

CITY OF SLATER

Independent Auditors' Reports
Basic Financial Statements
Supplementary and Other Information
Schedule of Findings

June 30, 2020

Table of Contents

	<u>Page</u>
Officials	1
Independent Auditors' Report	2-3
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statement:	
Cash Basis Statement of Activities and Net Position	A 4-5
Governmental Fund Financial Statement:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B 6-7
Proprietary Fund Financial Statement:	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C 8
Notes to Financial Statements	9-20
Other Information:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Funds	21-22
Notes to Other Information – Budgetary Reporting	23
Schedule of the City's Proportionate Share of the Net Pension Liability	24-25
Schedule of City Contributions	26-27
Notes to Other Information – Pension Liability	28
Supplementary Information:	<u>Schedule</u>
Schedule of Indebtedness	1 29-30
Bond and Note Maturities	2 31
Schedule of Receipts by Source and Disbursements by Function – All Governmental Funds	3 32-33
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	34-35
Schedule of Findings	36-41
Staff	42

CITY OF SLATER

Officials

(Before January 2020)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
John Kahler	Mayor	Jan 2020
Steve Ransom	Mayor Pro tem	Jan 2020
Christina Howell	Council Member	Jan 2020
Ken May	Council Member	Jan 2022
Susan Erickson	Council Member	Jan 2022
Shawn Birdsall	Council Member	Jan 2022
Jennifer Davies	City Administrator/Clerk	Indefinite
Meredith Nerem	City Attorney	Indefinite

(After January 2020)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
John Kahler	Mayor	Jan 2024
Ken May	Mayor Pro tem	Jan 2022
Susan Erickson	Council Member	Jan 2022
Shawn Birdsall	Council Member	Jan 2022
Christina Howell	Council Member	Jan 2024
Joel Newman	Council Member	Jan 2024
Jennifer Davies	City Administrator/Clerk	Indefinite
Meredith Nerem	City Attorney	Indefinite



C E R T I F I E D ♦ P U B L I C ♦ A C C O U N T A N T S

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Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Basis of Accounting

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

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Slater's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2012, the year ended June 30, 2015, and the three years ended June 30, 2019, respectively, (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The Other Information, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on 21 through 28, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 19, 2020 on our consideration of the City of Slater's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Slater's internal control over financial reporting and compliance.

Bowman and Miller, P.C.

Marshalltown, Iowa
August 19, 2020

CITY OF SLATER
Cash Basis Statement of Activities and Net Position
As of and for the year ended June 30, 2020

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 187,553	40,352	33,771	-
Public works	182,369	-	191,394	-
Health and social services	6,700	-	-	-
Culture and recreation	475,338	22,124	29,936	31,327
Community and economic development	320,018	-	12,275	-
General government	211,817	22,500	-	-
Debt service	339,783	-	-	-
Capital projects	1,055,367	-	-	-
Total governmental activities	<u>2,778,945</u>	<u>84,976</u>	<u>267,376</u>	<u>31,327</u>
Business type activities:				
Water	194,115	306,984	-	-
Sewer	599,096	540,627	-	-
Resource recovery - landfill	25,663	35,224	-	-
Total business type activities	<u>818,874</u>	<u>882,835</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,597,819</u>	<u>967,811</u>	<u>267,376</u>	<u>31,327</u>

General Receipts:

Property and other city tax levied for:

- General purposes
- Debt service
- Employee benefits

Tax increment financing

Local option sales tax

Other city tax

Commercial/industrial tax replacement

Licenses and permits

Unrestricted interest on investments

Miscellaneous

Sale of capital assets

Total general receipts

Change in cash basis net position

Cash basis net position beginning of year

Cash basis net position end of year

Cash Basis Net Position

Restricted:

 Nonexpendable:

 Cemetery perpetual care

 Expendable:

