



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
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NEWS RELEASE

Contact: Ernest Ruben
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FOR RELEASE

March 22, 2022

Auditor of State Rob Sand today released an audit report on Dallas Center, Iowa.

FINANCIAL HIGHLIGHTS:

The City's receipts totaled \$8,705,841 for the year ended June 30, 2021. The receipts included \$1,186,149 of property tax, \$151,596 of tax increment financing, \$430,509 of local options sales tax, \$1,226,788 of charges for service, \$834,939 of operating grants, contributions, and restricted interest, \$39,180 of unrestricted interest on investments, \$4,783,330 of bond proceeds and \$53,351 from other general receipts.

Disbursements for the year ended June 30, 2021 totaled \$9,167,678, and included \$840,000 for a general obligation note refunding, \$690,395 for public works, \$528,344 for culture and recreation and \$371,751 for debt service. Also, disbursements for business type activities totaled \$4,485,281.

AUDIT FINDINGS:

Sand reported two findings related to the receipt and disbursement of taxpayer funds. They are found on pages 40 through 42 of this report. The findings address issues such as a lack of segregation of duties and noncompliance with Iowa Administrative Code pertaining to approval of transfers between funds. Sand provided the City with recommendations to address each of the findings.

One of the two findings discussed above is repeated from the prior year. The City Council has a fiduciary responsibility to provide oversight of the City's operations and financial transactions. Oversight is typically defined as the "watchful and 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/audit-reports>.

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CITY OF DALLAS CENTER
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS
JUNE 30, 2021

City of Dallas Center



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Rob Sand
Auditor of State

March 7, 2022

Officials of the City of Dallas Center
Dallas Center, 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 Dallas Center, Iowa, for the year ended June 30, 2021. 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 Dallas Center 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 Dallas Center

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Michael Kidd	Mayor	Jan 2022
Ryan Kluss	Mayor Pro tem	Jan 2024
Amy Strutt	Council Member	Nov 2021
Curtis Pion	Council Member	Jan 2022
Danny Beyer	Council Member	Jan 2024
Ryan Coon	Council Member	Jan 2024
Cindy Riesselman	City Clerk/Treasurer	Indefinite
Ralph R. Brown	Attorney	Indefinite



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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, each major fund and the aggregate remaining fund information of Dallas Center, Iowa, as of and for the year ended June 30, 2021, 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 audit opinions.

Basis for Modified Opinions

As permitted by the Code of Iowa, the accounting records of the City have not been audited for all prior years. Accordingly, we were unable to satisfy ourselves as to the distributions by fund of the total fund balances at July 1, 2020.

Modified Opinions

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to verify the distribution by fund of the total fund balance at July 1, 2020, as discussed in the preceding paragraph, 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 Dallas Center as of June 30, 2021, 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

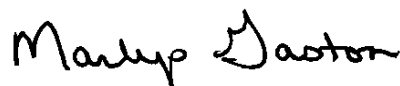
Supplementary and Other Information

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

The Other Information, 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 28 through 34, 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 March 7, 2022 on our consideration of the City of Dallas Center'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 Dallas Center's internal control over financial reporting and compliance.



Marlys K. Gaston, CPA
Chief Deputy Auditor of State

March 7, 2022

City of Dallas Center

Basic Financial Statements

City of Dallas Center

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2021

	Disbursements	Program Receipts	
		Charges for Service	Operating Grants, Contributions and Restricted Interest
Functions/Programs:			
Governmental activities:			
Public safety	\$ 305,120	40,665	28,513
Public works	690,395	267,969	282,902
Health and social services	8,778	-	-
Culture and recreation	528,344	9,959	417,306
Community and economic development	47,253	-	-
General government	270,211	4,394	54,892
Debt service	371,751	-	-
Capital projects	1,620,545	-	-
Total governmental activities	3,842,397	322,987	783,613
Business type activities:			
Water	1,121,074	484,573	12,793
Sewer	3,331,953	362,053	38,477
Storm district	32,254	57,175	56
Total business type activities	4,485,281	903,801	51,326
Total	\$ 8,327,678	1,226,788	834,939
General Receipts and Transfers:			
Property and other city tax levied for:			
General purposes			
Debt service			
Tax increment financing			
Local option sales tax			
Grants and contributions not restricted to specific purposes			
Unrestricted interest on investments			
Note proceeds			
Miscellaneous			
General obligation refunding			
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:			
Bequest			
Expendable:			
Streets			
Local option sales tax			
Debt service			
Capital projects			
Other purposes			
Unrestricted			
Total cash basis net position			

See notes to financial statements.

