

**BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

CITY OF DYERSVILLE, IOWA

CITY OF DYERSVILLE, IOWA

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CITY OF DYERSVILLE, IOWA
Officials
June 30, 2018

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Before January, 2018		
Dan Willenborg	Mayor	December 31, 2017
Mark Wagner	Council Member	December 31, 2017
Teresa Bockenstedt	Council Member	December 31, 2017
Mike Oberbroeckling	Council Member	December 31, 2017
Michael English	Council Member	December 31, 2019
Mark Breitbach	Council Member	December 31, 2019
Beginning January, 2018		
James Heavens	Mayor	December 31, 2019
Michael English	Council Member	December 31, 2019
Mark Breitbach	Council Member	December 31, 2019
Tom Westhoff	Council Member	December 31, 2021
Jim Gibbs	Council Member	December 31, 2021
Mike Oberbroeckling	Council Member	December 31, 2021
Appointed Officials		
Mick Michel	City Administrator	Appointed
Tricia Maiers	City Clerk/Treasurer	Appointed
Marc Casey	City Attorney	Appointed



INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Dyersville, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Dyersville, Iowa, as of and for the year ended June 30, 2018, and the related notes to the financial statements which collectively comprise the City's basic financial statements, as 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 accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Dyersville as of June 30, 2018, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the schedule of proportionate share of the net pension liability, the schedule of IPERS contributions and the schedule of changes in total OPEB liability information on pages 5 through 11 and 47 through 52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Dyersville'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 five years ended June 30, 2017 (which are not presented herein) and expressed unmodified opinions on those financial statements. The financial statements for the four years ended June 30, 2012 (which are not presented herein) were audited by other auditors in accordance with the standards referred to in the second paragraph of this report who expressed unmodified opinions on those financial statements. The supplementary information included on pages 53 through 56 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in our 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

To the Honorable Mayor and
Members of the City Council
City of Dyersville, Iowa
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Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 30, 2019 on our consideration of the City of Dyersville'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 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 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 Dyersville's internal control over financial reporting and compliance.

HOGAN - HANSEN

HOGAN - HANSEN

Waterloo, Iowa
January 30, 2019

The City of Dyersville provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2018. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2018 FINANCIAL HIGHLIGHTS

Revenues of the City's governmental and business-type activities decreased 18% or approximately \$1,579,000 from fiscal 2017 to fiscal 2018. Overall capital grants and contributions decreased approximately \$1,877,000 while operating grants and contributions decreased by \$53,000, charges for services increased \$430,000, and property taxes increased by \$123,000.

Program expenses of the City's governmental activities increased 8% or approximately \$337,000 in fiscal 2018 from fiscal 2017. Public safety increased \$118,000. Community and economic development increased \$140,000. General government increased \$112,000.

The City's net position increased 2.99%, or approximately \$846,000 from June 30, 2017 to June 30, 2018.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

Government-wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of the City of Dyersville as a whole and present an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year and information regarding post-employment benefits offered to its employees, Schedule of City's Proportionate Share of the Net Pension Liability of Iowa Public Employees' Retirement System, and Schedule of City Contributions of the Iowa Public Employees' Retirement System.

Other Supplementary Information provides detailed information about the non-major Special Revenue Funds, as well as a ten-year history of revenues and expenditures for all governmental funds.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the City's finances is, “whether the City as a whole is better or worse off as a result of the year's activities?” The Statement of Net position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as “net position.” Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The Statement of Net Position and the Statement of Activities report two kinds of activities:

- Governmental activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and intergovernmental receipts finance most of these activities.
- Business-type activities include the City's utility services, such as waterworks, sanitation and sanitary sewer systems. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. Governmental funds include: the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances.

- 2) Proprietary funds account for the City's enterprise funds. These funds report services for which the City charges customers for the service it provides. Proprietary funds are reported in the same way all activities are reported in the Statement of Net Position and the Statement of Activities. The major difference between the proprietary funds and the business-type activities included in the government-wide statements is the detail and additional information, such as cash flows, provided in the proprietary fund statements. The enterprise funds include the City's utility services, such as Water Utility, Sewage Disposal Works and Solid Waste. The City is responsible for ensuring the assets reported in these funds are used only for their intended purposes.

The financial statements required for proprietary funds include a statement of net position, a statement of revenues, expenses, and changes in fund net position and a statement of cash flows.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position for governmental and business-type activities.

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (not restated)	2018	2017 (not restated)	2018	2017 (not restated)
Current and other assets	\$ 7,400,568	\$ 7,541,299	\$ 526,155	\$ 461,815	\$ 7,926,723	\$ 8,003,114
Capital assets	17,357,299	17,349,663	22,588,396	22,666,223	39,945,695	40,015,886
Total assets	<u>24,757,867</u>	<u>24,890,962</u>	<u>23,114,551</u>	<u>23,128,038</u>	<u>47,872,418</u>	<u>48,019,000</u>
Deferred outflows of resources						
Pension related deferred outflows	231,497	205,624	69,591	56,557	301,088	262,181
Long-term liabilities	4,395,622	4,555,547	9,477,778	9,407,195	13,873,400	13,962,742
Other liabilities	218,883	296,770	1,863,144	2,908,650	2,082,027	3,205,420
Total liabilities	<u>4,614,505</u>	<u>4,852,317</u>	<u>11,340,922</u>	<u>12,315,845</u>	<u>15,955,427</u>	<u>17,168,162</u>
Deferred inflows of resources						
Succeeding year property tax	3,088,367	2,830,441	-	-	3,088,367	2,830,441
Pension related	27,409	26,186	8,656	8,459	36,065	34,645
Total deferred inflows	<u>3,115,776</u>	<u>2,856,627</u>	<u>8,656</u>	<u>8,459</u>	<u>3,124,432</u>	<u>2,865,086</u>
Net position						
Net investment in capital assets	13,779,593	13,435,009	13,445,965	13,553,927	27,225,558	26,988,936
Restricted	2,807,593	3,255,957	18,449	18,449	2,826,042	3,274,406
Unrestricted	671,897	696,676	(1,629,850)	(2,712,085)	(957,953)	(2,015,409)
Total net position	<u>\$ 17,259,083</u>	<u>\$ 17,387,642</u>	<u>\$ 11,834,564</u>	<u>\$ 10,860,291</u>	<u>\$ 29,093,647</u>	<u>\$ 28,247,933</u>

Net Position at Year-end

Net position of governmental activities decreased during FY2018 by \$123,301 or 1%, and net position of business activities increased from FY2017 by \$976,026, or 9%. The largest portion of the City's net position is the invested in capital assets (e.g., land, infrastructure, buildings and equipment), less the related debt. The debt related to the investment in capital assets is liquidated with sources other than capital assets. Restricted net position represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation or other legal requirements, is a deficit balance of approximately \$960,000 at the end of this year.

Changes in Net position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (not restated)	2018	2017 (not restated)	2018	2017 (not restated)
Revenues						
Program revenues						
Charges for services	\$ 259,987	\$ 223,104	\$ 2,660,566	\$ 2,266,026	\$ 2,920,553	\$ 2,489,130
Operating grants and contributions	524,370	577,790	-	-	524,370	577,790
Capital grants and contributions	-	-	30,280	1,907,656	30,280	1,907,656
General revenues						
Property tax levied for:						
General purposes	1,954,423	1,815,691	-	-	1,954,423	1,815,691
Debt service	222,114	238,148	-	-	222,114	238,148
Tax increment financing	755,366	955,457	-	-	755,366	955,457
Utility franchise fees	149,537	145,213	-	-	149,537	145,213
Local option sales tax	539,396	555,920	-	-	539,396	555,920
Hotel/motel tax	95,272	90,204	-	-	95,272	90,204
Unrestricted investment earnings	26,124	19,898	-	-	26,124	19,898
Miscellaneous	111,398	184,178	80,522	9,155	191,920	193,333
Total revenues	<u>4,637,987</u>	<u>4,805,603</u>	<u>2,771,368</u>	<u>4,182,837</u>	<u>7,409,355</u>	<u>8,988,440</u>
Program Expenses						
Public safety	1,077,869	959,372	-	-	1,077,869	959,372
Public works	866,645	952,461	-	-	866,645	952,461
Health and social services	1,300	-	-	-	1,300	-
Culture and recreation	1,143,627	1,090,830	-	-	1,143,627	1,090,830
Community and economic development	546,036	406,022	-	-	546,036	406,022
General government	572,519	460,105	-	-	572,519	460,105
Interest on long-term debt	161,745	163,910	-	-	161,745	163,910
Water utility	-	-	894,209	856,848	894,209	856,848
Sewage disposal works	-	-	938,450	905,877	938,450	905,877
Solid waste	-	-	354,230	336,770	354,230	336,770
Total expenses	<u>4,369,741</u>	<u>4,032,700</u>	<u>2,186,889</u>	<u>2,099,495</u>	<u>6,556,630</u>	<u>6,132,195</u>
Transfers	<u>(391,547)</u>	<u>(430,919)</u>	<u>391,547</u>	<u>430,919</u>	<u>-</u>	<u>-</u>
Change In Net Position	(123,301)	341,984	976,026	2,514,261	852,725	2,856,245
Net Position Beginning Of Year, as restated	<u>17,382,384</u>	<u>17,045,658</u>	<u>10,858,538</u>	<u>8,346,030</u>	<u>28,240,922</u>	<u>25,391,688</u>
Net Position End Of Year	<u>\$ 17,259,083</u>	<u>\$ 17,387,642</u>	<u>\$ 11,834,564</u>	<u>\$ 10,860,291</u>	<u>\$ 29,093,647</u>	<u>\$ 28,247,933</u>

INDIVIDUAL MAJOR FUND ANALYSIS

Governmental Fund Highlights

As the City of Dyersville completed the year, its governmental funds reported a combined fund balance of \$4,056,149, which is less than the \$4,370,288 total fund balance at June 30, 2017. The following are the major reasons for the changes in fund balances of the major governmental funds from the prior year.

Expenditures increased from the prior year in Public Works by approximately \$115,000. General governmental expenses increased from approximately \$373,000 to \$436,000. The General Fund showed an increase in fund balance of \$108,414 from the prior year to a fund balance of \$1,393,633, compared to prior year ending fund balance of \$1,285,219.