 Streets

 Urban renewal purposes

 Property tax relief

 Debt service

 Employee benefits

Unrestricted

Total cash basis net position

Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Governmental Activities	Business Type Activities	Total
(113,430)	-	(113,430)
9,025	-	9,025
(6,700)	-	(6,700)
(391,951)	-	(391,951)
(307,743)	-	(307,743)
(189,317)	-	(189,317)
(339,783)	-	(339,783)
(1,055,367)	-	(1,055,367)
(2,395,266)	-	(2,395,266)
-	112,869	112,869
-	(58,469)	(58,469)
-	9,561	9,561
-	63,961	63,961
(2,395,266)	63,961	(2,331,305)
568,143	-	568,143
292,212	-	292,212
73,272	-	73,272
134,574	-	134,574
217,565	-	217,565
2,711	-	2,711
29,822	-	29,822
2,755	-	2,755
12,833	-	12,833
55,261	5,091	60,352
4,401	-	4,401
1,393,549	5,091	1,398,640
(1,001,717)	69,052	(932,665)
3,043,493	1,094,583	4,138,076
\$ 2,041,776	1,163,635	3,205,411
\$ 14,707	-	14,707
301,348	-	301,348
329,828	-	329,828
269,046	-	269,046
163,048	150,445	313,493
140,872	-	140,872
822,927	1,013,190	1,836,117
\$ 2,041,776	1,163,635	3,205,411

CITY OF SLATER
Statement of Cash Receipts, Disbursements and
Changes in Cash Balances
Governmental Funds
As of and for the year ended June 30, 2020

	General	Special Revenue			
		Road Use Tax	Tax Increment Financing	Local Option Sales Tax	Employee Benefits
Receipts:					
Property tax	\$ 568,143	-	-	-	73,272
Tax increment financing	-	-	134,574	-	-
Other city tax	2,711	-	-	217,565	-
Licenses and permits	2,755	-	-	-	-
Use of money and property	14,148	-	-	-	-
Intergovernmental	85,224	191,394	6,274	-	1,820
Charges for service	84,139	-	-	-	-
Miscellaneous	58,752	-	-	-	-
Total receipts	815,872	191,394	140,848	217,565	75,092
Disbursements:					
Operating:					
Public safety	187,553	-	-	-	-
Public works	19,928	162,441	-	-	-
Health and social services	6,700	-	-	-	-
Culture and recreation	475,338	-	-	-	-
Community and economic development	296,198	-	23,820	-	-
General government	178,187	-	-	-	33,630
Debt service	45,733	-	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	1,209,637	162,441	23,820	-	33,630
Excess (deficiency) of receipts over (under) disbursements	(393,765)	28,953	117,028	217,565	41,462
Other financing sources (uses):					
Sale of capital assets	4,401	-	-	-	-
Transfers in	215,262	-	-	-	-
Transfers out	-	-	-	(215,262)	-
Total other financing sources (uses)	219,663	-	-	(215,262)	-
Change in cash balances	(174,102)	28,953	117,028	2,303	41,462
Cash balances beginning of year	1,078,106	272,395	212,800	266,743	99,410
Cash balances end of year	\$ 904,004	301,348	329,828	269,046	140,872
Cash Basis Fund Balances					
Nonspendable - Cemetary perpetual care	\$ -	-	-	-	-
Restricted for:					
Streets	-	301,348	-	-	-
Urban renewal purposes	-	-	329,828	-	-
Property tax relief	-	-	-	269,046	-
Debt service	-	-	-	-	-
Employee benefits	-	-	-	-	140,872
Assigned for economic development	136,323	-	-	-	-
Unassigned	767,681	-	-	-	-
Total cash basis fund balances	\$ 904,004	301,348	329,828	269,046	140,872

Capital Projects	Debt Service	Permanent Fund	Total
-	292,212	-	933,627
-	-	-	134,574
-	-	-	220,276
-	-	-	2,755
-	-	5	14,153
-	7,675	-	292,387
-	-	837	84,976
31,327	-	-	90,079
31,327	299,887	842	1,772,827
-	-	-	187,553
-	-	-	182,369
-	-	-	6,700
-	-	-	475,338
-	-	-	320,018
-	-	-	211,817
-	294,050	-	339,783
1,055,367	-	-	1,055,367
1,055,367	294,050	-	2,778,945
(1,024,040)	5,837	842	(1,006,118)
-	-	-	4,401
-	-	-	215,262
-	-	-	(215,262)
-	-	-	4,401
(1,024,040)	5,837	842	(1,001,717)
942,963	157,211	13,865	3,043,493
(81,077)	163,048	14,707	2,041,776
-	-	14,707	14,707
-	-	-	301,348
-	-	-	329,828
-	-	-	269,046
-	163,048	-	163,048
-	-	-	140,872
-	-	-	136,323
(81,077)	-	-	686,604
(81,077)	163,048	14,707	2,041,776