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

Governmental Activities	Business Type Activities	Total
(235,942)	-	(235,942)
(139,524)	-	(139,524)
(8,778)	-	(8,778)
(101,079)	-	(101,079)
(47,253)	-	(47,253)
(210,925)	-	(210,925)
(371,751)	-	(371,751)
(1,620,545)	-	(1,620,545)
(2,735,797)	-	(2,735,797)
-	(623,708)	(623,708)
-	(2,931,423)	(2,931,423)
-	24,977	24,977
-	(3,530,154)	(3,530,154)
(2,735,797)	(3,530,154)	(6,265,951)
926,305	-	926,305
259,844	-	259,844
151,596	-	151,596
430,509	-	430,509
37,601	-	37,601
39,179	-	39,179
870,000	3,913,330	4,783,330
-	15,750	15,750
(840,000)	-	(840,000)
(124,000)	124,000	-
1,751,034	4,053,080	5,804,114
(984,763)	522,926	(461,837)
4,181,003	839,818	5,020,821
\$ 3,196,240	1,362,744	4,558,984
\$ 22,000	-	22,000
149,909	-	149,909
605,595	-	605,595
61,542	552,287	613,829
315,473	-	315,473
693,613	-	693,613
1,348,108	810,457	2,158,565
\$ 3,196,240	1,362,744	4,558,984

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

As of and for the year ended June 30, 2021

	Special Revenue		
	General	Employee Benefits	Local Option Sales Tax
Receipts:			
Property tax	\$ 767,325	152,626	-
Local option sales tax	-	-	430,509
Tax increment financing	-	-	-
Other city tax	4,171	839	-
Licenses and permits	42,334	-	-
Use of money and property	34,252	110	4,904
Intergovernmental	104,250	3,442	-
Charges for service	280,653	-	-
Miscellaneous	62,902	-	-
Total receipts	<u>1,295,887</u>	<u>157,017</u>	<u>435,413</u>
Disbursements:			
Operating:			
Public safety	241,198	63,922	-
Public works	435,994	49,961	-
Health and social services	8,778	-	-
Culture and recreation	343,066	55,693	-
Community and economic development	47,253	-	-
General government	228,971	41,240	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	<u>1,305,260</u>	<u>210,816</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(9,373)</u>	<u>(53,799)</u>	<u>435,413</u>
Other financing sources (uses):			
General obligation note proceeds	19,870	-	-
Transfers in	15,652	64,625	-
Transfers out	(1,000)	-	(329,250)
General obligation refunding	-	-	-
Total other financing sources (uses)	<u>34,522</u>	<u>64,625</u>	<u>(329,250)</u>
Change in cash balances	25,149	10,826	106,163
Cash balances beginning of year	<u>1,322,959</u>	<u>51,687</u>	<u>499,432</u>
Cash balances end of year	<u>\$ 1,348,108</u>	<u>62,513</u>	<u>605,595</u>
Cash Basis Fund Balances			
Nonspendable - bequest	\$ -	-	-
Restricted for:			
Streets	-	-	-
Local option sales tax	-	-	605,595
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	-	62,513	-
Assigned for:			
Fire truck	329,173	-	-
Library purposes	6,263	-	-
Street cuts	12,803	-	-
Public safety purposes	786	-	-
Equipment	206,845	-	-
Unassigned	792,238	-	-
Total cash basis fund balances	<u>\$ 1,348,108</u>	<u>62,513</u>	<u>605,595</u>

See notes to financial statements.