The Dyersville Economic Development TIF Fund is used to account for revenues from the tax authorized by ordinance in the urban renewal district and used to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal redevelopment projects. This fund ended fiscal 2018 with a \$1,724,318 fund balance compared to the prior year ending fund balance of \$1,804,386.

The Local Option Sales Tax Fund is used to account for proceeds from the City's 1% local option sales tax. Funds are used to reduce future borrowings and for general property tax relief. The fund ended fiscal year 2018 with a balance of \$395,105, compared to prior year ending fund balance of \$716,377.

The Road Use Tax Fund is used to account for road use tax revenues and the expenditures allowed by statute to be paid from the funds received. The fund ended fiscal year 2018 with a fund balance of \$144,380, compared to prior year ending fund balance of \$221,322.

The Capital Improvements Fund is used to account for the resources and costs related to infrastructure and building construction and major improvements. This fund started fiscal year 2018 with a fund deficit of \$135,487. The Capital Improvement fund ended with a fund deficit of \$109,676.

The Debt Service Fund is used to account for the payment of interest and principal on the City's general long term debt. The fund ended fiscal year 2018 with a balance of \$451,947, compared to prior year ending fund balance of \$426,000.

Proprietary Fund Highlights

The Water Utility Fund, which accounts for the operation and maintenance of the City's water system, ended fiscal 2018 with net position of \$5,610,963 compared to the prior year ending net position of \$5,303,020.

The Sewage Disposal Works Fund, which accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system, ended fiscal 2018 with a \$6,208,386 net position balance compared to the prior year ending net position balance of \$5,551,226.

Budgetary Highlights

Over the course of the year, the City of Dyersville amended its budget once. The amendment was done on May 21, 2018. The amendment was needed to adjust revenue and expenditures for capital projects which were funded partially by grants.

The City's receipts were \$349,726 more than final budgeted receipts.

Total disbursements were \$3,692,386 less than budgeted disbursements. Debt service was \$11,488 more than budgeted. Capital projects was \$4,317,216 less than budgeted; Community and economic development was \$135,960 more than budgeted.

Even with the amendments, the City exceeded its budgetary amount in the public works, community and economic development, debt service, and business-type activity functions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets include land, buildings and improvements, equipment, streets, sewer systems, lighting systems, traffic signals and other infrastructure. Capital assets for governmental activities totaled \$17,357,299 (net of accumulated depreciation) at June 30, 2018. Capital assets for business-type activities totaled \$22,588,396 (net of accumulated depreciation) at June 30, 2018. See Note 3 to the financial statements for more information about the City's capital assets.

The major capital outlays for governmental activities during the year included the Westside Park sidewalk extension and the park improvements to the dugout and fencing.

For business-type activities, major additions included the Waste Water Treatment Facility Phase 3 improvements.

Long-Term Debt

At June 30, 2018, the City had \$3,577,706 in total long-term debt outstanding for governmental activities. Total long-term debt outstanding for business-type activities was \$9,142,431 at June 30, 2018. The long term debt includes capital lease purchase agreements for four trucks with a remaining balance of \$60,408 at June 30, 2018, of which a portion is recorded in governmental activities and a portion is recorded in business-type activities.

The City does not have a general obligation bond rating assigned by national rating agencies to the City's debt. The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt is significantly below its constitutional debt limit of approximately \$20 million. Other obligations include accrued vacation pay, sick leave, net pension liability and net OPEB liability. Additional information about the City's long-term debt is presented in Note 4 to the financial statements.

ECONOMIC FACTORS BEARING ON THE CITY'S FUTURE

Several economic factors affected decisions made by the City in setting its fiscal 2019 budget. The City's General Fund property tax revenues will increase by 7.95% due to increases in valuation.

The levy rate for the debt service levy decreased approximately 3%, while the total levy rate decreased from 8.81 to 8.73.

The tax levy rates per \$1,000 of taxable valuation for fiscal 2019 are provided below:

General levy	\$ 7.95000
Debt Service levy	0.78306
Total	\$ 8.73306

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to present our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and operating activities. If you have any questions or require additional information, please contact Mick J. Michel, City Administrator, 340 1st Avenue East, Dyersville, Iowa 52040.

Basic Financial Statements
June 30, 2018

City of Dyersville, Iowa

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	Governmental Activities	Business-type Activities	Total
Assets			
Cash and pooled cash investments	\$ 3,913,382	\$ -	\$ 3,913,382
Receivables			
Property tax			
Delinquent	13,930	-	13,930
Succeeding year	3,088,367	-	3,088,367
Accounts and other	42,479	352,539	395,018
Special assessments	32,091	-	32,091
Due from other governments	123,021	90,874	213,895
Inventories	-	20,889	20,889
Prepaid expenses	95,455	34,392	129,847
Restricted assets			
Cash and pooled cash investments	91,843	27,461	119,304
Capital assets			
Land and construction in progress	5,737,369	606,360	6,343,729
Other capital assets, net of accumulated depreciation	11,619,930	21,982,036	33,601,966
Total Assets	<u>24,757,867</u>	<u>23,114,551</u>	<u>47,872,418</u>
Deferred Outflows of Resources			
Pension related deferred outflows	<u>231,497</u>	<u>69,591</u>	<u>301,088</u>

See Notes to Financial Statements

City of Dyersville
Exhibit A – Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
Liabilities			
Checks written in excess of deposits	\$ -	\$ 1,757,652	\$ 1,757,652
Accounts payable	112,257	53,972	166,229
Accrued interest payable	9,494	19,781	29,275
Salaries and benefits payable	97,132	31,739	128,871
Long-term liabilities			
Portion due or payable within one year			
Customer deposits	-	33,873	33,873
Capital lease purchase agreements	7,376	14,752	22,128
General obligation bonds	383,380	401,620	785,000
Revenue bonds payable	-	429,000	429,000
Compensated absences	282,138	71,618	353,756
Portion due or payable after one year			
Capital lease purchase agreements	12,760	25,520	38,280
General obligation bonds	3,174,190	3,605,810	6,780,000
Revenue bonds	-	4,665,729	4,665,729
Net pension liability	508,058	220,618	728,676
Net OPEB liability	27,720	9,238	36,958
Total Liabilities	4,614,505	11,340,922	15,955,427
Deferred Inflows of Resources			
Succeeding year property tax	3,088,367	-	3,088,367
Pension related deferred inflows	27,409	8,656	36,065
Total Deferred Inflows of Resources	3,115,776	8,656	3,124,432
Net Position			
Net investment in capital assets	13,779,593	13,445,965	27,225,558
Restricted for			
Economic development	1,724,318	-	1,724,318
Local option sales tax	395,105	-	395,105
Library	91,843	-	91,843
Debt service	451,947	18,449	470,396
Other purpose	144,380	-	144,380
Unrestricted	671,897	(1,629,850)	(957,953)
Total Net Position	\$ 17,259,083	\$ 11,834,564	\$ 29,093,647

Functions/Programs	Expenses	Program Revenues		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
Public safety	\$ 1,077,869	\$ 43,676	\$ 14,265	\$ -
Public works	866,645	7,170	503,886	-
Health and social services	1,300	-	-	-
Culture and recreation	1,143,627	199,333	4,911	-
Community and economic development	546,036	9,808	1,308	-
General government	572,519	-	-	-
Debt service	161,745	-	-	-
Total governmental activities	<u>4,369,741</u>	<u>259,987</u>	<u>524,370</u>	<u>-</u>
Business-type activities				
Water utility	894,209	951,410	-	-
Sewage disposal works	938,450	1,344,003	-	30,280
Solid waste	354,230	365,153	-	-
Total business-type activities	<u>2,186,889</u>	<u>2,660,566</u>	<u>-</u>	<u>30,280</u>
Total primary government	<u>\$ 6,556,630</u>	<u>\$ 2,920,553</u>	<u>\$ 524,370</u>	<u>\$ 30,280</u>
General revenues				
Property tax and other City tax levied for				
General purposes				
Debt service				
Tax increment financing				
Utility franchise fees				
Local option sales tax				
Hotel/motel tax				
Unrestricted investment earnings				
Other				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning of year, as restated				
Net position, end of year				

See Notes to Financial Statements

City of Dyersville
Exhibit B – Statement of Activities
As of and for the Year Ended June 30, 2018

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (1,019,928)	\$ -	\$ (1,019,928)
(355,589)	-	(355,589)
(1,300)	-	(1,300)
(939,383)	-	(939,383)
(534,920)	-	(534,920)
(572,519)	-	(572,519)
(161,745)	-	(161,745)
<u>(3,585,384)</u>	<u>-</u>	<u>(3,585,384)</u>
-	57,201	57,201
-	435,833	435,833
-	10,923	10,923
<u>-</u>	<u>503,957</u>	<u>503,957</u>
<u>(3,585,384)</u>	<u>503,957</u>	<u>(3,081,427)</u>
1,954,423	-	1,954,423
222,114	-	222,114
755,366	-	755,366
149,537	-	149,537
539,396	-	539,396
95,272	-	95,272
26,124	-	26,124
111,398	80,522	191,920
(391,547)	391,547	-
<u>3,462,083</u>	<u>472,069</u>	<u>3,934,152</u>
(123,301)	976,026	852,725
<u>17,382,384</u>	<u>10,858,538</u>	<u>28,240,922</u>
<u>\$ 17,259,083</u>	<u>\$ 11,834,564</u>	<u>\$ 29,093,647</u>