CITY OF SLATER
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Proprietary Funds
As of and for the year ended June 30, 2020

	Enterprise			
	Resource Recovery -			
	Water	Sewer	Landfill	Total
Operating receipts:				
Charges for service	\$ 306,984	540,627	35,224	882,835
Miscellaneous	2,091	3,000	-	5,091
Total operating receipts	309,075	543,627	35,224	887,926
Operating disbursements:				
Business type activities	194,115	145,315	25,663	365,093
Excess of operating receipts over operating disbursements	114,960	398,312	9,561	522,833
Non-operating receipts (disbursements):				
Capital projects	-	(217,467)	-	(217,467)
Debt service	-	(236,314)	-	(236,314)
Net non-operating receipts (disbursements)	-	(453,781)	-	(453,781)
Change in cash balances	114,960	(55,469)	9,561	69,052
Cash balances beginning of year	709,729	280,844	104,010	1,094,583
Cash balances end of year	\$ 824,689	225,375	113,571	1,163,635
Cash Basis Fund Balances				
Restricted for debt service	\$ -	150,445	-	150,445
Unrestricted	824,689	74,930	113,571	1,013,190
Total cash basis fund balances	\$ 824,689	225,375	113,571	1,163,635

CITY OF SLATER

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies

The City of Slater is a political subdivision of the State of Iowa located in Boone and Story County. It was first incorporated in 1889 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water, landfill and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Slater has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Story County Assessor's Conference Board, Story County Emergency Management Commission, Polk County E911 Service Board, Story County E911 Service Board, Story County Economic Development Group and the High Trestle Trail Committee.

B. Basis of Presentation

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

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

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

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

CITY OF SLATER
Notes to Financial Statements (Continued)
June 30, 2020

(1) Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

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

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

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

The City reports the following major governmental funds:

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

Special Revenue:

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

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

The Local Option Sales Tax Fund is used to account for the local option sales tax collections authorized by referendum to be used for property tax relief.

The Employee Benefits Fund is used to account for property taxes levied to pay for employee benefits.

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

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

The Permanent Fund is used to account for funds collected for the perpetual care of the cemetery.

CITY OF SLATER
Notes to Financial Statements (Continued)
June 30, 2020

(1) Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

The City reports the following major proprietary funds:

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

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

The Enterprise, Resource Recovery – Landfill Fund accounts for the per capita charge from using the City of Ames' resource recovery plant.

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Property Taxes and Governmental Cash Basis Fund Balances

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

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects the tax asking contained in the budget certified to the City Council in March 2019.

CITY OF SLATER
Notes to Financial Statements (Continued)
June 30, 2020

(1) Summary of Significant Accounting Policies (Continued)

D. Governmental Cash Basis Fund Balances (Continued)

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2020, disbursements exceeded the amount budgeted in the community and economic development function.

(2) Cash and Pooled Investments

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

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

The City had investments in the Iowa Public Agency Investment Trust which are valued at amortized cost of \$1,511,583. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in the Iowa Public Agency Investment Trust is unrated.

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

CITY OF SLATER
Notes to Financial Statements (Continued)
June 30, 2020

(3) Long-Term Liabilities

A summary of the changes in long-term liabilities for the year ended June 30, 2020 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Governmental activities:					
General Obligation Note	\$ 2,605,000	-	215,000	2,390,000	220,000
Lease-Purchase Agreement	-	136,884	45,733	91,151	45,576
Governmental activities total	<u>\$ 2,605,000</u>	<u>136,884</u>	<u>260,733</u>	<u>2,481,151</u>	<u>265,576</u>
Business type activity:					
Sewer Revenue Bonds	<u>\$ 1,269,772</u>	<u>-</u>	<u>220,198</u>	<u>1,049,574</u>	<u>138,000</u>

General Obligation Note

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

Year Ending June 30,	Street Improvements Issued Mar 29, 2018			
	Interest Rate	Principal	Interest	Total
2021	3.00 %	\$ 220,000	71,700	291,700
2022	3.00	230,000	65,100	295,100
2023	3.00	235,000	58,200	293,200
2024	3.00	240,000	51,150	291,150
2025	3.00	250,000	43,950	293,950
2026-2030	3.00	1,215,000	102,900	1,317,900
Total		<u>\$ 2,390,000</u>	<u>393,000</u>	<u>2,783,000</u>

On March 29, 2018, the City issued \$3,055,000 in a general obligation note with an interest rate of 3.00% per annum. The note was for street improvements. During the year ended June 30, 2020, the City paid \$215,000 of principal and \$79,050 of interest and service fees on the note.

