote fellowship and brotherhood among members and to provide and support community service activities. The Associations are legally separate from the City but are financially accountable to the City, or their relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete.

Perry Citizens Against Crime, Inc. is organized as a non-profit entity under Chapter 504A of the Code of Iowa. The purpose of the group is to support and enhance the Perry Police Department's ability to reduce crime by developing and supporting programs through community partnership. The group is legally separate from the City but is financially accountable to the City, or its relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete.

The Perry Public Library Foundation, Inc. is organized as a non-profit entity under Chapter 504A of the Code of Iowa. The purpose for which this corporation is organized is for a charitable purpose which is to be operated exclusively for the independent enhancement and improvement of the Public Library of the City of Perry, Iowa.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: North Dallas Regional Solid Waste Planning Commission, Metropolitan Design Standards, Central Iowa Regional Transportation Planning Alliance, Perry Area Child Development Corp., Dallas County Assessor's Conference Board, Dallas County Emergency Management Commission and the Dallas County Joint 911 Service Board.

B. Basis of Presentation

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

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

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

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

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

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

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

The City reports the following major governmental funds:

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

Special Revenue:

The Road Use Tax Fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

The Local Option Sales Tax Fund is used to account for the City's local option sales tax (LOST) receipts and related disbursements.

The Employee Benefits Fund is used to account for the tax levy and disbursements for employee benefits, such as health insurance, pension, etc.

The Debt Service Fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those financed through Enterprise Funds.

The Permanent, Cemetery Perpetual Care Fund is used to account for receipts from cemetery lot sales to be used for the upkeep and maintenance of the Violet Hill cemetery.

The City reports the following major proprietary funds:

The Enterprise, Sewer Fund accounts for the operation and maintenance of the City's sewer system.

The Enterprise, Sewer Discharge Fund accounts for the operation and maintenance of the City's storm water system.

Additionally, the City reports a fiduciary fund. A fiduciary fund is used to account for assets held by the City in a trustee capacity.

C. Measurement Focus and Basis of Accounting

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

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

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

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

D. Governmental Cash Basis Fund Balances

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2020, disbursements exceeded the amount budgeted in the debt service function. In addition, disbursements exceeded the amounts budgeted in the public works, culture and recreation, community and economic development, general government, debt service and capital projects functions before the budget was amended.

(2) **Cash and Pooled Investments**

The City's deposits in banks at June 30, 2020 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

Investment of the Police Pension Fund is authorized under Chapter 410 of the Code of Iowa. The Board of Trustees may invest these funds in interest bearing bonds, notes, certificates or other evidences of indebtedness which are obligations of or guaranteed by the United States or in interest bearing bonds of the State of Iowa, of any county, township or municipal corporation of the State of Iowa.

Component Units

The Perry Public Library Foundation Inc. invests funds with the Community Foundation of Greater Des Moines, long term growth portfolio. The Foundation's investment is a percentage of the overall performance of the portfolio and the portfolio is measured on a fair value measurement.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Generally accepted accounting principles provide a hierarchy that prioritizes the inputs to fair value measurements based on the extent inputs to valuation techniques are observable in the marketplace. The hierarchy assigns a higher priority to observable inputs that would reflect the Foundation's assumption about how market participants would value an asset or liability based on the best information available. Fair value measurements should maximize the use of observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy are as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for an asset or liability that are used to measure fair value when observable inputs are not available. These inputs are developed based upon the best information available in such circumstances.

The categorization of fair value measurements by level of the hierarchy is based upon the lowest level inputs that is significant to the overall fair value measurements for a given asset or liability. The assessment of the significance of particular inputs to these fair value measurements requires judgement and considers factors specific to each asset or liability.

In the event that changes in the inputs used in the fair value measurement of an asset or liability result in a transfer into a different level, such transfers are recognized at the reporting period.

The following is a summary of the Perry Public Library Foundation Inc.'s investments under the hierarchy set by fair value guidance as of June 30, 2020, for assets measured at fair value on a recurring basis:

Investment Type	Total	Level 1	Level 2	NAV
The Perry Public Library Foundation, Inc.				
Money market funds	\$ 2,796	2,796	-	-
Debt and equity securities:				
U.S. equity	260,583	260,583	-	-
International equity	106,197	101,560	-	4,637
Fixed income	167,736	82,678	85,058	-
Natural resources	78,218	50,508	27,710	-
Real assets	472	-	-	472
Fund of funds	133,444	-	-	133,444
Other	968	-	-	968
Total debt and equity securities	747,618	495,329	112,768	139,521
Total invested assets	\$ 750,414	498,125	112,768	139,521

Alternative investments are redeemable with the fund at net asset value under the original terms of the partnership and/or subscription agreements. However, it is possible that these redemption rights may be restricted or eliminated by the funds in the future in accordance with the underlying fund agreements. Due to the nature of the investments held by the funds, changes in market conditions and the economic environment may significantly impact the net asset value of the funds and, consequently, the fair value of the Foundation's interest in the funds. Although a secondary market exists for these investments, it is not active and individual transactions are typically not observable. When transactions do occur in this limited secondary market, they may occur at discounts to the reported net asset value. It is, therefore, reasonably possible that if the Foundation were to sell these investments in the secondary market, a buyer may require a discount to the reported net asset value, and the discount could be significant.

The following table provides a summary of information for other investments, by net asset class, which are calculated using a net asset value per share using the practical expedient or its equivalent, as of June 30, 2020:

Investment Type	Fair Value	Redemption Frequency	Redemption Notice Period
The Perry Public Library Foundation, Inc.			
Debt and equity securities:			
International equity	\$ 4,637	Monthly	6 - 30 days
Real assets - nonredeemable	472	N/A	N/A
Fund of funds	133,444	Quarterly - N/A	100 days - N/A
Other	968	N/A	N/A
Total debt and equity securities	\$ 139,521		

The following information is provided for the investments of the foundation that are valued using the net asset value per share as a practical expedient:

- International equity – Funds represent primarily global diversified portfolios in debt and equity securities, including those issued or guaranteed by the United States and foreign governments and related agencies. Included in this portfolio is a fund invested in small cap stocks of foreign entities. Investments in foreign entities will incur exposure to risks from economic instability, unfavorable political developments and currency fluctuations. The portfolio allows monthly redemptions.
- Real assets – nonredeemable – Includes funds invested in debt and equity securities and other investments related to real estate, with a focus on residential, commercial, industrial and retail investments and properties with no particular geographic concentration. Redemptions for the portfolio are generally not allowed and are subject to approval of the fund administrator.
- Fund of funds – Includes globally diversified feeder funds and funds of funds invested in illiquid investments of closed-end funds with the remainder in debt and equity securities and futures and options. Redemptions in many cases are subject to the provisions of the underlying fund agreement, with some funds within the fund of funds currently suspending redemptions. Of the total net asset class some allow quarterly redemptions with a 100 day notice, some allow annual redemption with a 100 day notice and some redemptions are not allowed. The remaining funds have suspended redemption.
- Other – These represent funds with no particular industry or geographic focus with the remainder in debt and equity securities and futures and options. Redemptions for the portfolio are generally not allowed.