Burnett Recreation	Burnett Library	Debt Service	Capital Projects	Nonmajor	Total
-	-	259,843	-	-	1,179,794
-	-	-	-	-	430,509
-	-	-	-	151,596	151,596
-	-	1,345	-	-	6,355
-	-	-	-	-	42,334
11,119	627	595	1,833	11,398	64,838
-	-	5,518	-	242,902	356,112
-	-	-	-	-	280,653
-	-	-	376,541	-	439,443
11,119	627	267,301	378,374	405,896	2,951,634
-	-	-	-	-	305,120
-	-	-	-	204,440	690,395
-	-	-	-	-	8,778
35,954	93,631	-	-	-	528,344
-	-	-	-	-	47,253
-	-	-	-	-	270,211
-	-	371,751	-	-	371,751
-	-	-	1,620,545	-	1,620,545
35,954	93,631	371,751	1,620,545	204,440	3,842,397
(24,835)	(93,004)	(104,450)	(1,242,171)	201,456	(890,763)
-	-	850,130	-	-	870,000
-	-	107,624	1,242,171	-	1,430,072
-	(682,171)	-	-	(541,651)	(1,554,072)
-	-	(840,000)	-	-	(840,000)
-	(682,171)	117,754	1,242,171	(541,651)	(94,000)
(24,835)	(775,175)	13,304	-	(340,195)	(984,763)
648,907	775,175	43,298	-	839,545	4,181,003
624,072	-	56,602	-	499,350	3,196,240
-	-	-	-	22,000	22,000
-	-	-	-	149,909	149,909
-	-	-	-	-	605,595
-	-	56,602	-	4,940	61,542
-	-	-	-	315,473	315,473
624,072	-	-	-	7,028	693,613
-	-	-	-	-	329,173
-	-	-	-	-	6,263
-	-	-	-	-	12,803
-	-	-	-	-	786
-	-	-	-	-	206,845
-	-	-	-	-	792,238
624,072	-	56,602	-	499,350	3,196,240

City of Dallas Center

City of Dallas Center
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2021

	Enterprise			Total
	Water	Sewer	Storm District	
Operating receipts:				
Charges for service	\$ 484,573	398,959	57,175	940,707
Operating disbursements:				
Governmental activities:				
Business type activities	301,959	196,714	13,526	512,199
Excess of operating receipts over operating disbursements	182,614	202,245	43,649	428,508
Non-operating receipts (disbursements):				
Interest on investments	1,915	1,571	56	3,542
Miscellaneous	25,278	1,350	-	26,628
General obligation note proceeds	-	951,470	-	951,470
Sewer revenue note proceeds	-	2,046,860	-	2,046,860
Water revenue note proceeds	915,000	-	-	915,000
Debt service	(481,024)	(105,652)	-	(586,676)
Capital projects	(338,091)	(3,029,587)	(18,728)	(3,386,406)
Net non-operating receipts (disbursements)	123,078	(133,988)	(18,672)	(29,582)
Excess of receipts over disbursements	305,692	68,257	24,977	398,926
Transfers in	1,000	140,000	-	141,000
Transfers out	(6,000)	(6,000)	(5,000)	(17,000)
Change in cash balances	300,692	202,257	19,977	522,926
Cash balances beginning of year	551,113	270,522	18,183	839,818
Cash balances end of year	\$ 851,805	472,779	38,160	1,362,744
Cash Basis Fund Balances				
Restricted for debt service	\$ -	15,484	-	15,484
Restricted for capital outlay	915,000			
Unrestricted	(63,195)	457,295	38,160	432,260
Total cash basis fund balances	\$ 851,805	472,779	38,160	1,362,744

See notes to financial statements.

City of Dallas Center
Notes to Financial Statements
June 30, 2021

(1) Summary of Significant Accounting Policies

The City of Dallas Center is a political subdivision of the State of Iowa located in Dallas County. It was first incorporated in 1880 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 water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Dallas Center 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. The City has no component units which meet the Governmental Accounting Standards Board criteria.

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: Dallas County Assessor's Conference Board, Dallas County Emergency Management Commission and 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 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 Employee Benefits Fund is used to account for the employee benefits property tax levy for the payment of employee benefits.

The Local Options Sales Tax Fund is used to account for the receipts from the tax authorized by referendum and used for property tax relief and utility services relief.