Lease-Purchase Agreement

A summary of the City's June 30, 2020 lease-purchase agreement is as follows:

Year Ending June 30,	Fire/EMS/Public Works Radios Issued Aug 12, 2019			
	Interest Rate	Principal	Interest	Total
2021	0.00 %	\$ 45,576	-	45,576
2022	0.00	45,575	-	45,575
Total		<u>\$ 91,151</u>	<u>-</u>	<u>91,151</u>

CITY OF SLATER

Notes to Financial Statements (Continued)

June 30, 2020

(3) Long-Term Liabilities (Continued)

Lease-purchase agreement (Continued)

On August 12, 2019, the City entered into a lease-purchase agreement for new fire, EMS, and public works radios with a cost of \$136,884. The lease is interest free. During the year ended June 30, 2020, the City paid \$45,733 of principal on the lease.

Revenue Bonds

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

Year Ending June 30,	Sewer Improvements Issued Nov 13, 2002			Sewer Improvements Issued Jun 2, 2017			Total		
	Interest Rate	Principal	Interest	Interest Rate	Principal	Interest	Principal	Interest	Total
2021	1.75 %	\$ 86,000	1,817	0.82 %	\$ 52,000	10,368	\$ 138,000	12,185	150,185
2022	1.75	17,802	312	0.82	53,000	9,812	70,802	10,124	80,926
2023		-	-	0.82	53,000	9,245	53,000	9,245	62,245
2024		-	-	0.82	54,000	8,678	54,000	8,678	62,678
2025		-	-	0.82	54,000	8,100	54,000	8,100	62,100
2026-2030		-	-	0.82	282,000	31,651	282,000	31,651	313,651
2031-2035		-	-	0.82	298,000	16,221	298,000	16,221	314,221
2036-2037		-	-	0.82	99,772	1,979	99,772	1,979	101,751
Total		\$ 103,802	2,129		\$ 945,772	96,054	\$ 1,049,574	98,183	1,147,757

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$1,500,000 of sewer revenue bonds issued in November 2002, as well as \$1,098,772 issued in June 2017. Proceeds from the bonds provided financing for the construction of improvements to the sewer treatment plant and new wastewater treatment system. The bonds are payable solely from sewer customer net receipts and are payable through 2037. Annual principal and interest payments on the bonds are expected to require less than 60% of net receipts. The total principal and interest remaining to be paid on the bonds is \$1,147,757. For the current year, principal, interest and service fees paid and total customer net receipts were \$236,314 and \$398,312, respectively.

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

- (a) 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 fund.
- (b) Sufficient monthly transfers shall be made to a separate sewer revenue bond sinking account within the Enterprise Fund for the purpose of making the bond principal and interest payments when due.

(4) Pension Plan

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

CITY OF SLATER
Notes to Financial Statements (Continued)
June 30, 2020

(4) Pension Plan (Continued)

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

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

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

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

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%.

CITY OF SLATER

Notes to Financial Statements (Continued)

June 30, 2020

(4) Pension Plan (Continued)

The City's contributions to IPERS for the year ended June 30, 2020 totaled \$35,597.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the City's reported a liability of \$268,559 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the City's proportion was 0.004638%, which was an increase of 0.000043% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$49,402, \$42,207 and \$52,615, respectively.