(3) Bonds and Notes Payable

A summary of changes in bonds and notes payable for the year ended June 30, 2020 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Governmental activities					
General Obligation Bond	\$ 5,250,000	-	620,000	4,630,000	645,000
General Obligation Notes	777,845	-	178,401	599,444	180,992
Energy Conservation Bonds	365,308	-	50,810	314,498	51,447
Governmental activities total	<u>\$ 6,393,153</u>	<u>-</u>	<u>849,211</u>	<u>5,543,942</u>	<u>877,439</u>
Business type activities					
Sewer Revenue Project Anticipation Note	\$ -	370,889	-	370,889	- *

* Final drawdowns have not been made and therefore there is no final amortization schedule.

General Obligation Bonds

A summary of the City's June 30, 2020 general obligation bonds payable is as follows:

Year Ending June 30,	Corporate Purpose			Sanitary Sewer Improvement and Refunding		
	Issued Feb 2, 2011			Issued April 16, 2013		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2021	3.75%	\$ 60,000	2,250	1.60%	\$ 145,000	14,895
2022		-	-	1.80	150,000	12,575
2023		-	-	2.00	155,000	9,875
2024		-	-	2.10	155,000	6,775
2025		-	-	2.20	160,000	3,520
2026-2030		-	-		-	-
2031-2034		-	-		-	-
Total		\$ 60,000	2,250		\$ 765,000	47,640

Year Ending June 30,	Corporate Purpose			Corporate Purpose and Refunding		
	Issued Nov 5, 2013			Issued May 4, 2016		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2021	2.15%	\$ 175,000	25,777	1.30%	\$ 250,000	10,913
2022	2.35	175,000	22,015	1.45	250,000	7,663
2023	2.55	240,000	17,903	1.45	50,000	4,038
2024	2.70	220,000	11,783	1.75	55,000	3,163
2025	2.85	205,000	5,842	1.75	55,000	2,200
2026-2030		-	-	2.00	55,000	1,100
2031-2034		-	-		-	-
Total		\$ 1,015,000	83,320		\$ 715,000	29,077

Year Ending June 30,	Airport Improvement			Total		
	Issued Feb 5, 2019					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2021	3.000%	\$ 15,000	62,756	\$ 645,000	116,591	761,591
2022	3.000	30,000	62,306	605,000	104,559	709,559
2023	3.000	140,000	61,406	585,000	93,222	678,222
2024	3.000	145,000	57,206	575,000	78,927	653,927
2025	3.000	145,000	52,856	565,000	64,418	629,418
2026-2030	3.000	820,000	195,130	875,000	196,230	1,071,230
2031-2034	3.000-3.125	780,000	61,324	780,000	61,324	841,324
Total		\$ 2,075,000	552,984	\$ 4,630,000	715,271	5,345,271

On February 2, 2011, the City issued \$545,000 of general obligation bonds with interest rates ranging from 1.75% to 3.75% per annum. The bonds were issued for the purpose of financing the acquisition of the former First National Bank building, heating and air conditioning improvements at the McCrary Center and City hall, demolition of the old middle school building, and construction of improvements to alleys. During the year ended June 30, 2020, the City paid \$60,000 of principal and \$4,350 of interest on the bonds.

On April 16, 2013, the City issued \$2,300,000 of general obligation bonds with interest rates ranging from 0.40% to 2.20% per annum. The bonds were issued for the purpose of constructing sanitary sewer improvements and refunding the outstanding balance of the City's general obligation urban renewal corporate purpose bonds, Series 2006. During the year ended June 30, 2020, the City paid \$145,000 of principal and \$16,925 of interest on the bonds.

On November 5, 2013, the City issued \$2,065,000 of general obligation bonds with interest rates ranging from 2.00% to 2.85% per annum. The bonds were issued for the purpose of financing construction of improvements to streets and related utilities, bridges, the municipal airport and a municipal parking lot, and the acquisition of equipment for the Fire Department. During the year ended June 30, 2020, the City paid \$175,000 of principal and \$29,278 of interest on the bonds.

On May 4, 2016, the City issued \$2,540,000 of general obligation bonds with interest rates ranging from 0.75% to 2.00% per annum. The bonds were issued for the purpose of financing construction and reconstruction of improvements to streets and bridges, the installation of traffic signals and refunding the outstanding balance of the City's general obligation corporate purpose bonds, Series 2008. During the year ended June 30, 2020, the City paid \$240,000 of principal and \$13,672 of interest on the bonds.

On February 5, 2019, the City issued \$2,075,000 of general obligation bonds with interest rates ranging from 3.000% to 3.125% per annum. The bonds were issued to pay for repairs to the existing municipal airport including land acquisition, reconstruction of the runway and general airport improvement. During the year ended June 30, 2020, no principal was paid on this obligation and \$82,978 of interest was paid on the bonds.

General Obligation Notes

A summary of the City's June 30, 2020 general obligation notes payable is as follows:

Year Ending June 30,	Rural Economic Development Note Issued April 18, 2016			Snow Plow Issued Oct 2, 2017		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
	2021	0.00%	\$ 40,000	-	2.50%	\$ 61,615
2022	0.00	40,000	-	2.50	61,615	1,540
2023	0.00	40,000	-		-	-
2024	0.00	40,000	-		-	-
2025	0.00	40,000	-		-	-
2026-2026	0.00	30,000	-		-	-
Total		<u>\$ 230,000</u>	<u>-</u>		<u>\$ 123,230</u>	<u>4,621</u>

Year Ending June 30,	Garbage Equipment Issued Aug 15, 2018			Total		
	Interest Rates	Principal	Interest	Principal	Interest	Total
	2021	3.375%	\$ 79,377	8,310	\$ 180,992	11,391
2022	3.375	82,056	5,631	183,671	7,171	190,842
2023	3.375	84,781	2,861	124,781	2,861	127,642
2024		-	-	40,000	-	40,000
2025		-	-	40,000	-	40,000
2026-2026		-	-	30,000	-	30,000
Total		<u>\$ 246,214</u>	<u>16,802</u>	<u>\$ 599,444</u>	<u>21,423</u>	<u>620,867</u>

On April 18, 2016, the City issued \$360,000 of general obligation notes to Minburn Telephone Company interest free. The note was issued for the purpose of financing improvements to the City's police station. During the year ended June 30, 2020, the City paid principal of \$40,000 on the note under the repayment schedule.

On October 2, 2017, the City issued \$308,075 of general obligation notes to Raccoon Valley Bank with an interest rate of 2.50% per annum. The note was issued for the purpose of paying the cost of acquiring two snowplows. During the year ended June 30, 2020, the City paid \$61,615 of principal and \$4,640 of interest on the note.

On August 15, 2018, the City issued \$400,000 of general obligation notes to Raccoon Valley Bank with an interest rate of 3.375% per annum. The note was issued for the purpose of paying the cost of acquiring garbage trucks and equipment. During the year ended June 30, 2020, the City paid \$76,786 of principal and \$10,901 of interest on the note.