The Burnett Recreation Fund is used to account for interest earned off the Burnett Trust for recreational purposes.

The Burnett Library Fund is used to account for interest earned off the Burnett Trust for library purposes.

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 used to account for all resources used in the acquisition and construction of capital facilities with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

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

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

The Enterprise, Storm District accounts for the operation and maintenance of the City's storm sewer system.

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. Property Taxes and Governmental Cash Basis Fund Balances

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

Property tax revenues recognized in the governmental funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects tax asking contained in the budget certified to the City Council in March 2020.

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.

Assigned – Amounts the City Council intends to use for specific purposes.

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, 2021, disbursements did not exceed the amounts budgeted by function.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2021 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.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

(3) Notes Payable

A summary of changes in notes payable for the year ended June 30, 2021 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Governmental activities:					
General obligation notes	\$ 3,520,000	1,827,170	1,109,000	4,238,170	207,000
Business type activities:					
Water revenue notes	\$ 471,000	915,000	471,000	915,000	110,000
Sewer revenue notes - direct borrowing	978,140	2,046,860	56,000	2,969,000	74,000
Business-type activities total	\$ 1,449,140	2,961,860	527,000	3,884,000	184,000

General Obligation Notes

A summary of the City's June 30, 2021 general obligation notes payable is as follows:

Year Ending June 30,	Stormwater District Issued Dec 22, 2016			Streets Issued Sept 24, 2020			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2022	1.75%	\$ 145,000	70,795	1.90%	\$ 62,000	14,592	\$ 207,000	85,387	292,387
2023	1.75	145,000	68,258	1.90	66,000	13,414	211,000	81,672	292,672
2024	2.00	150,000	65,720	1.90	65,000	12,160	215,000	77,880	292,880
2025	2.00	150,000	62,720	1.90	69,000	10,925	219,000	73,645	292,645
2026	2.50	150,000	59,720	1.90	73,000	9,614	223,000	69,334	292,334
2027-2031	2.50-3.00	705,000	240,650	1.90	433,000	25,574	1,138,000	266,224	1,404,224
2032-2036	3.00-3.30	1,115,000	110,445		-	-	1,115,000	110,445	1,225,445
Total		\$ 2,560,000	678,308		\$ 768,000	86,279	\$ 3,328,000	764,587	4,092,587

On December 22, 2016, the City issued \$3,000,000 of general obligation capital loan notes with interest rates ranging from 1.20 to 3.30% per annum. The notes were issued for storm district improvements. During the year ended June 30, 2021, the City paid \$120,000 of principal and \$72,535 of interest on the notes.

On June 5, 2020, the City entered into a State Revolving Fund loan and disbursement agreement with the Iowa Finance Authority (IFA) for the issuance of up to \$1,140,000 of general obligation capital loan notes with interest at 1.75% per annum. The notes were issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa for the purpose of financing all or part of the construction of certain wastewater treatment facilities. The City will draw down funds from IFA upon request to reimburse the City for costs as they are incurred. During the year ended June 30, 2021, the City drew down \$951,470 of the authorized amount. An initiation fee of \$5,700 (0.5% of the authorized borrowing) was charged by IFA. The initiation fee was withheld from the first proceeds of the general obligation capital loan notes drawn by the City. As of 6/30/21, a final repayment schedule had not yet been adopted. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. During the year ended June 30, 2021, the City paid principal of \$47,000 and interest of \$6,842, leaving a principal balance of \$910,170 at June 30, 2021.

On September 24, 2020, the City issued \$870,000 of general obligation refunding capital loan notes with an interest rate of 1.90% per annum. The notes were issued for refunding the Series 2011 general obligation capital loan notes. During the year ended June 30, 2021, the City paid \$102,000 of principal and \$11,341 of interest on the notes.