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

CITY OF SLATER
Notes to Financial Statements (Continued)
June 30, 2020

(4) Pension Plan (Continued)

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0 %	5.60 %
International equity	15.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
Total	<u>100.0 %</u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 476,874	268,559	93,826

IPERS' Fiduciary Net Position – Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

(5) Other Postemployment Benefits (OPEB)

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members range from \$993 to \$1,073 for family coverage. For the year ended June 30, 2020, the City contributed 100% of the plan membership for active members at a cost of \$32,663. At June 30, 2020, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

CITY OF SLATER
Notes to Financial Statements (Continued)
June 30, 2020

(5) Other Postemployment Benefits (OPEB) (Continued)

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

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of service. At June 30, 2020, there were 2 active employee and no inactive employees or beneficiaries currently receiving benefit payments.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours and compensatory time for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory time payable to employees at June 30, 2020, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 26,488
Compensatory time	<u>2,674</u>
Total	<u>\$ 29,162</u>

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

(7) Interfund Transfers

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

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Local Option Sales Tax	<u>\$ 215,262</u>

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

(8) Risk Management

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

CITY OF SLATER
Notes to Financial Statements (Continued)
June 30, 2020

(9) Business Incentive Loan Program

During past years, the City has agreed to loan funds to local businesses as part of the City's Business Incentive Loan Program to enhance economic development. Per the agreements, the non-interest-bearing loans are to be repaid in monthly installments over a ten-year period. The total amount of business incentive loans outstanding as of June 30, 2020 was \$310,144.

One Council Member has an economic development loan with the City. The City received payments of \$5,625 for the year ended June 30, 2020. The balance owed as of June 30, 2020 was \$20,625.

(10) Development Agreements

In May 2015, the City entered into an agreement with Absolute Holdings Company, Inc (developer) and Greentech of Iowa, LLC (tenant) for construction by the developer of a 12,000 square foot building with an estimated cost of \$600,000 to be used by the tenant to operate a commercial business offering storm water pollution prevention planning including, but not limited to, erosion control measures, sediment control measures, stormwater pollution prevention plan management, weed control and wetland mitigation. The City agreed to pay the developer 100% of the incremental property tax collected on the properties up to a maximum of \$150,000, subject to annual appropriation by the City Council. The agreement requires six semi-annual payments each December 1st and June 1st, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2020, the City rebated \$23,820 of incremental property tax to the developer. At June 30, 2020, the maximum remaining balance to be paid on the agreement was \$101,854.

In October 2017, the City entered into an agreement with Rogers Enterprises, Inc (developer) for the construction of twenty-two housing units. The City agreed to pay the developer 53.02% of the incremental property tax collected on the properties up to a maximum of \$779,168, subject to annual appropriation by the City Council. The agreement requires twenty semi-annual payments each December 1st and June 1st, provided the developer is in compliance with the terms of the agreement. Payments are projected to begin December 1, 2021.

In January 2018, the City entered into an agreement with Heartland Co-op (developer) for the construction of a seventy-eight feet diameter by one hundred feet tall grain bin with an estimated cost of \$600,000. The City agreed to pay the developer 100% of the incremental property tax collected on the property up to a maximum of \$120,000, subject to annual appropriation by the City Council. The agreement requires six semi-annual payments each December 1st and June 1st, provided the developer is in compliance with the terms of the agreement, which includes maintaining twelve full-time employees at the location. Payments are projected to begin December 1, 2020.

(11) Tax Abatements

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

CITY OF SLATER
Notes to Financial Statements (Continued)
June 30, 2020

(11) Tax Abatements (Continued)

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 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, 2020, \$7,952 of property tax was diverted from the City under the urban renewal and economic development agreements.

(12) Subsequent Events

On August 10, 2020, a derecho storm struck the City and caused damages to City trees and facilities. The monetary amount of damage is unknown at the date of the audit report.

The City has evaluated all subsequent events through August 19, 2020, the date the financial statements were available to be issued.

CITY OF SLATER
Budgetary Comparison Schedule of Receipts, Disbursements,
and Changes in Balances - Budget and Actual -
All Governmental Funds and Proprietary Funds
Other Information
Year ended June 30, 2020