Energy Conservation Bonds

The City’s June 30, 2020 energy conservation bonds payable is as follows:

Year	Ending June 30,	Interest Rates	Principal	Interest	Total
2021		1.00%	\$ 51,447	3,771	55,218
2022		1.00	52,092	3,126	55,218
2023		1.00	52,746	2,472	55,218
2024		1.00	53,407	1,811	55,218
2025		1.00	54,077	1,141	55,218
2026-2026		1.00	50,729	464	51,193
Total			\$ 314,498	12,785	327,283

On November 5, 2013, the City entered into an agreement with the Iowa Finance Authority and the Iowa Economic Development Authority for the issuance of not to exceed \$613,543 of energy conservation bonds with interest at 1.0% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The bonds were issued pursuant to the provisions of Chapter 384.24A of the Code of Iowa to pay the cost of financing energy conservation improvements, including light fixtures at various locations, and renovation of the HVAC system at the Public Safety Building. An initiation fee of 2% of the authorized borrowing for the bonds was charged. The total initiation fee was withheld by the Iowa Finance Authority from the first proceeds of the bonds drawn by the City. At June 30, 2018, the City had drawn \$613,543 of the authorized amount. During the year ended June 30, 2020 the City paid principal and interest of \$50,810 and \$4,408 respectively. The principal balance on the bonds at June 30, 2020 was \$314,498.

Revenue Project Anticipation Note

On December 21, 2018, the City entered into a loan agreement with the Iowa Finance Authority to borrow up to \$870,000 for the purpose of paying the costs of planning, designing and constructing improvements and extensions to the City’s municipal sanitary sewer system. The note bears interest at 0% per annum, and is payable at maturity, three years from December 21, 2018. The note is subject to prepayment, in whole or in part, on any date prior to maturity. The note is payable solely from loan proceeds to be received pursuant to an authorized loan and disbursement agreement and the corresponding issuance of Sewer Revenue Bonds in a principal amount not to exceed \$870,000. The note does not constitute a general obligation of the City. During the year ended June 30, 2020, the City made the first draw on the loan of \$370,889.

(4) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by 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.

Protection occupation members may retire at normal retirement age, which is generally age 55. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

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

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

The City’s contributions to IPERS for the year ended June 30, 2020 totaled \$265,071.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the City reported a liability of \$1,368,192 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the City’s proportion was 0.023627%, which was an increase of 0.000021% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City’s pension expense, deferred outflows of resources and deferred inflows of resources totaled \$346,886, \$308,258 and \$385,816, respectively.

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	5.60%
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
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 of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, 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.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 2,925,553	1,368,192	62,512

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.

(5) Police Pension and Retirement Benefits

Chapter 410 Police Pension Plan

Chapter 410 of the Code of Iowa established a retirement system for duly appointed members of the police department whose appointment occurred before March 2, 1934 or police officers who had been making payments of membership fees and assessments prior to July 1, 1971.

This pension plan is accounted for by the City in the Police Pension Fund. The City finances the amount necessary to fund the annual contribution to this pension plan by levying property tax. The City's contributions to this plan for the years ended June 30, 2020, 2019 and 2018 were \$24,985, \$30,043 and \$34,559, respectively.

The plan is administered by the City through the Police Pension Board of Trustees and provides retirement, disability and death benefits. The benefits are established by state statute and provide for full retirement benefits at age 50 with 22 years or more of service. Full benefits are equal to 50% of the monthly salary at retirement or disability and 50% of the monthly salary at death.

At June 30, 2020, the City has two retired police officers and a spouse receiving benefits under the plan.

Police Retirement Plan

On March 16, 1987, the City entered into an agreement with the Perry Police Department to provide a replacement plan for retirement, disability and survivor benefits in lieu of social security. Under the terms of the agreement, members of the Police Department agreed to have an amount equivalent to the federal social security rate withdrawn from each paycheck, with the City providing matching funds. Funds are forwarded to a plan administrator. Twenty-nine police officers are enrolled in the Plan and the fair value of Plan assets at June 30, 2020 was \$802,907.

During the year ended June 30, 2020, the City and Perry Police Department employees each contributed 6.2% of compensation to the defined contribution plan. The amount paid by the City for the years ended June 30, 2020, 2019, and 2018 was \$43,619, \$43,471 and \$41,898, respectively.

(6) Other Postemployment Benefits (OPEB)

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2020, the City contributed \$575,508 and plan members eligible for benefits contributed \$119,332 to the plan. At June 30, 2020, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the City and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	<u>47</u>
Total	<u><u>47</u></u>

(7) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, compensatory time and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid.

Starting July 1, 2002, full-time employees may not accrue more than 800 hours of sick leave. At the time of retirement, a reduction in work force or termination, the City will buy back sick leave hours at a rate of one to four.

The City’s approximate liability for earned vacation, compensatory time and sick leave payable to employees at June 30, 2020, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 249,000
Compensatory time	75,000
Sick leave	<u>144,000</u>
Total	<u><u>\$ 468,000</u></u>

This liability has been computed based on rates of pay in effect at June 30, 2020.

(8) Interfund Loans

During the year ended June 30, 2009, the Enterprise, Sewer Fund loaned the General Fund \$63,879 at no interest. The loan is to be repaid over ten years beginning July 1, 2010. No repayments have been made as of June 30, 2020 and the repayment terms have not been amended.

During the year ended June 30, 2014, the Enterprise, Sewer Fund loaned the Special Revenue, Urban Renewal Tax Increment Fund \$350,000 at no interest. Payments are to be made on the loan on June 1 of each year to the extent there are incremental tax receipts available which have been allocated to or accrued in the Special Revenue, Urban Renewal Tax Increment Fund. Principal repaid during the year ended June 30, 2020 was \$45,000. The balance of the loan at June 30, 2020 was \$90,000.

(9) Interfund Transfers

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Local Option Sales Tax	\$ 72,947
	Sewer	50,000
	Tax Increment	100,000
		<u>222,947</u>
Special Revenue:	Special Revenue:	
Employee Benefits	Road Use Tax	<u>130,000</u>
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	64,350
	Local Option Sales Tax	332,119
	Capital Projects	28,335
	Sewer	161,925
		<u>586,729</u>
Capital Projects	Special Revenue:	
	Road Use Tax	130,000
	Local Option Sales Tax	140,457
		<u>270,457</u>
Enterprise:	Special Revenue:	
Sewer	Urban Renewal Tax Increment	<u>45,000</u>
Total		<u>\$ 1,255,133</u>

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

(10) Risk Management

The City is a member of the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The City's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The City's contributions to the Pool for the year ended June 30, 2020 was \$119,959 and the Perry Municipal Waterworks' contribution was \$16,611.

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

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

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

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

(11) Employee Health Insurance Plan

The City self-funds a portion of health insurance deductibles for its employees. The plan is funded by both employee and City contributions and is administered by Employee Benefit Systems (EBS) under an agreement which is subject to automatic renewal. The City self-funds up to \$2,000 per individual or \$4,000 per family, with employees contributing the first \$500 and \$1,000, respectively. Administrative service fees and premiums are paid monthly from the City's operating funds to a separate account administered by EBS. During the year ended June 30, 2020, the City paid \$44,051 to the account for self-insurance claims. At June 30, 2020, the account balance was \$41,313. The activity in this account is recorded in the City's Special Revenue, Employee Benefits Fund.