Revenue Notes

Year Ending June 30,	Sewer - Direct Borrowing			Water		
	Issued Jan 24, 2020			Issued June 30, 2021		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2022	1.75%	\$ 74,000	51,958	0.75%	\$ 110,000	9,302
2023	1.75	102,000	50,662	0.85	112,000	9,292
2024	1.75	140,000	48,877	0.95	112,000	8,341
2025	1.75	142,000	46,427	1.05	114,000	7,276
2026	1.75	145,000	43,943	1.15	114,000	6,080
2027-2031	1.75	770,000	180,600	1.25-1.45	353,000	9,813
2032-2036	1.75	851,000	110,478		-	-
2037-2040	1.75	745,000	32,918		-	-
Total		<u>\$ 2,969,000</u>	<u>565,863</u>		<u>\$ 915,000</u>	<u>50,104</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2022	\$ 184,000	61,260	245,260
2023	214,000	59,954	273,954
2024	252,000	57,218	309,218
2025	256,000	53,703	309,703
2026	259,000	50,023	309,023
2027-2031	1,123,000	190,413	1,313,413
2032-2036	851,000	110,478	961,478
2037-2040	745,000	32,918	777,918
Total	<u>\$ 3,884,000</u>	<u>615,967</u>	<u>4,499,967</u>

On January 24, 2020 the City entered into a State Revolving Fund loan and disbursement agreement with the Iowa Finance Authority (IFA) for the issuance of up to \$3,025,000 of sewer revenue notes with interest at 1.75% per annum. During the year ended June 30, 2021, the City drew down \$2,046,860 of the authorized amount. The total amount borrowed by the City at June 30, 2021 was \$3,025,000. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The notes were issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa for the purpose of providing financing for the construction of improvements to the sewer treatment plant. During the year ended June 30, 2021, the City paid principal of \$56,000 and interest of \$43,446 on the notes.

The City has pledged future sewer customer receipts, net of specified operating, disbursements, to repay \$3,025,000 of sewer revenue notes issued in January 2020. The notes are payable solely from sewer customer net receipts. Annual principal and interest payments on the notes are expected to require 60% of net receipts. The total principal and interest remaining to be paid on the notes is \$3,534,863. For the current year, principal and interest paid and total customer net receipts were \$99,446 and \$165,339, respectively.

On June 30, 2021, the City issued \$915,000 of water revenue notes to provide financing for the construction of water main extensions. The notes bear interest at rates ranging from 0.75% to 1.45%, per annum, and mature in 2029. During the year ended June 30, 2021, the City made no principal or interest payments on the water revenue notes.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay the \$915,000 of water revenue notes issued in June 2021. The notes are payable solely from water customer net receipts. Annual principal and interest payments on the notes are expected to require 65% of net receipts. The total principal and interest remaining to be paid on the notes is \$965,104. For the current year, no principal or interest was paid on the notes and total customer net receipts were \$182,614.

The resolutions providing for the issuance of the water and sewer revenue notes include the following provisions:

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to separate water and sewer revenue note sinking accounts within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- (c) The required amount to be transferred to the water and sewer revenue bond sinking accounts in any month shall be an amount equal to 1/6th of the installment of interest coming due, plus 1/12th of the installment of principal coming due. These accounts are restricted for the purpose of paying for any additional improvements, extensions or repairs to the system.
- (d) All funds remaining after the payment of all maintenance and operating expenses and the transfers to the restricted accounts noted above can be used to retire any subordinate obligations and then can be used for any lawful purpose.

(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 and may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% 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 2021, 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 6.41% of covered payroll and the City contributed 9.61% of covered payroll, for a total rate of 16.02%.

The City’s contributions to IPERS for the year ended June 30, 2021 totaled \$39,623.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the City reported a liability of \$346,988 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 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, 2020, the City’s proportion was 0.004939%, which was a decrease of 0.000059% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City’s pension expense, deferred outflows of resources and deferred inflows of resources totaled \$53,330, \$38,186 and \$8,225, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2020 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, 2020 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 2020 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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	5.15
Global smart beta equity	6.0	4.87
Core plus fixed income	28.0	(0.29)
Public credit	4.0	2.29
Cash	1.0	(0.78)
Private equity	11.0	6.54
Private real assets	7.5	4.48
Private credit	3.0	3.11
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. 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 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 that is 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	\$ 579,028	346,988	152,425

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) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, compensatory and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation, compensatory time and sick leave payable to employees at June 30, 2021, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 16,000
Comp time	4,000
Personal	1,000
Total	<u>\$ 21,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2021.