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Property tax	\$ 933,627	-
Tax increment financing	134,574	-
Other city tax	220,276	-
Licenses and permits	2,755	-
Use of money and property	14,153	-
Intergovernmental	292,387	-
Charges for services	84,976	882,835
Miscellaneous	90,079	5,091
Total receipts	<u>1,772,827</u>	<u>887,926</u>
Disbursements:		
Public safety	187,553	-
Public works	182,369	-
Health and social services	6,700	-
Culture and recreation	475,338	-
Community and economic development	320,018	-
General government	211,817	-
Debt service	339,783	-
Capital projects	1,055,367	-
Business type activities	-	818,874
Total disbursements	<u>2,778,945</u>	<u>818,874</u>
Excess (deficiency) of receipts over (under) disbursements	(1,006,118)	69,052
Other financing sources, net	<u>4,401</u>	-
Change in fund balances	(1,001,717)	69,052
Balances beginning of year	<u>3,043,493</u>	<u>1,094,583</u>
Balances end of year	<u><u>\$ 2,041,776</u></u>	<u><u>1,163,635</u></u>

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
933,627	928,527	928,527	5,100
134,574	83,000	83,000	51,574
220,276	204,100	204,100	16,176
2,755	1,475	1,475	1,280
14,153	36,260	36,260	(22,107)
292,387	246,274	246,274	46,113
967,811	1,026,710	1,026,710	(58,899)
95,170	1,939,350	1,939,350	(1,844,180)
2,660,753	4,465,696	4,465,696	(1,804,943)
187,553	171,662	228,874	41,321
182,369	407,900	410,900	228,531
6,700	7,900	7,900	1,200
475,338	500,595	500,595	25,257
320,018	190,750	299,765	(20,253)
211,817	427,760	427,760	215,943
339,783	353,150	683,150	343,367
1,055,367	1,854,815	1,593,522	538,155
818,874	5,177,291	1,277,291	458,417
3,597,819	9,091,823	5,429,757	1,831,938
(937,066)	(4,626,127)	(964,061)	26,995
4,401	4,000,000	-	4,401
(932,665)	(626,127)	(964,061)	31,396
4,138,076	3,107,501	3,107,501	1,030,575
3,205,411	2,481,374	2,143,440	1,061,971

CITY OF SLATER
Notes to Other Information – Budgetary Reporting
June 30, 2020

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, three budget amendments decreased budgeted disbursements by \$3,662,066. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2020, disbursements exceeded the amount budgeted in the community and economic development function.

CITY OF SLATER
Schedule of the City's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
For The Last Six Years*
Other Information

	2020	2019	2018	2017
City's proportion of the net pension liability	0.004638 %	0.004595 %	0.004596 %	0.004590 %
City's proportionate share of the net pension liability	\$ 268,559	290,772	306,136	288,859
City's covered payroll	\$ 352,953	344,067	343,051	329,395
City's proportionate share of the net pension liability as a percentage of its covered payroll	76.09 %	84.51 %	89.24 %	87.69 %
IPERS' net position as a percentage of the total pension liability	85.45 %	83.62 %	82.21 %	81.82 %

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

2016	2015
0.004497 %	0.004374 %
222,181	173,466
312,747	285,789
71.04 %	60.70 %
85.19 %	87.61 %

CITY OF SLATER
Schedule of City Contributions
Iowa Public Employees' Retirement System
For the Last Ten Years
Other Information

		2020	2019	2018	2017
Statutorily required contribution	\$	35,597	33,319	30,725	30,645
Contributions in relation to the statutorily required contribution		(35,597)	(33,319)	(30,725)	(30,645)
Contribution deficiency (excess)	\$	-	-	-	-
City's covered payroll	\$	377,088	352,953	344,067	343,051
Contributions as a percentage of covered payroll		9.44%	9.44%	8.93%	8.93%

2016	2015	2014	2013	2012	2011
29,415	27,928	25,521	24,893	22,045	17,620
(29,415)	(27,928)	(25,521)	(24,893)	(22,045)	(17,620)
-	-	-	-	-	-
329,395	312,747	285,789	287,116	273,172	253,525
8.93%	8.93%	8.93%	8.67%	8.07%	6.95%

CITY OF SLATER
Notes to Other Information – Pension Liability
Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

CITY OF SLATER
Schedule of Indebtedness
Year ended June 30, 2020

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation note:			
Capital Loan Note Series 2018A	Mar 29, 2018	3.00 %	\$ 3,055,000
Revenue bonds:			
Sewer	Nov 13, 2002	1.75 %*	\$ 1,500,000
Sewer	Jun 2, 2017	0.82 *	1,098,772
Total			
Lease-purchase agreement:			
Fire/EMS/Public Works Radios	Aug 12, 2019	0.00 %	\$ 136,884