(12) Development Agreements

The City has entered into a development agreement with Dallas County Development, Inc. (dba Dallas County Development Alliance). The Alliance agreed to undertake programs, projects and other activities specifically directed at encouraging or providing incentives for private economic development within the City's urban renewal area during the term of the agreement. The City agreed to make annual economic development tax increment payments of \$15,404 to the Alliance beginning July 30, 2012 and continuing for 10 years. The payments to be made in any fiscal year shall be subject to action by the City Council to appropriate sufficient tax increment financing receipts as a part of the City's budget for such fiscal year. During the year ended June 30, 2020, the City paid \$15,404 to the developer. The balance remaining under the agreement at June 30, 2020 is \$30,808, of which \$15,404 has been appropriated by the City and is subject to the City's constitutional debt limit.

The City has entered into a development agreement with Maxwell Hospitality, LLC. The City agreed to pay Maxwell Hospitality, LLC \$155,000 in an incentive payment to maintain twenty full-time equivalent jobs for ten years. The incentive payment will be treated as a forgivable loan and will be subject to repayment if the Developer is not in compliance with the terms of the agreement. During the year ended June 30, 2020, the City did not forgive any of the loan to the developer. The remaining balance yet to be repaid or forgiven was \$124,000.

The City has entered into a real estate development agreement with the Herman L. Rowley Memorial Trust under which the City established a seventy-foot road right-of-way across the Rowley Masonic Community. The City agreed to pay the construction costs of the street and utilities. However, the City is financially responsible to a maximum of \$255,256. In exchange, the Rowley Memorial Trust will pay its share of project costs to the City in ten equal payments over a period of ten years beginning May 2013 for the portion of the street benefiting the Rowley Masonic Community building addition. As of June 30, 2020, the Rowley Masonic Trust has remitted \$170,010 to the City for its portion of project costs, \$56,670 was received during the fiscal year. The remaining balance yet to be repaid was \$113,340.

The City has entered into a development agreement and promissory note with Maxwell Hospitality, LLC. On March 17, 2020, the Enterprise, Sewer Fund made an economic development loan to Maxwell Hospitality, LLC (the "Company") in the amount of \$350,000 at no interest. The Company agrees to maintain its ownership and operation of the Hotel Pattee and agrees to complete improvements to the hotel. No payments of the principal shall be required for a period of five years after the date of the Promissory Note. Thereafter, annual payment in the amount of \$70,000 each shall be made starting on March 1, 2026 through March 1, 2030. As of June 30, 2020, \$350,000 of the promissory note is outstanding. In the event that the Company defaulted on the loan, the City authorized an interfund loan from the Enterprise, Sewer Fund to the Special Revenue, Urban Renewal Tax Increment Fund for \$350,000 in order to create so that the loan could be repayable from TIF funds. See footnote 18 subsequent events for more information.

The City has entered into a development agreement with Perry Economic Development Inc. (the developer). The developer agrees to provide financial assistance to Maxwell Hospitality (the company) related to continued operation of the Hotel Pattee in an amount not to exceed \$425,000, provided the City agrees to make economic development payments to the developer. The payments from the City will be made on July 1 of each year, beginning July 1, 2020, and continuing for a total of ten years. The first payment shall be made from the City's Local Option Tax Revenue Fund; while the payments to be made in each succeeding year shall be made from incremental property tax revenues collected in the Special Revenue, Urban Renewal Tax Increment Fund. Payments made in the first three years shall be in the

amount of \$25,000 each, and payments to be made in the final seven years shall be in the amount of \$50,000 each. The balance remaining under the agreement at June 30, 2020 is \$425,000.

(13) Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax receipts to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

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

Additionally, the City of Perry offered an urban revitalization tax abatement program pursuant to Chapter 404 of the Code of Iowa. With prior approval by the governing body, this program provides for an exemption of taxes based on a percentage of the actual value added by improvements.

For the year ended June 30, 2020, \$6,337 of property tax was diverted from the City under the urban renewal and economic development agreement and \$6,792 of property tax was diverted from the City under Chapter 404, tax abatement program.

(14) Economic Development Loan Program

During the year ended June 30, 2010, the City established the Special Revenue, Economic Development Revolving Loan Fund. The fund was established from the series 2008A general obligation bond proceeds. Loans are made to qualifying business owners to aid them in maintaining or enhancing their properties in the City. The loans have repayment terms of three to ten years with interest at 3% per annum. During the year ended June 30, 2020, the City disbursed \$23,800 in economic development loans and received \$16,301 in principal and interest repayments. The principal balance remaining on the loans at June 30, 2020 was \$152,992.

(15) Construction Commitments

The City has entered into construction contracts totaling approximately \$4,070,475 for various street, airport, park and sanitary sewer improvements. As of June 30, 2020, approximately \$2,155,565 has been paid on the contracts. The remaining \$1,914,910 will be paid as work on the projects progresses.

(16) Financial Guarantee

In August 2014, the City guaranteed the \$750,000 general obligation bond issuance of Nudgers, Inc., a legally separate entity located within the City. The purpose of the project is to provide security for a loan for a project in the Perry Urban Renewal Area consisting of remodeling and improvement of a building located on 2nd Street. The bond originally matured on August 6, 2016, but on January 26, 2018 the remaining balance of the bond, \$595,000, was refinanced with a new maturity of January 1, 2023. Under this refinancing the guarantee was reduced to \$350,000. In the event Nudgers, Inc. is unable to make a payment, the City will be required to make the payment. As of the date of this report, no payments had been made by the City.

(17) Deficit Balance

The Special Revenue, Employee Benefits Fund had a deficit balance of \$21,809. The deficit is due to an increase in insurance costs during fiscal year 2020. The Capital Projects Fund had a deficit balance of \$675,019. The deficit is due to project expenses for the McCreary Center renovation project which will be funded from the proceeds of the general obligation corporate purpose bonds, series 2020.

(18) Subsequent Events

In August, the City issued \$4,115,000 in general obligation corporate purpose bonds, series 2020 for street improvements.

In February 2021, the City entered into a Memorandum of Understanding with Perry Economic Development (PED) to purchase the Hotel Pattee from Maxwell Hospitality, LLC. The City agreed to provide a grant in the amount of \$300,000 to forgive the remainder of the 2018 development agreement with Maxwell Hospitality and to forgive the 2020 loan in the amount of \$350,000 with Maxwell Hospitality; and to become the owner of the hotel by July 5, 2024. PED agreed to lead a fundraising effort to secure funds for the remaining purchase price of the Hotel Pattee properties. See footnote 12, development agreements, for additional information.

(19) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional and national economies, including the City of Perry, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of the City of Perry. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the City of Perry's operations and finances.