(6) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Tax Increment Financing	\$ 3,652
	Enterprise:	
	Water	6,000
	Sewer	6,000
		<u>15,652</u>
Special Revenue:	Special Revenue:	
Employee Benefits	Local Option Sales Tax	<u>64,625</u>
Debt Service	Special Revenue:	
	Road Use Tax	25,000
	Local Options Sales Tax	64,625
	Tax Increment Financing	12,999
	Enterprise:	
	Storm District	<u>5,000</u>
		<u>107,624</u>
Capital Projects	Special Revenue:	
	Local Options Sales Tax	200,000
	Burnett Library	682,171
	Burnett Capital Improvement	360,000
		<u>1,242,171</u>
Enterprise:	General	
Water		<u>1,000</u>
Enterprise:	Special Revenue:	
Sewer	Tax Increment Financing	<u>140,000</u>
Total		<u>\$ 1,571,072</u>

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

(7) Internal Loans

During the year ended June 30, 2020, the City approved an internal loan of \$3,652 from the General Fund to pay for Dallas County development alliance costs. The loan is to be repaid without interest from the Special Revenue, Urban Renewal Tax Increment Fund. During the year ended June 30, 2021, the Special Revenue, Urban Renewal Tax Increment Fund repaid \$3,652 to the General Fund. At June 30, 2021, the full amount of the internal loan has been repaid.

During the year ended June 30, 2020, the City approved an internal loan of \$255,564 from the Enterprise, Sewer Fund to pay the expenses of the Fair View sewer project. The loan is to be repaid without interest from the Special Revenue, Urban Renewal Tax Increment Fund. During the year ended June 30, 2021, the Special Revenue, Urban Renewal Tax Increment Fund repaid \$140,000 to the Enterprise, Sewer Fund. At June 30, 2021, the remaining balance of the internal loan is \$45,564.

(8) Risk Management

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

(9) Development Agreement

In November 2008, the City issued \$7,000,000 of revenue bonds for the purpose of lending the proceeds to the Young Men's Christian Association (YMCA) of Greater Des Moines, Iowa. The proceeds were used for constructing, improving and equipping a new YMCA facility in Waukee, Iowa. The bonds are payable solely from YMCA revenues and do not constitute a liability of the City.

(10) 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. Additionally, the City provides tax abatements for urban revitalization projects under Chapter 404 of the Code of Iowa. For these types of projects, the City will abate up to \$75,000 of assessed value of a property for the revitalized portion of taxes upon prior approval of the City Council. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2021, \$26,192 of property tax was diverted from the City under the urban revitalization projects.

(11) 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 that of the City of Dallas Center, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of the City of Dallas Center. 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 Dallas Center.

(12) Prospective Accounting Change

Governmental Accounting Standards Board has issued Statement No. 87, Leases. This statement will be implemented for the fiscal year ending June 30, 2022. The revised requirements of this statement require reporting of certain potentially significant lease liabilities that are not currently reported.

City of Dallas Center

Other Information

City of Dallas Center
 Budgetary Comparison Schedule
 of Receipts, Disbursements, and Changes in Balances –
 Budget and Actual – All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2021