	General	Special Revenue		
		Dyersville Economic Development TIF	Local Option Sales Tax	Road Use Tax
Assets				
Cash and pooled cash investments	\$ 1,325,819	\$ 1,724,268	\$ 360,853	\$ 161,746
Receivables				
Property tax				
Delinquent	12,597	50	-	-
Succeeding year	1,874,180	999,346	-	-
Accounts and other	42,479	-	-	-
Special assessments	-	-	-	-
Due from other governments	35,205	-	34,252	38,700
Prepaid expenditures	95,455	-	-	-
Restricted cash	35,401	-	-	-
Total Assets	\$ 3,421,136	\$ 2,723,664	\$ 395,105	\$ 200,446
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities				
Checks written in excess of deposits	\$ -	\$ -	\$ -	\$ -
Accounts payable	75,626	-	-	36,631
Salaries and benefits payable	77,697	-	-	19,435
Total Liabilities	153,323	-	-	56,066
Deferred Inflows of Resources				
Unavailable revenues:				
Succeeding year property tax	1,874,180	999,346	-	-
Other	-	-	-	-
Total Deferred Inflows of Resources	1,874,180	999,346	-	-
Fund Balances (Deficits)				
Nonspendable				
Prepaid expenditures	95,455	-	-	-
Restricted for				
Economic development	-	1,724,318	-	-
Local option sales tax	-	-	395,105	-
Library	35,401	-	-	-
Debt service	-	-	-	-
Capital improvements	-	-	-	144,380
Unassigned	1,262,777	-	-	-
Total Fund Balances	1,393,633	1,724,318	395,105	144,380
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,421,136	\$ 2,723,664	\$ 395,105	\$ 200,446

See Notes to Financial Statements

City of Dyersville
Exhibit C – Balance Sheet – Governmental Funds
June 30, 2018

<u>Capital Projects</u> <u>Capital</u> <u>Improvements</u>	<u>Debt</u> <u>Service</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u>
\$ -	\$ 450,664	\$ -	\$ 4,023,350
-	1,283	-	13,930
-	214,841	-	3,088,367
-	-	-	42,479
32,091	-	-	32,091
14,864	-	-	123,021
-	-	-	95,455
-	-	56,442	91,843
<u>\$ 46,955</u>	<u>\$ 666,788</u>	<u>\$ 56,442</u>	<u>\$ 7,510,536</u>
\$ 109,968	\$ -	\$ -	\$ 109,968
-	-	-	112,257
-	-	-	97,132
<u>109,968</u>	<u>-</u>	<u>-</u>	<u>319,357</u>
-	214,841	-	3,088,367
<u>46,663</u>	<u>-</u>	<u>-</u>	<u>46,663</u>
<u>46,663</u>	<u>214,841</u>	<u>-</u>	<u>3,135,030</u>
-	-	-	95,455
-	-	-	1,724,318
-	-	-	395,105
-	-	56,442	91,843
-	451,947	-	451,947
-	-	-	144,380
<u>(109,676)</u>	<u>-</u>	<u>-</u>	<u>1,153,101</u>
<u>(109,676)</u>	<u>451,947</u>	<u>56,442</u>	<u>4,056,149</u>
<u>\$ 46,955</u>	<u>\$ 666,788</u>	<u>\$ 56,442</u>	<u>\$ 7,510,536</u>

City of Dyersville
 Exhibit D – Reconciliation of the Balance Sheet –
 Governmental Funds to the Statement of Net Position
 June 30, 2018

Total Fund Balances - Governmental Funds		\$ 4,056,149
<p>Amounts reported for governmental activities in the statement of net position is different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.</p>		
Cost of capital assets	23,672,251	
Accumulated depreciation	<u>(6,314,952)</u>	
		17,357,299
<p>Some of the City's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are unavailable in the funds. Those revenues consist of:</p>		
Special assessments	31,799	
Other	<u>14,864</u>	
		46,663
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:</p>		
General obligation bonds	(3,557,570)	
Capital lease purchase agreement	(20,136)	
Accrued interest	(9,494)	
Compensated absences	(282,138)	
Net pension liability	(508,058)	
OPEB	<u>(27,720)</u>	
		(4,405,116)
<p>Pension related deferred outflows and inflows are not considered current financial resources and therefore are not part of the governmental fund analysis</p>		
		<u>204,088</u>
Net position of governmental activities		<u><u>\$ 17,259,083</u></u>

	General	Special Revenue		
		Dyersville Economic Development TIF	Local Option Sales Tax	Road Use Tax
Revenues				
Property tax	\$ 1,954,423	\$ -	\$ -	\$ -
Tax increment financing	-	755,366	-	-
Other city tax	386,162	-	403,970	-
Licenses and permits	21,412	-	-	-
Use of money and property	66,750	-	-	-
Intergovernmental	34,037	-	-	503,886
Charges for service	180,158	-	-	-
Special assessments	-	-	-	-
Miscellaneous	67,206	-	-	-
Total Revenues	<u>2,710,148</u>	<u>755,366</u>	<u>403,970</u>	<u>503,886</u>
Expenditures				
Operating				
Public safety	854,341	-	-	59,517
Public works	227,824	-	-	521,321
Health and social services	1,300	-	-	-
Culture and recreation	931,311	-	-	-
Community and economic development	5,257	540,779	-	-
General government	435,768	-	-	-
Debt service	10,498	-	-	-
Capital projects	-	-	-	-
Total Expenditures	<u>2,466,299</u>	<u>540,779</u>	<u>-</u>	<u>580,838</u>
Revenues Over (Under) Expenditures	<u>243,849</u>	<u>214,587</u>	<u>403,970</u>	<u>(76,952)</u>
Other Financing Sources (Uses)				
Issuance of refunding debt	-	-	-	-
Refunding bond principal payments	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(135,435)	(294,655)	(725,242)	-
Total Other Financing Sources (Uses)	<u>(135,435)</u>	<u>(294,655)</u>	<u>(725,242)</u>	<u>-</u>
Net Change In Fund Balances	108,414	(80,068)	(321,272)	(76,952)
Fund Balances, Beginning of Year	<u>1,285,219</u>	<u>1,804,386</u>	<u>716,377</u>	<u>221,332</u>
Fund Balances, End of Year	<u>\$ 1,393,633</u>	<u>\$ 1,724,318</u>	<u>\$ 395,105</u>	<u>\$ 144,380</u>

See Notes to Financial Statements

City of Dyersville
 Exhibit E – Statement of Revenues, Expenditures, and Changes
 In Fund Balances (Deficit) – Governmental Funds
 Year Ended June 30, 2018

<u>Capital Projects</u> Capital Improvements	Debt Service	Nonmajor Governmental Funds	Total
\$ -	\$ 222,114	\$ -	\$ 2,176,537
-	-	-	755,366
-	603	-	790,735
-	-	-	21,412
2,026	-	168	68,944
-	-	1,308	539,231
-	-	31,281	211,439
7,170	-	-	7,170
-	-	9,808	77,014
<u>9,196</u>	<u>222,717</u>	<u>42,565</u>	<u>4,647,848</u>
-	-	13,986	927,844
-	-	-	749,145
-	-	-	1,300
-	-	27,468	958,779
-	-	-	546,036
-	-	-	435,768
-	518,995	-	529,493
841,192	-	-	841,192
<u>841,192</u>	<u>518,995</u>	<u>41,454</u>	<u>4,989,557</u>
<u>(831,996)</u>	<u>(296,278)</u>	<u>1,111</u>	<u>(341,709)</u>
-	2,487,570	-	2,487,570
-	(2,460,000)	-	(2,460,000)
857,807	294,655	2,870	1,155,332
-	-	-	(1,155,332)
<u>857,807</u>	<u>322,225</u>	<u>2,870</u>	<u>27,570</u>
25,811	25,947	3,981	(314,139)
<u>(135,487)</u>	<u>426,000</u>	<u>52,461</u>	<u>4,370,288</u>
<u>\$ (109,676)</u>	<u>\$ 451,947</u>	<u>\$ 56,442</u>	<u>\$ 4,056,149</u>

City of Dyersville

Exhibit F – Reconciliation of the Statement of Revenues, Expenditures, and Changes In Fund Balances –
Governmental Funds to the Statement of Activities
Year Ended June 30, 2018

Net Change In Fund Balances - Total Governmental Funds	\$	(314,139)
<p>Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:</p>		
<p>Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:</p>		
Net acquisition of capital assets	\$ 556,468	
Depreciation expense	<u>(536,678)</u>	19,790
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position</p>		
		(12,154)
<p>Because some revenues will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues and are unavailable in the governmental funds, as follows:</p>		
Grants	(17,935)	
Special assessments	<u>8,075</u>	(9,860)
<p>Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities. The effect of these items is as follows:</p>		
Issued	(2,487,570)	
Repaid	<u>2,824,518</u>	336,948
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:</p>		
Compensated absences	(128,415)	
Interest on long-term debt	3,230	
Pension payments	(18,847)	
OPEB	<u>146</u>	<u>(143,886)</u>
Change in Net Position of Governmental Activities	\$	<u><u>(123,301)</u></u>

Business-type Activities - Enterprise Funds

	Water Utility	Sewage Disposal Works	Non-Major Solid Waste	Total
Assets				
Current Assets				
Accounts receivable	\$ 126,900	\$ 178,965	\$ 46,674	\$ 352,539
Due from other governments	-	90,874	-	90,874
Inventories	12,939	7,950	-	20,889
Prepaid items	20,442	13,950	-	34,392
Total Current Assets	<u>160,281</u>	<u>291,739</u>	<u>46,674</u>	<u>498,694</u>
Noncurrent Assets				
Restricted assets - cash and pooled cash investments	<u>27,461</u>	<u>-</u>	<u>-</u>	<u>27,461</u>
Capital Assets				
Land	75,750	134,530	-	210,280
Improvements other than buildings	-	-	45,237	45,237
Machinery and equipment	347,167	822,068	113,173	1,282,408
Wells	1,597,965	-	-	1,597,965
Distribution system	9,674,012	-	-	9,674,012
Sewer system	-	16,685,386	-	16,685,386
Construction in progress	-	396,080	-	396,080
Accumulated depreciation	(3,345,915)	(3,823,338)	(133,719)	(7,302,972)
Net Capital Assets	<u>8,348,979</u>	<u>14,214,726</u>	<u>24,691</u>	<u>22,588,396</u>
Total Noncurrent Assets	<u>8,376,440</u>	<u>14,214,726</u>	<u>24,691</u>	<u>22,615,857</u>
Total Assets	<u>8,536,721</u>	<u>14,506,465</u>	<u>71,365</u>	<u>23,114,551</u>
Deferred Outflows of Resources				
Pension related deferred outflows	<u>31,428</u>	<u>31,428</u>	<u>6,735</u>	<u>69,591</u>

See Notes to Financial Statements

City of Dyersville
Exhibit G – Statement of Net Position
Proprietary Funds
June 30, 2018