(20) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2021. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

City of Perry

Other Information

City of Perry

Budgetary Comparison Schedule
of Receipts, Disbursements and Changes in Balances -
Budget and Actual – All Governmental Funds, Proprietary Funds
and Discretely Presented Component Units

Other Information

Year ended June 30, 2020

	Governmental Funds Actual	Proprietary Funds Actual	Discretely Presented Component Units Actual	Less Funds not Required to be Budgeted
Receipts:				
Property tax	\$ 2,781,533	-	-	-
Tax increment financing	123,182	-	-	-
Other city tax	2,351,461	-	-	-
Licenses and permits	322,563	-	-	-
Use of money and property	59,429	353	9,479	3,273
Intergovernmental	2,262,618	-	-	-
Charges for service	1,225,051	1,526,197	2,115,840	-
Miscellaneous	598,575	-	208,485	17,187
Total receipts	9,724,412	1,526,550	2,333,804	20,460
Disbursements:				
Public safety	1,909,233	-	22,499	22,499
Public works	2,121,556	-	-	-
Health and social services	10,916	-	-	-
Culture and recreation	2,023,788	-	29,916	29,916
Community and economic development	246,258	-	-	-
General government	811,435	-	-	-
Debt service	1,018,463	-	-	-
Capital projects	3,743,809	-	-	-
Business type activities	-	1,755,119	2,279,715	-
Total disbursements	11,885,458	1,755,119	2,332,130	52,415
Excess (deficiency) of receipts over (under) disbursements	(2,161,046)	(228,569)	1,674	(31,955)
Other financing sources, net	166,925	203,964	-	-
Change in balances	(1,994,121)	(24,605)	1,674	(31,955)
Balances beginning of year	3,906,988	1,563,516	2,342,917	931,594
Balances end of year	\$ 1,912,867	1,538,911	2,344,591	899,639

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to
	Original	Final	Total Variance
2,781,533	2,850,649	2,850,649	(69,116)
123,182	124,754	124,754	(1,572)
2,351,461	1,601,008	2,250,808	100,653
322,563	297,675	326,675	(4,112)
65,988	65,550	65,550	438
2,262,618	1,099,286	1,763,977	498,641
4,867,088	5,099,314	5,019,814	(152,726)
789,873	303,416	559,283	230,590
13,564,306	11,441,652	12,961,510	602,796
1,909,233	1,972,662	2,061,397	152,164
2,121,556	2,006,077	2,291,286	169,730
10,916	11,000	11,000	84
2,023,788	1,950,661	2,131,758	107,970
246,258	206,656	255,714	9,456
811,435	645,828	883,888	72,453
1,018,463	1,016,345	1,016,345	(2,118)
3,743,809	-	5,042,000	1,298,191
4,034,834	3,395,901	4,210,901	176,067
15,920,292	11,205,130	17,904,289	1,983,997
(2,355,986)	236,522	(4,942,779)	2,586,793
370,889	-	-	370,889
(1,985,097)	236,522	(4,942,779)	2,957,682
6,881,827	6,789,106	6,789,106	92,721
4,896,730	7,025,628	1,846,327	3,050,403

City of Perry

City of Perry

Notes to Other Information – Budgetary Reporting

June 30, 2020

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Funds and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$6,699,159. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2020, disbursements exceeded the amount budgeted in the debt service function. In addition, disbursements exceeded the amounts budgeted in the public works, culture and recreation, community and economic development, general government, debt service and capital projects functions before the budget was amended.

City of Perry

Schedule of the City's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
For the Last Six Years*
(In Thousands)

Other Information

	2020	2019	2018	2017
City's proportion of the net pension liability	0.023627%	0.023607%	0.023659%	0.023915%
City's proportionate share of the net pension liability	\$ 1,368	1,494	1,576	1,505
City's covered payroll	\$ 2,611	2,482	2,426	2,319
City's proportionate share of the net pension liability as a percentage of its covered payroll	52.39%	60.19%	64.96%	64.90%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%

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

See accompanying independent auditor's report.

2016	2015
0.022510%	0.021755%
1,112	863
2,335	2,288
47.62%	37.72%
85.19%	87.61%

City of Perry

Schedule of City Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years
(In Thousands)

Other Information

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Statutorily required contribution	\$ 265	252	228	223
Contributions in relation to the statutorily required contribution	<u>(265)</u>	<u>(252)</u>	<u>(228)</u>	<u>(223)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ 2,772	2,611	2,482	2,426
Contributions as a percentage of covered payroll	9.56%	9.65%	9.19%	9.19%

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
213	216	212	207	202	179
(213)	(216)	(212)	(207)	(202)	(179)
-	-	-	-	-	-
2,319	2,335	2,288	2,264	2,337	2,296
9.18%	9.25%	9.27%	9.14%	8.64%	7.80%

City of Perry

Notes to Other Information – Pension Liability

Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

Supplementary Information

City of Perry

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2020

	Special						
	Police Drug	Police Canine	Library Gift	Recreation Memorial	Wiese Park	Senior Fellowship	Fly Iowa
Receipts:							
Use of money and property	\$ -	-	3,139	-	-	-	-
Intergovernmental	-	-	5,634	-	-	-	-
Charges for service	-	-	4,356	-	-	2,488	-
Miscellaneous	3,792	-	64,462	15,628	58,484	285	-
Total receipts	3,792	-	77,591	15,628	58,484	2,773	-
Disbursements:							
Operating:							
Public safety	1,239	-	-	-	-	-	-
Culture and recreation	-	-	73,895	19,766	58,484	3,312	-
Community and economic development	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Total disbursements	1,239	-	73,895	19,766	58,484	3,312	-
Change in cash balances	2,553	-	3,696	(4,138)	-	(539)	-
Cash balances beginning of year	4,301	3,000	15,422	32,171	9,266	5,203	3,820
Cash balances end of year	\$ 6,854	3,000	19,118	28,033	9,266	4,664	3,820
Cash Basis Fund Balances							
Nonspendable - O'Brien beautification	\$ -	-	-	-	-	-	-
Restricted for other purposes	6,854	3,000	19,118	28,033	9,266	4,664	3,820
Total cash basis fund balances	\$ 6,854	3,000	19,118	28,033	9,266	4,664	3,820

See accompanying independent auditor's report.