* The agreement also requires the City to annually pay a 0.25% servicing fee on the outstanding principal balance.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
2,605,000	-	215,000	2,390,000	78,150	-
272,000	-	168,198	103,802	7,560	-
997,772	-	52,000	945,772	11,093	-
\$ 1,269,772	-	220,198	1,049,574	18,653	-
-	136,884	45,733	91,151	-	-

CITY OF SLATER
Bond and Note Maturities
June 30, 2020

Year Ending June 30,	Revenue Bonds						Total	
	Sewer			Sewer				
	Issued Nov 13, 2002			Issued Jun 2, 2017				
	Interest Rates	Amount		Interest Rates	Amount			
2021	1.75 %	\$	86,000	0.82 %	\$	52,000	\$	138,000
2022	1.75		17,802	0.82		53,000		70,802
2023			-	0.82		53,000		53,000
2024			-	0.82		54,000		54,000
2025			-	0.82		54,000		54,000
2026			-	0.82		55,000		55,000
2027			-	0.82		56,000		56,000
2028			-	0.82		56,000		56,000
2029			-	0.82		57,000		57,000
2030			-	0.82		58,000		58,000
2031			-	0.82		58,000		58,000
2032			-	0.82		59,000		59,000
2033			-	0.82		60,000		60,000
2034			-	0.82		60,000		60,000
2035			-	0.82		61,000		61,000
2036			-	0.82		61,000		61,000
2037			-	0.82		38,772		38,772
Total		\$	103,802		\$	945,772	\$	1,049,574

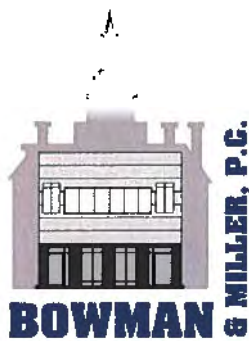
Year Ending June 30,	General Obligation Note	
	Capital Loan Note Series 2018A	
	Issued Mar 29, 2018	
	Interest Rates	Amount
2021	3.00 %	\$ 220,000
2022	3.00	230,000
2023	3.00	235,000
2024	3.00	240,000
2025	3.00	250,000
2026	3.00	255,000
2027	3.00	265,000
2028	3.00	275,000
2029	3.00	280,000
2030	3.00	140,000
		\$ 2,390,000

CITY OF SLATER
Schedule of Receipts By Source and Disbursements by Function-
All Governmental Funds
For the Last Ten Years

	2020	2019	2018	2017
Receipts:				
Property tax	\$ 933,627	931,844	782,594	765,891
Tax increment financing	134,574	85,306	72,187	77,415
Other city tax	220,276	209,624	201,033	218,066
Licenses and permits	2,755	1,930	2,080	3,948
Use of money and property	14,153	4,062	3,189	2,492
Intergovernmental	292,387	297,086	413,396	279,719
Charges for services	84,976	104,924	91,392	104,901
Miscellaneous	90,079	197,691	124,151	82,825
Total	\$ 1,772,827	1,832,467	1,690,022	1,535,257
Disbursements:				
Operating:				
Public safety	\$ 187,553	313,983	135,241	166,955
Public works	182,369	256,207	156,876	189,773
Health and social services	6,700	3,600	4,950	4,500
Culture and recreation	475,338	290,983	341,835	387,564
Community and economic development	320,018	190,499	157,568	269,628
General government	211,817	182,481	205,800	176,212
Debt service	339,783	295,050	256,384	265,842
Capital projects	1,055,367	1,776,849	423,419	45,100
Total	\$ 2,778,945	3,309,652	1,682,073	1,505,574

2016	2015	2014	2013	2012	2011
718,440	657,018	636,871	603,368	585,388	570,813
73,001	149,119	118,557	96,069	91,840	85,850
202,626	204,337	173,324	173,163	190,193	145,433
1,150	1,723	2,155	2,273	1,693	9,801
2,070	1,445	35,968	12,234	1,713	5,530
241,340	243,418	345,972	279,635	179,589	180,724
80,710	87,260	70,910	89,847	90,551	79,137
44,566	36,717	34,500	17,035	323,482	41,464
1,363,903	1,381,037	1,418,257	1,273,624	1,464,449	1,118,752