	Business-type Activities - Enterprise Funds			Total
	Water Utility	Sewage Disposal Works	Non-Major Solid Waste	
Liabilities				
Current Liabilities				
Checks written in excess of deposits	\$ 267,077	\$ 1,475,281	\$ 15,294	\$ 1,757,652
Accounts payable	11,797	21,776	20,399	53,972
Accrued interest payable	5,984	13,797	-	19,781
Salaries and benefits payable	14,962	15,074	1,703	31,739
Capital lease purchase agreement	7,376	7,376	-	14,752
General obligation bonds	189,430	212,190	-	401,620
Revenue bonds	64,000	365,000	-	429,000
Compensated absences	31,855	37,572	2,191	71,618
Total Current Liabilities	<u>592,481</u>	<u>2,148,066</u>	<u>39,587</u>	<u>2,780,134</u>
Current Liabilities Payable				
From Restricted Assets				
Customer deposits payable	33,873	-	-	33,873
Noncurrent Liabilities				
Capital lease purchase agreement	12,760	12,760	-	25,520
General obligation bonds	1,773,465	1,832,345	-	3,605,810
Revenue bonds	437,000	4,228,729	-	4,665,729
Net pension liability	99,634	99,634	21,350	220,618
Net OPEB liability	4,064	4,064	1,110	9,238
Total Noncurrent Liabilities	<u>2,326,923</u>	<u>6,177,532</u>	<u>22,460</u>	<u>8,526,915</u>
Total Liabilities	<u>2,953,277</u>	<u>8,325,598</u>	<u>62,047</u>	<u>11,340,922</u>
Deferred Inflows of Resources	3,909	3,909	838	8,656
Net Position				
Net investment in capital assets	5,864,948	7,556,326	24,691	13,445,965
Restricted	-	18,449	-	18,449
Unrestricted	(253,985)	(1,366,389)	(9,476)	(1,629,850)
Total Net Position	<u>\$ 5,610,963</u>	<u>\$ 6,208,386</u>	<u>\$ 15,215</u>	<u>\$ 11,834,564</u>

City of Dyersville
 Exhibit H – Statement of Revenues, Expenses, and Changes in Fund Net Position –
 Proprietary Funds
 Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds			Total
	Water Utility	Sewage Disposal Works	Non-Major Solid Waste	
Operating Revenues				
Charges for sales and services	\$ 951,410	\$ 1,344,003	\$ 365,153	\$ 2,660,566
Other	33,095	2,806	-	35,901
Total Operating Revenues	<u>984,505</u>	<u>1,346,809</u>	<u>365,153</u>	<u>2,696,467</u>
Operating Expenses				
Employee expense	198,791	218,170	39,428	456,389
Utilities	70,158	54,147	789	125,094
Repairs and maintenance	144,335	48,323	30,317	222,975
Supplies and services	125,855	98,092	254,245	478,192
Insurance	29,808	26,224	-	56,032
Depreciation	240,906	314,548	29,451	584,905
Total Operating Expenses	<u>809,853</u>	<u>759,504</u>	<u>354,230</u>	<u>1,923,587</u>
Operating Income	<u>174,652</u>	<u>587,305</u>	<u>10,923</u>	<u>772,880</u>
Nonoperating Revenues (Expenses)				
Insurance proceeds	-	44,621	-	44,621
Interest expense	(83,876)	(178,588)	-	(262,464)
Bond issuance cost	(480)	(358)	-	(838)
Total nonoperating (revenues) expenses	<u>(84,356)</u>	<u>(134,325)</u>	<u>-</u>	<u>(218,681)</u>
Income Before Contributions and Transfers	<u>90,296</u>	<u>452,980</u>	<u>10,923</u>	<u>554,199</u>
Capital Contributions	217,647	173,900	-	391,547
Grant Revenue	-	30,280	-	30,280
Change In Net Position	307,943	657,160	10,923	976,026
Net Position, Beginning, as restated	<u>5,303,020</u>	<u>5,551,226</u>	<u>4,292</u>	<u>10,858,538</u>
Net Position, Ending	<u>\$ 5,610,963</u>	<u>\$ 6,208,386</u>	<u>\$ 15,215</u>	<u>\$ 11,834,564</u>

City of Dyersville
Exhibit I – Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds			
	Water Utility	Sewage Disposal Works	Non-Major Solid Waste	Total
Cash Flows From Operating Activities				
Cash received from customers	\$ 935,378	\$ 1,314,037	\$ 363,135	\$ 2,612,550
Cash payments to suppliers for goods and services	(372,566)	(612,138)	(286,224)	(1,270,928)
Cash payments to employees for services	(181,268)	(201,764)	(38,438)	(421,470)
Other operating receipts	33,095	2,806	-	35,901
Net Cash Provided By Operating Activities	<u>414,639</u>	<u>502,941</u>	<u>38,473</u>	<u>956,053</u>
Cash Flows From Capital And Related Financing Activities				
Acquisition and construction of capital assets	(12,461)	(103,070)	-	(115,531)
Proceeds from issuance of debt	1,324,145	1,443,246	-	2,767,391
Payment of debt	(1,557,612)	(1,150,518)	(29,126)	(2,737,256)
Interest paid	(86,193)	(179,575)	-	(265,768)
Insurance proceeds	-	44,621	-	44,621
Intergovernmental grant proceeds	5,000	-	-	5,000
Net Cash Provided By (Used For) Capital and Related Financing Activities	<u>(327,121)</u>	<u>54,704</u>	<u>(29,126)</u>	<u>(301,543)</u>
Net Increase In Cash And Cash Equivalents	87,518	557,645	9,347	654,510
Cash and Cash Equivalents, Beginning of Year	<u>(327,134)</u>	<u>(2,032,926)</u>	<u>(24,641)</u>	<u>(2,384,701)</u>
Cash and Cash Equivalents, End of Year	<u>\$ (239,616)</u>	<u>\$ (1,475,281)</u>	<u>\$ (15,294)</u>	<u>\$ (1,730,191)</u>

City of Dyersville
Exhibit I – Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2018

	Business-type Activities - Enterprise Funds			
	Water	Sewage	Non-Major	Total
	Utility	Disposal Works	Solid Waste	
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 174,652	\$ 587,305	\$ 10,923	\$ 772,880
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:				
Depreciation	240,906	314,548	29,451	584,905
Change in assets and liabilities				
Accounts receivable	(16,557)	(29,966)	(2,018)	(48,541)
Inventory and prepaids	3,983	3,545	-	7,528
Accounts payable	(6,393)	(388,897)	(873)	(396,163)
Deposits payable	525	-	-	525
Accrued liabilities	13,282	12,165	(88)	25,359
Deferred Outflows	(5,886)	(5,886)	(1,262)	(13,034)
Deferred Inflows	89	89	19	197
Pension liability	9,346	9,346	2,003	20,695
OPEB	692	692	318	1,702
Total Adjustments	<u>239,987</u>	<u>(84,364)</u>	<u>27,550</u>	<u>183,173</u>
Net Cash Provided By Operating Activities	<u>\$ 414,639</u>	<u>\$ 502,941</u>	<u>\$ 38,473</u>	<u>\$ 956,053</u>
Reconciliation of Cash and Cash Equivalents at Year End to Specific Assets Included on the Statement of Net Position				
Restricted Assets:				
Cash and pooled investments	\$ 27,461	\$ -	\$ -	\$ 27,461
Checks written in excess of deposits	<u>(267,077)</u>	<u>(1,475,281)</u>	<u>(15,294)</u>	<u>(1,757,652)</u>
Cash and Cash Equivalents at Year End	<u>\$ (239,616)</u>	<u>\$ (1,475,281)</u>	<u>\$ (15,294)</u>	<u>\$ (1,730,191)</u>
Noncash Capital And Related Financing Activities				
Contributions of capital assets from governmental funds	<u>\$ 217,647</u>	<u>\$ 173,900</u>	<u>\$ -</u>	<u>\$ 391,547</u>

Note 1 - Summary of Significant Accounting Policies

The City of Dyersville, Iowa, is a political subdivision of the State of Iowa located in Dubuque and Delaware counties. It was first incorporated in 1872 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 nonpartisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development, and general government services. It also operates and provides water, sewer, and sanitation utilities.

The financial statements of the City of Dyersville, Iowa, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

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

Excluded Component Unit

The Friends of the Library (Iowa nonprofit corporation) is legally separate from the City. Friends of the Library is governed by a separate board but was formed for the direct benefit of the City. Economic resources received by Friends of the Library are used for the direct benefit of the James Kennedy Public Library. Friends of the Library does not prepare financial statements; therefore, audited financial statements are not available. Management has elected to exclude the transactions of Friends of the Library from the City's financial statements as they are not material.

Jointly Governed Organization

The City also participates in jointly governed organizations that provide goods or services to the citizenry of the City but does 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: Bi-County Ambulance, Dubuque County Assessor's Board, Dubuque County Emergency Management Commission and the Dubuque County E911 Board.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of net position presents the City's nonfiduciary assets, deferred outflows, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets – consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position – result when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – consist of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Fund Financial Statements

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary 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:

General Fund

The General Fund is the general operating fund of the City. All general tax revenues and other revenues 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 expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue Funds

The Dyersville Economic Development TIF Fund is used to account for revenues from the tax authorized by ordinance in the urban renewal district and used to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal redevelopment projects.

Local Option Sales Tax – This fund is used to account for proceeds from the City’s 1% local option sales tax. Funds are used to reduce future borrowings and for general property tax relief.

Road Use Tax – This fund is used to account for road use tax revenues and the expenditures allowed by statute to be paid from the funds received.

Capital Projects Funds

The Capital Improvements Fund is used to account for the resources and costs related to infrastructure and building construction and major improvements.

Debt Service Fund

The Debt Service Fund is utilized to account for the payment of interest and principal on the City’s general long-term debt.

The City reports the following major proprietary funds:

Enterprise Funds

The Water Utility Fund is used to account for the operations of the City’s water facilities and services.

The Sewage Disposal Works Fund is used to account for the operations of the City’s sewage disposal works and services.