Revenue						Permanent	
Caboose	Perry Historical Preservation	Perry Safety	FEMA Safer Fire Grant	Economic Development Revolving Loan	Friends of the Perry Public Library	O'Brien Beautification	Total
3,314	-	-	-	-	-	902	7,355
-	-	-	13,700	-	-	-	19,334
-	2,760	-	-	-	-	-	9,604
-	20	-	-	16,301	5,897	-	164,869
3,314	2,780	-	13,700	16,301	5,897	902	201,162
-	-	-	23,909	-	-	-	25,148
-	-	-	-	-	8,514	-	163,971
-	-	-	-	-	-	900	900
-	2,642	-	-	-	-	-	2,642
-	-	-	-	23,800	-	-	23,800
-	2,642	-	23,909	23,800	8,514	900	216,461
3,314	138	-	(10,209)	(7,499)	(2,617)	2	(15,299)
2,160	1,933	5,000	18,193	86,202	14,826	45,844	247,341
5,474	2,071	5,000	7,984	78,703	12,209	45,846	232,042
-	-	-	-	-	-	45,846	45,846
5,474	2,071	5,000	7,984	78,703	12,209	-	186,196
5,474	2,071	5,000	7,984	78,703	12,209	45,846	232,042

City of Perry
Schedule of Indebtedness
Year ended June 30, 2020

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Public improvements	Feb 2, 2011	1.75-3.75%	\$ 545,000
Sewer improvement and refunding bonds	Apr 16, 2013	0.40-2.20	2,300,000
Public improvements	Nov 5, 2013	2.00-2.85	2,065,000
Public improvements and refunding	May 4, 2016	0.75-2.00	2,540,000
Airport improvement bonds	Feb 5, 2019	3.00-3.125	2,075,000
Total			
General obligation notes:			
Rural economic development note	Apr 18, 2016	0.00%	\$ 360,000
Snow plow	Oct 2, 2017	2.50	308,075
Garbage truck	Aug 15, 2018	3.375	400,000
Total			
Energy conservation bonds	Nov 5, 2013	1.00% *	\$ 613,543
Revenue project anticipation note:			
Sewer	Dec 21, 2018	0.00%	\$ 370,889

* The agreement also required the City to pay a .25% servicing fee on the outstanding principal balance.

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
120,000	-	60,000	60,000	4,350
910,000	-	145,000	765,000	16,925
1,190,000	-	175,000	1,015,000	29,278
955,000	-	240,000	715,000	13,672
2,075,000	-	-	2,075,000	82,978
<u>\$ 5,250,000</u>	<u>-</u>	<u>620,000</u>	<u>4,630,000</u>	<u>147,203</u>
270,000	-	40,000	230,000	-
184,845	-	61,615	123,230	4,640
323,000	-	76,786	246,214	10,901
<u>\$ 777,845</u>	<u>-</u>	<u>178,401</u>	<u>599,444</u>	<u>15,541</u>
<u>365,308</u>	<u>-</u>	<u>50,810</u>	<u>314,498</u>	<u>4,408</u>
<u>-</u>	<u>370,889</u>	<u>-</u>	<u>370,889</u>	<u>-</u>

City of Perry
 Bond and Note Maturities
 June 30, 2020

Year Ending June 30,	General Obligation					
	Public Improvements		Sewer Improvement and Refunding		Public Improvements	
	Issued Feb 2, 2011		Issued April 16, 2013		Issued Nov 5, 2013	
	Interest		Interest		Interest	
	Rates	Amount	Rates	Amount	Rates	Amount
2021	3.75%	\$ 60,000	1.60%	\$ 145,000	2.15%	\$ 175,000
2022		-	1.80	150,000	2.35	175,000
2023		-	2.00	155,000	2.55	240,000
2024		-	2.10	155,000	2.70	220,000
2025		-	2.20	160,000	2.85	205,000
2026		-		-		-
2027		-		-		-
2028		-		-		-
2029		-		-		-
2030		-		-		-
2031		-		-		-
2032		-		-		-
2033		-		-		-
2034		-		-		-
Total		<u>\$ 60,000</u>		<u>\$ 765,000</u>		<u>\$ 1,015,000</u>

Year Ending June 30,	General Obligation			
	Rural Economic Development Note		Snow Plow	
	Issued Apr 18, 2016		Issued Oct 2, 2017	
	Interest		Interest	
	Rates	Amount	Rates	Amount
2021	0.00%	\$ 40,000	2.50%	\$ 61,615
2022	0.00	40,000	2.50	61,615
2023	0.00	40,000		-
2024	0.00	40,000		-
2025	0.00	40,000		-
2026	0.00	<u>30,000</u>		<u>-</u>
Total		<u>\$ 230,000</u>		<u>\$ 123,230</u>

See accompanying independent auditor's report.

Bonds

Public Improvements and Refunding			Airport Improvement			Energy Conservation Bonds			
Issued May 4, 2016			Issued Feb 5, 2019			Issued Nov 5, 2013			
Interest Rates		Amount	Interest Rates		Amount	Interest Rates		Amount	
1.30%	\$	250,000	3.00%	\$	15,000	645,000	1.00%	\$	51,447
1.45		250,000	3.00		30,000	605,000	1.00		52,092
1.45		50,000	3.00		140,000	585,000	1.00		52,746
1.75		55,000	3.00		145,000	575,000	1.00		53,407
1.75		55,000	3.00		145,000	565,000	1.00		54,077
2.00		55,000	3.00		150,000	205,000	1.00		50,729
		-	3.00		160,000	160,000			-
		-	3.00		165,000	165,000			-
		-	3.00		170,000	170,000			-
		-	3.00		175,000	175,000			-
		-	3.00		185,000	185,000			-
		-	3.00		190,000	190,000			-
		-	3.125		200,000	200,000			-
		-	3.125		205,000	205,000			-
		<u>\$ 715,000</u>			<u>\$ 2,075,000</u>	<u>4,630,000</u>			<u>\$ 314,498</u>

Notes

Garbage Equipment		
Issued Aug 15, 2018		
Interest Rates		Total
3.375%	\$	79,377
3.375		82,056
3.375		84,781
		-
		40,000
		-
		40,000
		-
		30,000
		<u>\$ 246,214</u>
		<u>599,444</u>

City of Perry

Schedule of Receipts By Source and Disbursements By Function -
All Governmental Funds

For the Last Ten Years

	2020	2019	2018	2017
Receipts:				
Property tax	\$ 2,781,533	2,697,918	2,653,809	2,601,195
Local option sales tax	2,148,510	1,741,690	1,081,533	1,225,345
Tax increment financing	123,182	223,706	232,118	236,314
Other city tax	202,951	191,873	206,150	205,045
Licenses and permits	322,563	325,869	312,114	284,216
Use of money and property	59,429	55,613	53,492	52,252
Intergovernmental	2,262,618	1,712,500	2,026,614	1,813,930
Charges for service	1,225,051	1,262,382	1,331,304	1,347,879
Special assessments	-	-	-	-
Miscellaneous	598,575	455,802	564,235	434,264
Total	<u>\$ 9,724,412</u>	<u>8,667,353</u>	<u>8,461,369</u>	<u>8,200,440</u>
Disbursements:				
Operating:				
Public safety	\$ 1,909,233	1,888,607	1,764,235	1,781,990
Public works	2,121,556	2,597,463	2,239,927	2,016,825
Health and social services	10,916	14,607	23,553	23,237
Culture and recreation	2,023,788	1,872,008	1,703,848	1,538,944
Community and economic development	246,258	212,384	337,739	349,930
General government	811,435	651,656	646,479	719,479
Debt service	1,018,463	1,244,358	1,184,838	1,107,346
Capital projects	3,743,809	887,375	1,682,308	2,262,339
Total	<u>\$ 11,885,458</u>	<u>9,368,458</u>	<u>9,582,927</u>	<u>9,800,090</u>

See accompanying independent auditor's report.