	Governmental Funds Actual	Proprietary Funds Actual	Total
Receipts:			
Property tax	\$ 1,179,794	-	1,179,794
Tax increment financing	151,596	-	151,596
Other city tax	436,864	-	436,864
Licenses and permits	42,334	-	42,334
Use of money and property	64,838	3,542	68,380
Intergovernmental	356,112	-	356,112
Charges for service	280,653	903,801	1,184,454
Miscellaneous	439,443	63,534	502,977
Total receipts	<u>2,951,634</u>	<u>970,877</u>	<u>3,922,511</u>
Disbursements:			
Public safety	305,120	-	305,120
Public works	690,395	-	690,395
Health and social services	8,778	-	8,778
Culture and recreation	528,344	-	528,344
Community and economic development	47,253	-	47,253
General government	270,211	-	270,211
Debt service	371,751	-	371,751
Capital projects	1,620,545	-	1,620,545
Business type activities	-	4,485,281	4,485,281
Total disbursements	<u>3,842,397</u>	<u>4,485,281</u>	<u>8,327,678</u>
Excess (deficiency) of receipts over (under) disbursements	(890,763)	(3,514,404)	(4,405,167)
Other financing sources, net	(94,000)	4,037,330	3,943,330
Change in balances	(984,763)	522,926	(461,837)
Balances beginning of year	4,181,003	839,818	5,020,821
Balances end of year	<u>\$ 3,196,240</u>	<u>1,362,744</u>	<u>4,558,984</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Total
		Variance
1,153,619	1,153,619	26,175
150,000	150,000	1,596
368,457	368,457	68,407
33,150	33,150	9,184
89,178	89,178	(20,798)
289,802	289,802	66,310
1,122,674	1,122,674	61,780
20,900	642,960	(139,983)
3,227,780	3,849,840	72,671
354,623	354,623	49,503
612,726	725,126	34,731
8,000	14,000	5,222
1,702,932	641,905	113,561
53,250	53,250	5,997
265,412	301,412	31,201
385,645	385,895	14,144
-	1,717,446	96,901
4,375,752	5,436,452	951,171
7,758,340	9,630,109	1,302,431
(4,530,560)	(5,780,269)	1,375,102
3,100,200	4,420,000	(476,670)
(1,430,360)	(1,360,269)	898,432
4,343,415	4,343,415	677,406
2,913,055	2,983,146	1,575,838

City of Dallas Center

Notes to Other Information – Budgetary Reporting

June 30, 2021

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. 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, two budget amendments increased budgeted disbursements by \$1,871,769. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2021, disbursements did not exceed the amounts budgeted by function.

City of Dallas Center

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

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

Other Information

	2021	2020
City's proportion of the net pension liability	0.004939%	0.004998%
City's proportionate share of the net pension liability	\$ 347	289
City's covered payroll	\$ 395	382
City's proportionate share of the net pension liability as a percentage of its covered payroll	87.85%	75.65%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%

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

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

See accompanying independent auditor's report.

City of Dallas Center

Schedule of City Contributions

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

Other Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution	\$ 40	37	36	32
Contributions in relation to the statutorily required contribution	<u>(40)</u>	<u>(37)</u>	<u>(36)</u>	<u>(32)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ 420	395	382	358
Contributions as a percentage of covered payroll	9.52%	9.37%	9.42%	8.94%

* Amounts reported do not agree with calculated amounts due to rounding required contributions and covered payroll to nearest thousandth.

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
36	34	27	27	25	23
(36)	(34)	(27)	(27)	(25)	(23)
-	-	-	-	-	-
392	371	302	297	289	280
9.18%	9.16%	8.94%	9.09%	8.65%	8.21%

City of Dallas Center

Notes to Other Information – Pension Liability

Year ended June 30, 2021

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 Dallas Center

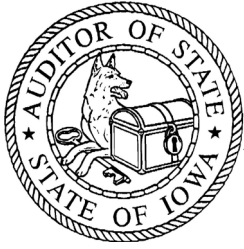
Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

As of and for the year ended June 30, 2021

	Special Revenue		
	Road Use Tax	Urban Renewal Tax Increment	Burnett Capital Improvement
Receipts:			
Tax increment financing	\$ -	151,596	-
Use of money and property	-	67	10,861
Intergovernmental	242,902	-	-
Total receipts	<u>242,902</u>	<u>151,663</u>	<u>10,861</u>
Disbursements:			
Operating:			
Public works	204,440	-	-
Excess of receipts over disbursements	38,462	151,663	10,861
Other financing uses:			
Transfers out	(25,000)	(156,651)	(360,000)
Change in cash balances	13,462	(4,988)	(349,139)
Cash balances beginning of year	136,447	9,928	664,612
Cash balances end of year	<u>\$ 149,909</u>	<u>4,940</u>	<u>315,473</u>
Cash Basis Fund Balances			
Nonspendable - bequest	\$ -	-	-
Restricted for:			
Streets	149,909	-	-
Debt service	-	4,940	-
Capital projects	-	-	315,473
Other purposes	-	-	-
Total cash basis fund balances	<u>\$ 149,909</u>	<u>4,940</u>	<u>315,473</u>

See accompanying independent auditor's report.