Measurement Focus and Basis of Accounting

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

Property tax, local option sales tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted 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 revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The City maintains its financial records on the cash basis. The financial statements of the City are prepared by making memorandum adjusting entries to the cash basis financial records.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

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

Cash, Pooled Investments and Cash Equivalents

The cash balances of most City funds are pooled and invested. Interest earned on investments is recorded in the General Fund, unless otherwise provided by law. Investments consist of money market and savings accounts.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable, Including Tax Increment Financing

Property tax, including tax increment financing, in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2018, and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is unavailable in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds becomes 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, 2016, assessed property valuations; is for the tax accrual period July 1, 2017 through June 30, 2018; and reflects tax asking contained in the budget certified by the County Board of Supervisors in March, 2017.

Customer Accounts and Unbilled Usage

Accounts receivable are recorded in the Enterprise Funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

Due from other Governments

Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories

Inventories are valued at cost using the first-in/first-out method. Inventories in the Enterprise Funds consist of materials and supplies. Inventories are recorded as expenses when consumed rather than when purchased.

Restricted Assets

Funds set aside for payment of Enterprise Fund revenue notes are classified as restricted assets since their use is restricted by applicable note indentures. Other restricted assets include customer deposits restricted for application to unpaid customer accounts or for refund to customers.

Capital Assets

Capital assets, which include property, equipment and vehicles and infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks and similar items which are immovable and of value only to the government) are reported in the applicable governmental or business-type activities columns in the government-wide Statement of Net Position and in the Proprietary Funds Statement of Net Position. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value. The costs of normal maintenance and repair not adding to the value of the asset or materially extending asset lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 5,000
Land, buildings and improvements	5,000
Equipment and vehicles	5,000

Capital assets of the City are depreciated/amortized using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	10 – 50
Building improvements	10 – 20
Infrastructure	15 – 50
Equipment	3.5 – 20
Vehicles	5 – 15

Unavailable Revenue

Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Unavailable revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Unavailable revenue consists of the succeeding year property tax receivable, as well as delinquent property tax receivable and other receivables not collected within sixty days after year end.

Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2018. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Long-term Liabilities

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities column in the Statement of Net Position and the proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

OPEB

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

Deferred Inflows of Resources

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

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date but before the end of the employer's reporting period.

Fund Equity

In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2018, disbursements exceeded the amount budgeted in public works, community and economic development, debt service, and business type functions.

Estimates and Assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Implementation of GASB Statement No. 75

As of July 1, 2017, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits Other Than Pensions*. The implementation of this standard replaces the requirements of GASB Statement No. 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and requires governments calculate and report costs and obligations associated with postemployment benefits other than pensions (OPEB) in their basic financial statements. Employers are required to recognize OPEB amounts for all benefits provided through the plan which include the total OPEB liability and OPEB expense. The effect of the implementation of this standard on beginning net position is disclosed in Note 14 and the additional disclosures required by this standard are included in Note 7.

Note 2 - Cash and Pooled Investments

Deposits. The City's deposits in banks at June 30, 2018, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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 or Board of Trustees and the Treasurer of the State of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

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

Note 3 - Capital Assets

Capital assets activity for the year ended June 30, 2018, was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 5,282,179	\$ -	\$ -	\$ 5,282,179
Construction in progress	236,983	624,435	406,228	455,190
Total capital assets, not being depreciated	<u>5,519,162</u>	<u>624,435</u>	<u>406,228</u>	<u>5,737,369</u>
Capital assets, being depreciated				
Buildings	4,162,226	10,381	-	4,172,607
Improvements other than buildings	1,452,842	163,959	-	1,616,801
Machinery and equipment	2,760,105	127,606	41,918	2,845,793
Infrastructure	9,263,366	36,315	-	9,299,681
Total capital assets, being depreciated	<u>17,638,539</u>	<u>338,261</u>	<u>41,918</u>	<u>17,934,882</u>
Less accumulated depreciation for:				
Buildings	1,947,716	85,497	-	2,033,213
Improvements other than buildings	623,345	88,277	-	711,622
Machinery and equipment	1,857,681	160,667	29,764	1,988,584
Infrastructure	1,379,296	202,237	-	1,581,533
Total accumulated depreciation	<u>5,808,038</u>	<u>536,678</u>	<u>29,764</u>	<u>6,314,952</u>
Total capital assets being depreciated, net	<u>11,830,501</u>	<u>(198,417)</u>	<u>12,154</u>	<u>11,619,930</u>
Governmental activities capital assets, net	<u>\$ 17,349,663</u>	<u>\$ 426,018</u>	<u>\$ 418,382</u>	<u>\$ 17,357,299</u>

City of Dyersville
Notes to the Financial Statements
June 30, 2018

	Balance End of Year	Increases	Decreases	Balance End of Year
Business-Type Activities:				
Capital assets, not being depreciated:				
Land	\$ 210,280		\$ -	\$ 210,280
Construction in progress	4,908,944	99,469	4,612,333	396,080
Total capital assets, not being depreciated	<u>5,119,224</u>	<u>99,469</u>	<u>4,612,333</u>	<u>606,360</u>
Capital assets, being depreciated				
Improvements other than buildings	45,237	-	-	45,237
Equipment and vehicles	1,286,875	15,533	20,000	1,282,408
Infrastructure, water and sewer network	22,944,621	5,012,742	-	27,957,363
Total capital assets, being depreciated	<u>24,276,733</u>	<u>5,028,275</u>	<u>20,000</u>	<u>29,285,008</u>
Less accumulated depreciation for:				
Improvements other than buildings	18,284	2,262	-	20,546
Equipment and vehicles	745,194	85,849	11,667	819,376
Infrastructure, water and sewer network	5,966,256	496,794	-	6,463,050
Total accumulated depreciation	<u>6,729,734</u>	<u>584,905</u>	<u>11,667</u>	<u>7,302,972</u>
Total capital assets being depreciated, net	<u>17,546,999</u>	<u>4,443,370</u>	<u>8,333</u>	<u>21,982,036</u>
Business-type activities capital assets, net	<u>\$ 22,666,223</u>	<u>\$ 4,542,839</u>	<u>\$ 4,620,666</u>	<u>\$ 22,588,396</u>

Depreciation expense was charged to functions of the City as follows:

Governmental activities:	
Public safety	\$ 107,520
Public works	202,069
Culture and recreation	132,880
General government	94,209
Total depreciation expense - governmental activities	<u>\$ 536,678</u>
Business-type activities:	
Water	\$ 240,906
Sewage disposal works	314,548
Solid waste	29,451
Total depreciation expense - business-type activities	<u>\$ 584,905</u>

Note 4 - Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2018, is as follows:

	Balance June 30, 2017 (as restated)	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Governmental Activities					
General Obligation					
Bonds/Notes	\$ 3,885,000	\$ 2,487,570	\$ 2,815,000	\$ 3,557,570	\$ 383,380
Capital Lease Purchase					
Agreements	29,654	-	9,518	20,136	7,376
Compensated Absences	153,723	282,138	153,723	282,138	282,138
Net OPEB Liability	27,866	1,726	1,872	27,720	-
Net Pension Liability	464,562	43,496	-	508,058	-
	<u>\$ 4,560,805</u>	<u>\$ 2,814,930</u>	<u>\$ 2,980,113</u>	<u>\$ 4,395,622</u>	<u>\$ 672,894</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.

	Balance June 30, 2017 (as restated)	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Business-Type Activities					
General Obligation					
Bonds/Notes	\$ 4,365,000	\$ 1,907,430	\$ 2,265,000	\$ 4,007,430	\$ 401,620
Revenue Bonds	4,658,862	859,961	424,094	5,094,729	429,000
Capital Lease Purchase					
Agreements	88,434	-	48,162	40,272	14,752
Compensated Absences	54,092	71,618	54,092	71,618	71,618
Net OPEB Liability	9,289	574	625	9,238	-
Net Pension Liability	199,923	20,695	-	220,618	-
	<u>\$ 9,375,600</u>	<u>\$ 2,860,278</u>	<u>\$ 2,791,973</u>	<u>\$ 9,443,905</u>	<u>\$ 916,990</u>

Capital Lease Purchase Agreement

The City has entered into a capital lease purchase agreement to lease four trucks with historical costs of \$427,183, accumulated depreciation of \$322,598, and a net book value of \$104,585. The lease has interest of 3.75% per annum. The present value of net minimum lease payments under the agreement in effect at June 30, 2018 is as follows:

Governmental Activities:

Year Ending June 30,	Trucks
2019	\$ 8,085
2020	10,497
2021	2,624
Total minimum lease payments	21,206
Less amounts representing interest	(1,070)
Present value of net minimum lease payments	\$ 20,136

Business-Type Activities:

Year Ending June 30,	Trucks
2019	\$ 16,170
2020	20,994
2021	5,248
Total minimum lease payments	42,412
Less amounts representing interest	(2,140)
Present value of net minimum lease payments	\$ 40,272

General Obligation Bonds/Notes

Governmental activities:

Three issues of unmatured general obligation bonds/notes, totaling \$3,557,570, are outstanding at June 30, 2018. General obligation bonds/notes bear interest at rates ranging from 0.50% to 3.60% per annum and mature in varying annual amounts, ranging from \$30,000 to \$300,000, with the final maturities due in the year ending June 30, 2029.

Business-type activities:

Three issues of unmatured general obligation bonds/notes, totaling \$4,007,430, are outstanding at June 30, 2018. General obligation bonds/notes bear interest at rates ranging from 0.50% to 3.60% per annum and mature in varying annual amounts, ranging from \$30,000 to \$160,000, with the final maturities due in the year ending June 30, 2028.