2016	2015	2014	2013	2012	2011
2,437,548	2,392,227	2,409,834	2,330,809	2,514,976	2,422,350
1,076,469	1,003,304	958,765	1,196,073	427,322	902,982
522,774	542,233	540,051	739,788	626,265	573,577
182,573	170,068	130,764	146,285	69,902	63,402
312,691	270,368	311,707	242,096	236,897	245,724
49,292	37,755	42,017	36,907	32,838	31,831
2,049,711	1,991,083	1,807,427	1,964,791	1,918,667	3,489,056
1,276,381	1,308,588	1,285,154	1,331,225	1,266,250	1,211,909
-	-	-	-	-	660
492,244	484,030	650,263	388,709	597,199	432,189
8,399,683	8,199,656	8,135,982	8,376,683	7,690,316	9,373,680
1,563,339	1,632,212	1,614,752	1,604,947	1,693,376	1,674,978
2,637,060	2,349,694	1,870,026	1,799,742	2,327,984	2,789,156
14,826	14,470	10,994	10,967	10,819	10,515
1,450,563	1,382,165	1,476,546	1,310,457	1,374,120	1,301,685
205,174	241,440	598,418	322,332	183,097	627,177
614,041	641,939	935,558	1,506,007	1,124,064	1,505,904
2,236,609	945,024	789,995	2,112,217	1,078,111	810,955
1,183,440	1,849,793	2,379,565	918,113	755,163	1,032,264
9,905,052	9,056,737	9,675,854	9,584,782	8,546,734	9,752,634

City of Perry

City of Perry
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2020

Grantor/Program	CFDA Number	Pass-Through Entity Identifying Number	Program Expenditures
Direct:			
U.S. Department of Transportation:			
Airport Improvement Program	20.106	3-19-0075-010-2019	\$ 674,746
Airport Improvement Program	20.106	3-19-0075-011-2020	562,366
			1,237,112
U.S. Department of Homeland Security			
Federal Emergency Management Agency			
Staffing for Adequate Fire & Emergency Response (SAFER)	97.083	EMW-2017-FF-00226	17,932
Total direct			1,255,044
Indirect:			
U.S. Department of Housing and Urban Development:			
Iowa Economic Development Authority:			
COVID-19 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	20-OT-018	10,546
U.S. Department of Transportation:			
Iowa Department of Public Safety:			
State and Community Highway Safety Cluster:			
National Priority Safety Programs	20.616	19-402-MOPT	2,175
National Priority Safety Programs	20.616	20-402-MOPT	76
			2,251
Total indirect			12,797
Total			\$ 1,267,841

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Perry under programs of the federal government for the year ended June 30, 2020. 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 the operations of the City of Perry, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City of Perry.

Summary of Significant Accounting Policies – Expenditures reported in the Schedule are reported on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate – The City of Perry has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.



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Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Honorable Mayor and Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Perry, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 11, 2021. Our report expressed a qualified opinion on the financial statements of the aggregate discretely presented component units due to the reporting of the Perry Library Foundation Inc.'s investments at fair market value. Our report expressed unmodified opinions on the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Perry's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We consider the deficiencies in internal control described in the accompanying Schedule of Findings and Questioned Costs as items II-A-2- through II-I-20 to be material weaknesses.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

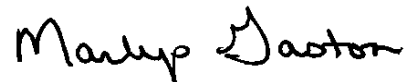
The City of Perry's Responses to the Findings

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

Purpose of this Report

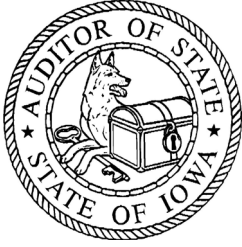
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance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

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



Marlys K. Gaston, CPA
Deputy Auditor of State

May 11, 2021



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Rob Sand
Auditor of State

Independent Auditor's Report on Compliance
for Each Major Federal Program and on Internal Control over Compliance
Required by the Uniform Guidance

To the Honorable Mayor and Members of the City Council:

Report on Compliance for Each Major Federal Program

We have audited the City of Perry, Iowa's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the City of Perry's major federal program for the year ended June 30, 2020. The City of Perry's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the City of Perry's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Perry's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City of Perry's compliance.

Opinion on the Major Federal Program

In our opinion, the City of Perry complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

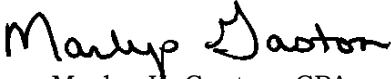
The management of the City of Perry is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Perry's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Perry's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The City of Perry's response to the internal control over compliance finding identified in our audit is reported in the accompanying Schedule of Findings and Questioned Costs. The City of Perry's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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.


Marlys K. Gaston, CPA
Deputy Auditor of State

May 11, 2021

City of Perry

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Part I: Summary of the Independent Auditor's Results:

- (a) Unmodified opinions were issued on the financial statements prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major program were noted.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was CFDA Number 20.106 – Airport Improvement Program.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) The City of Perry did not qualify as a low-risk auditee.

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-20 Segregation of Duties

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

Condition – Generally, one or two individuals may have control over the following areas for which no compensating controls exist:

- 1) Cash – reconciling bank accounts, initiating cash receipts and handling and recording cash.
- 2) Investments – detailed record keeping, custody and reconciling.
- 3) Long-term debt – recording and reconciling.
- 4) Receipts – collecting, depositing, posting and reconciling.
- 5) Disbursements – initiating disbursements, check signing, recording and reconciling.
- 6) Payroll – preparing, signing and custody of undistributed warrants.
- 7) Accounting system – performing all general accounting functions and having custody of City assets.

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

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

Recommendation – The City should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports. The independent reviews should be documented by the signature or initials of the reviewer and the date of the review.

City of Perry

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Response – The City will create a written policy designating the duties to be handled by the City Administrator, City Clerk and Finance Officer, as well as elected officials, which will provide for duties during vacations and other leaves of absence. Controls will be reviewed to obtain the maximum control possible.

Conclusion – Response acknowledged. The review of employees’ work should be performed at all times during the year and not only during vacations and absences.

II-B-20 Reconciliation of Utility Billings, Collections and Delinquent Accounts

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

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

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

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

Recommendation – Procedures should be established to reconcile utility billings, collections and delinquent accounts for each billing period. An elected official or other independent person should review the reconciliations and monitor delinquencies.

Response – The City will review the reconciliation spreadsheet sent from the Perry Water Works and compare it to the Account Aging Report. The City will ask an elected official to monitor delinquencies. The City will develop procedures to support adjustments to utility billings and to reconcile postings with deposits.

Conclusion – Response accepted.

II-C-20 Perry Police Officers Association – Segregation of Duties

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

Condition – Generally, one individual has control over collecting, depositing, posting and disbursing for which no compensating controls exist.

City of Perry

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

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

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

Recommendation – The Association should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including Board members, to provide additional control through review of financial transactions, reconciliations and reports.

Response – The Association will review its current control activities and create a policy for additional control procedures, such as review of financial transactions, reconciliations and reports.

Conclusion – Response accepted.

II-D-20 Perry Police Officers Association – Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to reconciling bank and book balances.