Permanent			
Burnett Charitable Books	Burnett Charitable Youth		Total
-	-		151,596
255	215		11,398
-	-		242,902
255	215		405,896
-	-		204,440
255	215		201,456
-	-		(541,651)
255	215		(340,195)
15,269	13,289		839,545
15,524	13,504		499,350
12,000	10,000		22,000
-	-		149,909
-	-		4,940
-	-		315,473
3,524	3,504		7,028
15,524	13,504		499,350



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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, each major fund and the aggregate remaining fund information of Dallas Center, Iowa, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 7, 2022. The financial statements were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles. Our report expressed modified opinions on the governmental activities, the business type activities, each major fund and the aggregate remaining fund information since we were unable to satisfy ourselves as to the distribution by fund of the total fund balance at July 1, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Dallas Center's internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Dallas Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Dallas Center'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 Dallas Center'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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control, described in the accompanying Schedule of Findings as item (A) that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Dallas Center'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters which are required to be reported under Government Auditing Standards. However, we noted an immaterial instance of non-compliance or other matters which is described in the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2021 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.

City of Dallas Center's Responses to the Findings

The City of Dallas Center's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The City of Dallas Center'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 Dallas Center 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
Chief Deputy Auditor of State

March 7, 2022

Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

(A) 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 have control over the following areas for which no compensating controls exist:

- (1) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from recording and accounting for receipts.
- (2) Bank reconciliations are not performed by an individual who is not involved in the cash receipt or disbursement functions.
- (3) The individual responsible for detailed record keeping of investments is also the custodian of the investments.
- (4) Mail is opened by an individual who is also responsible for recording and accounting for receipts.
- (5) Long-term debt records are not maintained by an individual who is not responsible for cash functions.

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 controls through review of financial transactions, reconciliations and financial report. The reviews should be documented by the signature or initials of the reviewer and the date of the review.

Response – The City will review its control procedures to obtain the maximum internal control possible. In an effort to implement compensating controls, we do have a member of our City Council review, initial and date our reconciliations monthly and traces deposits to the cash receipts journal postings, as well as the Mayor’s review of payroll information being initialed and dated each payroll period. We also have a Council Member initial and date all manual general ledger postings.

Conclusion – Response accepted.

City of Dallas Center
Schedule of Findings
Year ended June 30, 2021

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Dallas Center

Schedule of Findings

Year ended June 30, 2021

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2021 did not exceed the amounts budgeted by function.
- (2) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s Opinion dated April 25, 1979
- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (4) Business Transactions – No business transactions between the City and City officials or employees were noted.
- (5) 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.
- (6) 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.
- (7) City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.
- (8) 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.
- (9) Revenue Notes – No instances of non-compliance with the revenue note resolutions were noted.
- (10) Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1. The cash balance and debt amounts reported on the Levy Authority Summary agree with the City’s records.
- (11) Transfers – Effective April 17, 2019, Rule 545-2.5 of the Iowa Administrative Code requires transfers between funds be approved by resolution and include a clear statement of the reason or purpose for the transfer, the name of the fund from which the transfer is originating, the name of the fund into which the transfer is to be received, and the dollar amount to be transferred. During fiscal year 2021, the City made transfers that were not approved by resolution that included the required information.

Recommendation – The City should comply with the Iowa Administrative Code and approve transfers by a resolution which includes the required information.

Response – While the City did have a resolution stating debt service transfers will be done monthly per debt schedules, we will pass a resolution that includes the name of the fund from which the transfer is originating, the name of the fund into which the transfer is to be received, and the dollar amount to be transferred.

Conclusion – Response accepted.

City of Dallas Center

Staff

This audit was performed by:

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Micaela Tintjer, CPA, Senior Auditor
Vivian J. Hustad, Staff Auditor
Jorge M. Morales, Assistant Auditor