City of Dyersville
Notes to the Financial Statements
June 30, 2018

Details of general obligation bonds/notes payable at June 30, 2018, are as follows:

Governmental activities:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Amount Outstanding End of Year
General obligation bonds/notes:						
Refunding & economic development	08/11/11	0.80 - 3.60%	06/01/26	30,000 - 50,000	\$ 735,000	\$ 315,000
General obligation corporate purpose	01/28/14	0.50 - 3.40%	06/01/29	60,000 - 110,000	1,350,000	755,000
Refunding & economic development	03/15/18	1.85 - 2.90%	06/01/27	240,000 - 300,000	2,487,570	2,487,570
Total general obligation notes						<u>\$ 3,557,570</u>

A summary of the annual general obligation bond/note principal and interest requirements to maturity by year is as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 383,380	\$ 101,619	\$ 484,999
2020	352,530	82,090	434,620
2021	363,850	74,908	438,758
2022	368,850	67,027	435,877
2023	380,170	58,367	438,537
2024-2028	1,638,790	135,635	1,774,425
2029	<u>70,000</u>	<u>2,380</u>	<u>72,380</u>
Total	<u>\$ 3,557,570</u>	<u>\$ 522,026</u>	<u>\$ 4,079,596</u>

Business-type activities:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Amount Outstanding End of Year
General obligation bonds/notes:						
Sewer improvements	08/11/11	0.80 - 3.60%	06/01/26	100,000 - 120,000	\$ 1,275,000	\$ 855,000
Water improvements	08/11/11	0.80 - 3.60%	06/01/26	30,000 - 40,000	455,000	280,000
Sewer improvements	01/28/14	0.50 - 3.40%	06/01/28	55,000 - 70,000	875,000	605,000
Water improvements	01/28/14	0.50 - 3.40%	06/01/28	30,000 - 40,000	510,000	360,000
Sewer improvements	03/15/18	1.85 - 2.90%	06/01/27	55,000 - 70,000	584,535	584,535
Water improvements	03/15/18	1.85 - 2.90%	06/01/27	125,000 - 160,000	1,322,895	1,322,895
Total general obligation bonds/notes						<u>\$ 4,007,430</u>

A summary of the annual general obligation debt principal and interest requirements to maturity by year is as follows:

Years Ending June 30,	Principal	Interest	Total
2019	\$ 401,620	\$ 115,406	\$ 517,026
2020	417,470	97,853	515,323
2021	431,150	88,772	519,922
2022	436,150	78,748	514,898
2023	454,830	67,808	522,638
2024-2028	<u>1,866,210</u>	<u>144,577</u>	<u>2,010,787</u>
Total	<u>\$ 4,007,430</u>	<u>\$ 593,164</u>	<u>\$ 4,600,594</u>

Revenue Bonds

The City has pledged future sewer customer revenues, net of specified operating expenses, to repay approximately \$7,461,000 in sewer revenue bonds issued in August 2001, February 2010, and April 2016. Proceeds from the bonds provided financing for the construction of improvements to the sewer treatment plant. The bonds are payable solely from sewer customer net receipts and are payable through 2037. The total principal and interest remaining to be paid on the bonds is \$5,507,947. For the current year, principal and interest paid and total customer net revenues plus depreciation expense were \$459,520 and \$901,853, respectively. Annual principal and interest payments on the above sewer revenue bonds are expected to require 50 percent of net revenues plus depreciation expense.

The City has pledged future water customer revenues, net of specified operating expenses, to repay \$1,192,250 in water revenue bonds issued in February 2002, April 2003, and August 2016. Proceeds from the bonds provided financing for the construction of improvements to the water well. The bonds are payable solely from water customer net receipts and are payable through 2036. The total principal and interest remaining to be paid on the bonds is \$561,200. For the current year, principal and interest paid and total customer net revenues plus depreciation expense were \$80,055 and \$415,558, respectively. Annual principal and interest payments on the above water revenue bonds are expected to require 20 percent of net revenues plus depreciation expense.

Nine issues of unmatured Iowa Finance Authority revenue bonds, totaling \$5,094,729, are outstanding at June 30, 2018. These bonds bear interest at rates ranging from 1.75% to 3.00% and mature in varying annual amounts, ranging from \$4,000 to \$226,000, with the final maturity due in the year ending June 30, 2037.

The resolutions providing for the issuance of the revenue bonds include the following provisions:

- 1) The bonds will only be redeemed from the future earnings of the enterprise activity, and the bond holders hold a lien on the future earnings of the funds.
- 2) User rates shall be established at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the bonds falling due in the same year.

During the year ended June 30, 2018, the City was in compliance with the revenue bond provisions.

Details of the revenue bonds payable at June 30, 2018, are as follows:

A summary of the annual revenue bonds principal and interest requirements to maturity by year is as follows:

Business-type activities:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Amount Outstanding End of Year
Revenue bonds:						
Sewer improvements	08/01/01	1.75%	06/01/22	\$54,000 - 61,000	\$ 862,751	\$ 230,000
Sewer improvements	08/01/01	1.75%	06/01/22	39,000 - 44,000	627,500	167,000
Sewer improvements	08/01/01	1.75%	06/01/22	28,000 - 31,000	444,749	118,000
Sewer improvements	08/01/01	1.75%	06/01/22	21,000 - 23,000	334,000	88,000
Well improvements	02/08/02	1.75%	06/01/22	47,000 - 51,000	785,000	196,000
Well improvements	04/16/03	1.75%	06/01/22	4,000	64,000	16,000
Sewer improvements	02/10/10	3.00%	06/01/30	55,000 - 78,000	1,192,000	789,000
Sewer improvements	04/18/16	1.75%	06/01/37	71,700 - 226,000	4,000,000	3,201,729
Well Improvements	08/05/16	1.75%	06/01/36	13,000 - 19,000	343,250	289,000
Total revenue bonds						<u>\$ 5,094,729</u>

Years Ending June 30,	Principal	Interest	Total
2019	\$ 429,000	\$ 112,075	\$ 541,075
2020	442,000	103,742	545,742
2021	456,000	95,153	551,153
2022	465,000	86,303	551,303
2023	259,000	77,265	336,265
2024-2028	1,386,000	301,714	1,687,714
2029-2033	1,304,000	155,047	1,459,047
2034-2037	<u>353,729</u>	<u>43,120</u>	<u>396,849</u>
Total	<u>\$ 5,094,729</u>	<u>\$ 974,419</u>	<u>\$ 6,069,148</u>

Note 5 - Transfers

Transfer To	Transfer From	Amount
Capital Improvements	Local Option Sales Tax	\$ 725,242
	General	<u>132,565</u>
		857,807
Debt Service	Dyersville Economic Development TIF	294,655
Non-major governmental	General	<u>2,870</u>
Total		<u><u>\$ 1,155,332</u></u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. Net capital assets of \$217,647 were transferred from governmental activities to water. Net capital assets of \$173,900 were transferred from governmental activities to sewer. The transfers were reported as capital contributions in the enterprise funds.

Note 6 - Pension and Retirement Benefits

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees’ Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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, anytime 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. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Protection occupation members may retire at normal retirement age which is generally at 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 members' monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 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 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits

A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions

Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS' Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2018, pursuant to the required rate, Regular members contributed 5.95 percent of covered payroll and the City contributed 8.93 percent for a total rate of 14.88 percent. Protective occupation members contributed 6.56 percent of covered payroll and the City contributed 9.84 percent for a total rate of 16.40 percent.

The City's total contributions to IPERS for the year ended June 30, 2018 were \$103,984.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2018, the City reported a liability of \$728,676 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2017, the City's collective proportion was .010939 percent which was an increase of .000380 percent from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City recognized pension expense of \$130,688. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,550	\$ 10,234
Changes of assumptions	167,587	47
Net difference between projected and actual earnings on pension plan investments	-	11,080
Changes in proportion and differences between City contributions and proportionate share of contributions	21,967	14,704
City contributions subsequent to the measurement date	103,984	-
Total	\$ 301,088	\$ 36,065

\$103,984 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending June 30,	Total
2019	\$ 19,768
2020	75,218
2021	46,435
2022	6,724
2023	12,894
	\$ 161,039

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study dated March 24, 2017.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real rate of Return</u>
US Equity	24%	6.25
Non US Equity	16	6.71
Core Plus Fixed Income	27	2.25
Public Credit	3.5	3.46
Public Real Assets	7	3.27
Private Equity	11	11.15
Private Real Assets	7.5	4.18
Private Credit	3	4.25
Cash	1	(0.31)
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's 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 pension plan 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 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6 percent) or 1-percentage-point higher (8 percent) than the current rate.

	1% Decrease (6%)	Discount Rate (7%)	1% Increase (8%)
City's Proportionate share of the net pension liability	\$ 1,380,853	\$ 728,676	\$ 180,916

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS’ website at www.ipers.org.

Payables to the Pension Plan

At June 30, 2018, the City reported payables to the defined benefit pension plan of \$10,068 for legally required employer contributions and \$6,709 for legally required employee contributions which had been withheld from employee wages but not remitted to IPERS.

Note 7 - Other Postemployment Benefits (OPEB)

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees and retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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 and drug benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	<u>20</u>
Total	<u><u>20</u></u>

Total OPEB Liability – The City’s total OPEB liability of \$36,958 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2018)	3.00 percent per annum
Rates of salary increase (effective June 30, 2018)	3.00 percent per annum, including inflation.
Long-term investment rate of return (effective June 30, 2018)	3.58 percent compounded annually, including inflation
Healthcare cost trend rate (effective June 30, 2018)	5.00 percent per annum

Discount Rate – The discount rate used to measure the total OPEB liability was 3.58% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the 2012 United States Life Tables. Annual retirement probabilities are based on historical average retirement age for the covered group. Active plan members were assumed to retire at age 62, or the first subsequent year in which the member would qualify for benefits. 10% is the assumed future retiree participation rate.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Change in the Total OPEB Liability

Total OPEB Liability beginning of year, as restated	\$ 37,154
Changes for the Year:	
Service Cost	2,092
Interest	1,321
Differences between expected and actual experiences	(2,298)
Changes in assumptions	1,185
Benefit payments	(2,496)
Net Changes	<u>(196)</u>
Total OPEB Liability end of year	<u>\$ 36,958</u>

Changes of assumptions reflect a change in the discount rate from 4.50 percent in fiscal year 2017 to 3.58 percent in fiscal year 2018.

Sensitivity of the City’s Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percent-point lower (2.58 percent) or 1-percent-point higher (4.58 percent) than the current discount rate.

	1% Decrease (2.58%)	Discount Rate (3.58%)	1% Increase (4.58%)
Total OPEB Liability	\$ 39,876	\$ 36,958	\$ 33,877

Sensitivity of the City’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percent-point lower (4.0%) or 1-percentage-point higher (6.0%) than the current healthcare cost trend rates.