Condition – The Association does not reconcile bank balances to the general ledger balance monthly.

Cause – Procedures have not been designed and implemented to ensure bank account balances are reconciled to the general ledger balance monthly and the amounts recorded in the books and bank accounts are complete and accurate to ensure proper accounting for all funds.

Effect – Lack of monthly bank to book reconciliations can result in unrecorded transactions, undetected errors and the opportunity for misappropriation.

Recommendation – The Association should establish procedures to ensure bank balances are reconciled to general ledger balances monthly and variances are reviewed and resolved timely. An independent person should review the bank reconciliations and document their review by signing or initialing and dating the reconciliations.

Response – The Perry Police Officers Association Treasurer will perform monthly bank reconciliations with an independent person reviewing, signing and dating the monthly reconciliation.

Conclusion – Response accepted.

City of Perry

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

II-E-20 Perry Volunteer Firefighter's Association – Segregation of Duties

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

Condition – Generally, one individual has control over collecting, depositing, posting and disbursing for which no compensating controls exist.

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

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

Recommendation – The Association should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including Board members, to provide additional control through review of financial transactions, reconciliations and reports.

Response – The Association will review its current control activities and create a policy for additional control procedures, such as review of financial transactions, reconciliations and reports.

Conclusion – Response accepted.

II-F-20 Perry Volunteer Firefighter's Association – Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to reconciling bank and book balances.

Condition – The Association does not reconcile bank balances to the general ledger balance monthly.

Cause – Procedures have not been designed and implemented to ensure bank account balances are reconciled to the general ledger balance monthly and the amounts recorded in the books and bank accounts are complete and accurate to ensure proper accounting for all funds.

City of Perry

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Effect – Lack of monthly bank to book reconciliations can result in unrecorded transactions, undetected errors and the opportunity for misappropriation.

Recommendation – The Association should establish procedures to ensure bank balances are reconciled to general ledger balances monthly and variances are reviewed and resolved timely. An independent person should review the bank reconciliations and document their review by signing or initialing and dating the reconciliations.

Response – The Fire Association Treasurer will perform monthly bank reconciliations with an independent person reviewing, signing and dating the monthly reconciliation.

Conclusion – Response accepted.

II-G-20 Perry Citizen’s Against Crime, Inc. – Segregation of Duties

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

Condition – Generally, one individual has control over collecting, depositing, posting and disbursing for which no compensating controls exist.

Cause – The Perry Citizen’s Against Crime, Inc. has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

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

Recommendation – The Perry Citizen’s Against Crime, Inc. should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including Board members, to provide additional control through review of financial transactions, reconciliations and reports.

Response – An independent person will periodically review the financial transactions and reconciliations of the Perry Citizen’s Against Crime, Inc.

Conclusion – Response accepted.

City of Perry

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

II-H-20 The Perry Public Library Foundation, Inc. – Segregation of Duties

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

Condition – Generally, one individual has control over collecting, depositing, posting and disbursing for which no compensating controls exist.

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

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

Recommendation – The Foundation should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including Board members, to provide additional control through review of financial transactions, reconciliations and reports.

Response – An independent person will periodically review the financial transactions and reconciliations of the Foundation.

Conclusion – Response accepted.

II-I-20 The Perry Public Library Foundation, Inc. – Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to reconciling bank and book balances.

Condition – The Foundation does not reconcile bank balances to the general ledger balance monthly.

Cause – Procedures have not been designed and implemented to ensure bank account balances are reconciled to the general ledger balance monthly and the amounts recorded in the books and bank accounts are complete and accurate to ensure proper accounting for all funds.

Effect – Lack of monthly bank to book reconciliations can result in unrecorded transactions, undetected errors and the opportunity for misappropriation.

City of Perry

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Recommendation – The Foundation should establish procedures to ensure bank balances are reconciled to general ledger balances monthly and variances are reviewed and resolved timely. An independent person should review the bank reconciliations and document their review by signing or initialing and dating the reconciliations.

Response – The Foundation Treasurer will perform monthly bank reconciliations with an independent person reviewing, signing and dating the monthly reconciliation.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

City of Perry

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCY:

Mo material weaknesses in internal controls over the major program noted.

City of Perry

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Part IV: Other Findings Related to Required Statutory Reporting:

IV-A-20 Certified Budget – During the year ended June 30, 2020, disbursements exceeded the amount budgeted in the debt service function. In addition, disbursements exceeded the amounts budgeted in the public works, culture and recreation, community and economic development, general government, debt service and capital projects functions before the budget was amended.

Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

Response – The City will amend the budget as need arises. The City will also request notification from the Perry Water Works if its budget requires an amendment.

Conclusion – Response accepted.

IV-B-20 Questionable Disbursements – No disbursements were noted which we believe may not meet the requirements of public purpose as defined in the Attorney General’s opinion dated April 25, 1979 since the public benefit to be derived have not been clearly documented.

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

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

Name, Title and Business Connection	Transaction Description	Amount
Mike Landals, Public Works, Owner of Landals Concrete Construction	Repairs - bid	\$ 54,820

In accordance with Chapter 362.5(3)(d) of the Code of Iowa, \$54,820 of the transactions with Mike Landals do not appear to represent a conflict of interest since the transactions were competitively bid.

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

IV-F-20 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations

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

City of Perry

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

- IV-H-20 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.
- IV-I-20 Revenue Notes – No instances of non-compliance with the revenue note resolutions were noted.
- IV-J-20 Annual Urban Renewal Report – No instances of non-compliance with the Annual Urban Renewal Report requirements for the year ended June 30, 2020 were noted.
- IV-K-20 Unclaimed Property – Chapter 556.11 of the Code of Iowa requires each City to report and remit obligations, including checks, outstanding for more than two years to the Office of Treasurer of State annually. The City did not remit these obligations as required.

Recommendation – The outstanding checks should be reviewed annually and items over two years old should be remitted to the Office of Treasurer of State as required.

Response – The City has begun the process of reviewing all outstanding checks and will determine if payment has been made by another means. The City will then report and remit obligations to the State Treasurer annually.

Conclusion – Response accepted.

- IV-K-20 Interfund Loan – During the year ended June 30, 2009, the City approved a loan of \$63,879 from the Enterprise, Sewer Fund to the General Fund for the payment of an energy efficient lighting project. The loan was to be repaid over a ten-year period beginning July 1, 2010. As of June 30, 2020, the City has not made any payments on the interfund loan and has not amended the terms of the interfund loan agreement.

Recommendation – The City should repay the interfund loan as scheduled or amend the terms of the interfund loan agreement.

Response – The City will begin to repay the interfund loan and will amend the terms of the interfund loan agreement.

Conclusion – Response accepted.

- IV-L-20 Financial Condition – The Special Revenue, Employee Benefits Fund had a deficit balance of \$21,809 and Capital Projects Fund had a deficit balance of \$688,842 at June 30, 2020.

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

Response – The City of Perry will work to eliminate the deficit in the Employee Benefits Fund and Capital Projects in FY 2021.

Conclusion – Response accepted.

City of Perry

Staff

This audit was performed by:

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