	1% Decrease (4.0%)	Discount Rate (5.0%)	1% Increase (6.0%)
Total OPEB Liability	\$ 31,977	\$ 36,958	\$ 42,930

The City does not recognize deferred outflows of resources or deferred inflows of resources related to OPEB because the City uses the alternative measurement method allowed under GASB 75.

Note 8 - Industrial Development Revenue Bonds

The City has issued a total of \$5,500,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa, of which \$1,961,665 is outstanding at June 30, 2018. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The bond principal and interest do not constitute liabilities of the City.

Note 9 - Risk Management

The City of Dyersville 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.

Note 10 - Construction Commitments and Subsequent Events

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2018. The City has additional commitments for signed construction and engineering contracts of approximately \$705,000 as of June 30, 2018, to be paid as work progresses.

On July 16, 2018, the City authorized annual appropriation tax increment payments and pledged certain tax increment revenues to Farm Tek in a total not to exceed \$1,600,000.

On August 20, 2018, the City traded in two 2008 International dump trucks and entered into a capital lease for two 2019 International dump trucks. The purchase price, net of trade-in allowance, was \$183,800. Under the terms of the lease, the City has committed to pay \$31,067 annually for 7 years.

On August 20, 2018, the City approved an agreement for engineering services with IIW, P.C. for the Candy Cane Park to Westside Park Trail Bridge Connection at an estimated cost of \$112,600.

On October 1, 2018, the City approved an estimate from Top Grade Excavating for the installation of a storm sewer within and along 6th Avenue and 9th Street NW in the amount of \$46,727.

On December 3, 2018, the City approved an agreement for engineering services with IIW, P.C. for the X-49 roadway and storm sewer improvements at an approximate cost of \$172,900.

Management has evaluated subsequent events through January 30, 2019, the date which the financial statements were available to be issued.

Note 11 - Tax Abatements

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 revenues to which they are otherwise entitled and (b) the individual or entity promise 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.

For the year ended June 30, 2018, the City abated \$522,725 of property tax under the urban renewal and economic development projects.

Note 12 - Urban Renewal Development Agreements

The City has entered into tax increment financing agreements. The City agreed to assist in urban renewal projects by rebating incremental taxes paid by the participating companies with respect to the improvements set forth in the urban renewal plan. The incremental taxes to be received by the City under Chapter 403.19 of the Code of Iowa from the participating companies will be rebated beginning with the tax year in which the property taxes on the completed value of the improvements are first paid. The City has agreed to provide tax increment payments in a total amount not exceeding \$8,885,268.

Note 13 - Prospective Accounting Changes

The Governmental Accounting Standards Board (GASB) has issued six statements not yet implemented by the City. The statements which might impact the City are as follows:

Statement No. 83, *Certain Asset Retirement Obligations*, will be effective for fiscal year ending June 30, 2019. The objective of this Statement is to address legally enforceable liabilities associated with tangible capital assets.

Statement No. 84, *Fiduciary Activities*, will be effective for fiscal year ending June 30, 2020. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

Statement No. 87, *Leases*, will be effective for fiscal year ending June 30, 2021. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.

Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, will be effective for the fiscal year ending June 30, 2019. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, will be effective for the fiscal year ending June 30, 2020. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

Statement No. 90, *Majority Equity Interests*, will be effective for fiscal year ending June 30, 2020. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units

The City's management has not yet determined the effect these statements will have on the City's financial statements.

Note 14 - Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*, was implemented during fiscal year 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with OPEB benefits, including additional note disclosure and required supplementary information. As allowed by GASB Statement No. 75, the City uses the alternative measurement method. Beginning net position for governmental and business type activities was restated to retroactively report the change in valuation of the beginning total OPEB liability, as follows:

	Governmental Activities	Business Type Activities			Total
		Water	Sewer	Solid Waste	
Net Position June 30, 2017 as previously reported	\$ 17,387,642	\$ 5,303,735	\$ 5,551,941	\$ 4,615	\$ 10,860,291
Change in OPEB liability	(5,258)	(715)	(715)	(323)	(1,753)
Net Position July 1, 2017 as restated	<u>\$ 17,382,384</u>	<u>\$ 5,303,020</u>	<u>\$ 5,551,226</u>	<u>\$ 4,292</u>	<u>\$ 10,858,538</u>

Note 15 - Deficit Balance

The deficit balance in the Capital Projects Fund is the result of project costs in excess of available funds. This deficit will be eliminated upon collection of grant proceeds and transfers from the Local Option Sales Tax fund and the General Fund.

Required Supplementary Information
June 30, 2018
City of Dyersville, Iowa

City of Dyersville

Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances – Budget and Actual (Cash Basis) – Governmental Funds and Proprietary Funds and Budget to GAAP Reconciliation
Required Supplementary Information
Year Ended June 30, 2018

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Original Budget	Final Budget	Variance with Final Budget-Positive (Negative)
Receipts:						
Property tax	2,179,416	-	\$ 2,179,416	\$ 2,049,529	\$ 2,049,529	\$ 129,887
Tax increment financing	761,753	-	761,753	755,613	755,613	6,140
Other city tax	788,538	-	788,538	856,012	856,012	(67,474)
Licenses and permits	20,432	-	20,432	20,600	20,600	(168)
Use of money and property	68,647	-	68,647	59,350	59,350	9,297
Intergovernmental	553,106	-	553,106	678,283	692,283	(139,177)
Charges for service	209,398	2,613,778	2,823,176	2,461,735	2,461,735	361,441
Special assessments	7,426	-	7,426	10,000	10,000	(2,574)
Miscellaneous	76,253	45,801	122,054	59,700	69,700	52,354
Total receipts	4,664,969	2,659,579	7,324,548	6,950,822	6,974,822	349,726
Disbursements:						
Public safety	893,956	-	893,956	977,660	1,019,660	125,704
Public works	721,387	-	721,387	663,318	678,318	(43,069)
Health and social services	1,300	-	1,300	1,300	1,300	-
Culture and recreation	946,707	-	946,707	1,029,946	1,069,838	123,131
Community and economic development	550,860	-	550,860	414,900	414,900	(135,960)
General government	395,128	-	395,128	357,331	402,331	7,203
Debt service	519,171	-	519,171	507,683	507,683	(11,488)
Capital projects	1,002,784	-	1,002,784	395,000	5,320,000	4,317,216
Business-type activities	-	4,776,210	4,776,210	4,030,859	4,085,859	(690,351)
Total disbursements	5,031,293	4,776,210	9,807,503	8,377,997	13,499,889	3,692,386
Receipts Over (Under)						
Disbursements	(366,324)	(2,116,631)	(2,482,955)	(1,427,175)	(6,525,067)	4,042,112
Other Financing Sources (Uses), Net	27,570	2,771,141	2,798,711	1,701,000	6,101,000	(3,302,289)
Excess (Deficiency) Of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses						
	(338,754)	654,510	315,756	273,825	(424,067)	739,823
Balances Beginning of Year	4,343,979	(2,384,701)	1,959,278	1,406,985	1,406,985	552,293
Balances End of Year	<u>\$ 4,005,225</u>	<u>(1,730,191)</u>	<u>\$ 2,275,034</u>	<u>\$ 1,680,810</u>	<u>\$ 982,918</u>	<u>\$ 1,292,116</u>
Budget To GAAP Reconciliation						
	Governmental Funds			Proprietary Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Accrual Basis
Revenues	\$ 4,664,969	\$ (17,121)	\$ 4,647,848	\$ 2,659,579	\$ 81,509	\$ 2,741,088
Expenditures/Expenses	5,031,293	(41,736)	4,989,557	4,776,210	(2,589,321)	2,186,889
Net	(366,324)	24,615	(341,709)	(2,116,631)	2,670,830	554,199
Other Financing Sources, Net	27,570	-	27,570	2,771,141	(2,349,314)	421,827
Beginning Fund Balances/Net Position	4,343,979	26,309	4,370,288	(2,384,701)	5,676,786	10,858,538
Ending Fund Balances/Net Position	<u>\$ 4,005,225</u>	<u>\$ 50,924</u>	<u>\$ 4,056,149</u>	<u>\$ (1,730,191)</u>	<u>\$ 5,998,302</u>	<u>\$ 11,834,564</u>

The budgetary comparison is presented as Required Supplementary Information in accordance with Government 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. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund or fund type. 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, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, and 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 approximately \$5,122,000. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2018, disbursements in the public works, community and economic development, debt service, and business type activities exceeded the amount budgeted.

City of Dyersville
City's Proportionate Share of IPERS Net Pension Liability
For Year Ended June 30, 2018

Fiscal Year Ended	City's proportion of the net pension liability	City's proportionate share of the net pension liability	City's covered- payroll	City's proportionate share of the net pension liability as a percentage of its covered- payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.010939%	\$ 728,676	\$ 1,124,860	64.78%	82.21%
2017	0.010559%	664,484	1,056,968	62.87%	81.82%
2016	0.009771%	482,753	1,046,526	46.13%	85.19%
2015	0.092690%	367,582	1,019,999	36.04%	87.61%

The amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

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

City of Dyersville
 IPERS Contributions – Last 10 Fiscal Years
 For Year Ended June 30, 2018

Fiscal Year Ended	Statutorily Required Contribution	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	City's Covered- Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 103,984	\$ 103,984	-	\$ 1,130,916	9.19%
2017	103,724	103,724	-	1,124,860	9.22%
2016	97,313	97,313	-	1,056,968	9.21%
2015	97,306	97,306	-	1,046,526	9.30%
2014	93,029	93,029	-	1,019,999	9.12%
2013	90,571	90,571	-	990,311	9.15%
2012	83,413	83,413	-	965,432	8.64%
2011	83,666	83,666	-	1,075,542	7.78%
2010	89,100	89,100	-	755,165	11.80%
2009	68,355	68,355	-	911,391	7.50%

Changes of Benefit Terms

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

Changes of Assumptions

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.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

City of Dyersville
 Schedule of Changes in Total OPEB Liability, Related Ratios, and Notes
 Year Ended June 30, 2018

	Service cost	Interest cost	Difference between expected and actual	Changes in assumptions	Benefit payments	Net change in total OPEB liability	Net OPEB liability beginning of year, as restated	Net OPEB liability end of year	Covered employee payroll	Total OPEB liability as a % of covered-employee payroll
2018 \$	2,092	\$ 1,321	\$ (2,298)	\$ 1,185	\$ (2,496)	\$ (196)	\$ 37,154	\$ 36,958	\$ 1,261,681	2.93%

See Note 7 in the accompanying Notes to the Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

Notes to Schedule of Changes in Total OPEB Liability and Related Ratios

Changes of Benefit Terms

There were no significant changes in benefit terms.

Changes of Assumptions

There were no significant changes in assumptions.

Note: GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full ten-year trend is compiled, the City will present information for these years for which information is available.

Other Supplementary Information
June 30, 2018
City of Dyersville, Iowa

Nonmajor Governmental Funds

Special Revenue Funds

CDBG – This fund is used to account for all revenues and expenses funded by Community Development Block Grants.

Library Trust - This fund is used to account for the donations received for the library and for the use of such donations for library equipment and improvements.

City of Dyersville
 Schedule 1 – Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2018

	Special Revenues		Total Nonmajor Governmental Funds
	CDBG	Library Trust	
Assets			
Restricted cash	\$ -	\$ 56,442	\$ 56,442
Fund Balances			
Restricted for Library	\$ -	\$ 56,442	\$ 56,442

City of Dyersville
Schedule 2 – Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2018

	Special Revenue		Total Nonmajor Governmental Funds
	CDBG	Library Trust	
Revenues			
Use of money and property	\$ -	\$ 168	\$ 168
Intergovernmental	1,308	-	1,308
Charges for service	-	31,281	31,281
Miscellaneous	9,808	-	9,808
Total Revenues	<u>11,116</u>	<u>31,449</u>	<u>42,565</u>
Expenditures			
Operating			
Public safety	13,986	-	13,986
Culture and recreation	-	27,468	27,468
Total Expenditures	<u>13,986</u>	<u>27,468</u>	<u>41,454</u>
Revenues over expenditures	(2,870)	3,981	1,111
Other Financing Sources			
Transfers in	2,870	-	2,870
Net Change In Fund Balances	-	3,981	3,981
Fund Balances, Beginning of Year	-	52,461	52,461
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ 56,442</u>	<u>\$ 56,442</u>

City of Dyersville
Schedule 3 – Schedule of Revenues by Source and Expenditures by Function
All Governmental Funds
For the Last Ten Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Property tax	\$ 2,176,537	\$ 2,053,839	\$ 2,170,818	\$ 2,192,886	\$ 1,780,816	\$ 1,605,041	\$ 1,548,543	\$ 1,610,731	\$ 1,499,214	\$ 1,447,583
Tax increment financing	755,366	955,457	628,651	514,708	828,249	1,112,175	1,289,505	709,582	623,742	362,399
Other city tax	790,735	797,763	807,984	806,905	746,975	700,828	658,198	640,674	620,724	616,627
Licenses and permits	21,412	23,745	21,808	21,189	17,917	24,677	19,988	15,908	19,875	17,808
Use of money and property	68,944	57,437	56,419	49,146	43,873	30,333	35,790	50,070	103,081	200,559
Intergovernmental	539,231	658,406	1,131,944	1,028,030	1,106,692	2,516,641	1,747,062	1,884,647	2,142,239	605,322
Charges for service	211,439	199,144	193,209	188,371	213,230	203,753	210,754	276,185	308,616	250,551
Special assessments	7,170	5,727	4,445	5,756	16,693	128,626	1,186	3,444	6,536	7,993
Miscellaneous	77,014	54,634	215,815	63,838	89,407	145,267	610,642	30,332	48,962	60,903
Total Revenues	\$ 4,647,848	\$ 4,806,152	\$ 5,231,093	\$ 4,870,829	\$ 4,843,852	\$ 6,467,341	\$ 6,121,668	\$ 5,221,573	\$ 5,372,989	\$ 3,569,745
Expenditures:										
Operating:										
Public safety	\$ 927,844	\$ 923,469	\$ 995,527	\$ 833,124	\$ 1,126,165	\$ 1,454,666	\$ 2,136,818	\$ 2,077,083	\$ 1,232,499	\$ 1,180,029
Public works	749,145	634,155	504,912	527,001	544,635	561,285	576,256	653,289	487,664	498,396
Health and social services	1,300	-	1,300	1,300	1,300	900	800	800	1,512,275	800
Culture and recreation	958,779	952,063	836,880	843,487	930,238	1,068,962	1,034,830	832,260	784,875	813,427
Community and economic development	546,036	406,022	344,543	199,562	445,659	133,852	113,970	127,477	139,035	117,228
General government	435,768	373,278	318,785	296,770	375,424	318,460	322,999	293,061	289,658	303,319
Debt service	529,493	533,932	623,973	729,587	601,501	547,512	793,679	515,827	988,064	669,562
Capital projects	841,192	978,127	942,790	302,574	1,127,594	2,108,306	2,339,545	667,448	1,532,747	59,057
Total Expenditures	\$ 4,989,557	\$ 4,801,046	\$ 4,568,710	\$ 3,733,405	\$ 5,152,516	\$ 6,193,943	\$ 7,318,897	\$ 5,167,245	\$ 6,966,817	\$ 3,641,818

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
City of Dyersville, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Dyersville as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the City’s basic financial statements listed in the table of contents, and have issued our report thereon dated January 30, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Dyersville’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Dyersville’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Dyersville’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 Dyersville’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 over financial reporting was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Honorable Mayor and
Members of the City Council
City of Dyersville, Iowa
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Dyersville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in Part II of the accompanying schedule of findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2018 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.

Purpose of This Report

The purpose of this report, a public record by law, 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.

HOGAN - HANSEN

HOGAN - HANSEN

Waterloo, Iowa
January 30, 2019

**CITY OF DYERSVILLE, IOWA
 SCHEDULE OF FINDINGS
 YEAR ENDED JUNE 30, 2018**

Part I: Findings Related to the Financial Statements:

Instances of Noncompliance

There were no matters reported.

Internal Control Deficiencies

There were no matters reported.

Part II: Other Findings Related to Statutory Reporting:

18-II-A Certified Budget - Disbursements during the year ended June 30, 2018 exceeded the amounts budgeted in the Public Works, Community and Economic Development, Debt Service and Business-Type Activities functions. In addition, disbursements exceeded the amounts budgeted prior to the budget amendment in the Capital Projects function. Chapter 384.20 of the Code of Iowa states, in part, “Public moneys may not be expended or encumbered except under an annual or continuing appropriation.”

Auditor’s Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

City’s Response - The City has been making efforts to review the receipts and disbursements in a timely manner.

Auditor’s Conclusion - Response accepted.

18-II-B Questionable Disbursements - We noted no expenditures which did not appear to meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

18-II-C Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

18-II-D Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Angela English, Library Secretary, husband owns Ross English Insurance	Insurance	\$ 157,083
Mary Klostermann, Board of Adjustment, and Kevin Klostermann, Parks and Recreation, owners of Computer Doctors	Maintenance/software licenses	23,246

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions above may represent a conflict of interest since the transactions exceeded \$1,500 during the fiscal year and were not entered into through competitive bidding.

CITY OF DYERSVILLE, IOWA
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2018

Auditor's Recommendation - The City should consult legal counsel to determine the disposition of this matter.

City's Response - The City has consulted with legal counsel regarding this matter and believes it is compliant under Chapter 362.5(3)(j) of the Code of Iowa.

Auditor's Conclusion - Response accepted.

18-II-E **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.

18-II-F **City Council Minutes** - No transactions were found that we believe should have been approved in the City Council minutes but were not.

18-II-G **Revenue Bonds** - No instances of noncompliance with the resolutions providing for the issuance of the water and sewer revenue bonds were noted.

18-II-H **Deposits and Investments** - No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

18-II-I **Financial Condition** - As of June 30, 2018, the Capital Improvements Fund had a deficit fund balance of \$109,676.

Auditor's Recommendation - The City should investigate alternatives to eliminate the deficit to return the fund to a sound financial position.

City's Response - The City anticipates that future transfers will eliminate the deficit.

Auditor's Conclusion - Response accepted.

18-II-J **Payment of General Obligation Notes** - Certain general obligation notes were paid from the Enterprise, Water Utility and Sewage Disposal Works Funds. Chapter 384.4 of the Code of Iowa states, in part, "Moneys pledged or available to service general obligation notes, and received from sources other than property tax, must be deposited in the debt service fund."

Auditor's Recommendation - The City should transfer funds from the Enterprise, Water Utility and Sewage Disposal Works Funds to the Debt Service Fund for future funding contributions. Payments of the notes should then be disbursed from the Debt Service Fund.

City's Response - The City will consider this recommendation.

Auditor's Conclusion - Response accepted.

CITY OF DYERSVILLE, IOWA
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2018

18-II-K Urban Renewal Annual Report - The urban renewal annual report was properly approved and certified to the Iowa Department of Management on or before December 1, and no exceptions were noted.

18-II-L Tax Increment Financing (TIF) - The following issues were noted:

- The City certified \$100,000 for a TIF obligation, but paid the local business \$173,900.
- When the City issued the Series 2018 General Obligation Refunding Bonds, the entire cost of the fee paid to the bond financial consultants was recorded to the Dyersville Economic Development TIF Fund.
- Certain TIF obligations are subject to annual appropriation by the City Council. The City included all of the TIF obligation on Form 1.1, but should have only included the annual appropriated amount.

Auditor's Recommendation - We recommend the following to resolve each of the issues noted above, in their respective order:

- The City should consult with legal counsel on how to resolve the under-certification.
- The City should determine the amount of the bond consultant fee that should have been charged to the Debt Service, Water Utility and Sewer Disposal Works Funds; and process a transfer in order to move cash back to the Dyersville Economic Development TIF Fund.
- The City should review the instructions for the TIF certification forms and ensure that the proper amounts are being reported on each form.

City's Response - The City will consult with legal counsel to resolve the under-certification of TIF obligations. The City will also transfer the appropriate amount of bond consultant fees to the proper funds. The City will consult with its financial consultant to ensure that TIF certification forms are properly completed each year.

Auditor's Conclusion - Response accepted.