172,996	171,010	132,476	120,989	109,554	102,002
292,778	180,624	144,981	201,676	133,450	115,576
6,180	6,383	728	-	60	2,908
340,396	290,248	305,828	311,877	286,995	211,353
79,131	48,278	128,822	70,948	138,578	29,344
198,415	131,534	133,635	138,953	155,089	114,347
330,211	390,490	363,738	1,040,237	334,182	364,709
23,004	86,522	114,787	115,961	102,635	190,699
1,443,111	1,305,089	1,324,995	2,000,641	1,260,543	1,130,938



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

To the Honorable Mayor and
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Slater, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated August 19, 2020. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be a material weakness and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Slater's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the accompanying Schedule of Findings as item II-A-20 to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings as items II-B-20 and II-C-20 to be significant deficiencies.

Compliance and Other Matters

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

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

City of Slater's Responses to the Findings

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

Purpose of this Report

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

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

Bowman and Miller, P.C.

Marshalltown, Iowa
August 19, 2020

CITY OF SLATER
Schedule of Findings
Year ended June 30, 2020

Part I: Summary of the Independent Auditors' Results:

- (a) Unmodified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies and a material weakness in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

CITY OF SLATER
Schedule of Findings (Continued)
Year ended June 30, 2020

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-20 Segregation of Duties

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

Condition – One individual in the City has control over the cash receipts collecting, depositing and posting of cash receipts to the general ledger, as well as payroll preparation and distribution.

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

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

Recommendation – The City should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response – We continue to segregate duties as much as possible with the limited staff and resources we have.

Conclusion – Response accepted.

II-B-20 Disbursements

Criteria – Internal controls over safeguarding assets constitute a process, effected by an entity's governing body, management, and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation. Such processes include establishing policies addressing proper asset use and proper supporting documentation.

Condition – Supporting documentation for one of the forty-nine transactions tested was not maintained. One of the fuel bills did not include all of the original receipts.

Cause – The City requires original receipts to support all transactions.

CITY OF SLATER
Schedule of Findings (Continued)
Year ended June 30, 2020

Part II: Findings Related to the Financial Statements (Continued):

II-B-20 Disbursements (Continued)

Effect – Lack of supporting documentation for disbursements could result in unauthorized and unsupported transactions and the opportunity for misappropriation.

Recommendation – All disbursements should be supported by invoices or other supporting documentation.

Response – We will make sure all receipts are accounted for going forward.

Conclusion – Response accepted.

II-C-20 Payroll Records Management

Criteria – A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and the accuracy of the City's financial statements.

Condition – A prior year EFTPS payroll deposit was not timely deposited with the Internal Revenue Service. This resulted in \$311 in penalties and interest paid by the City.

Cause – The City's policies do not require and procedures have not been established to require proper review of the financial records to ensure proper payroll procedures are followed.

Effect – Lack of policies and procedures resulted in the City not detecting the errors in the normal course of performing their assigned functions.

Recommendation – The City should implement procedures to ensure proper payroll procedures are followed.

Response – The payroll event was outside of normal payroll procedures and the City will implement procedures to verify all steps will be followed from this time forward.

Conclusion – Response accepted.

CITY OF SLATER
Schedule of Findings (Continued)
Year ended June 30, 2020

Part II: Findings Related to the Financial Statements (Continued):

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part III: Other Findings Related to Required Statutory Reporting:

III-A-20 Certified Budget – The Council amended the budget on April 13, 2020, June 8, 2020, and June 23, 2020; however, disbursements during the year ended June 30, 2020 exceeded the amount budgeted in the community and economic development function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

Response – The budget will be amended in accordance with Chapter 384.18 of the Code of Iowa.

Conclusion – Response accepted.

III-B-20 Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

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

III-D-20 Business Transactions – No business transactions between the City and City officials were noted.

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

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

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

III-H-20 Deposits and Investments – Except as noted, no instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.

A certificate of deposit did not meet the minimum rate of interest set by the State Rate Setting Committee. Public fund certificates of deposit, when renewed, shall be renewed at a rate of interest which conforms with current rates for public funds on date of renewal.

CITY OF SLATER
Schedule of Findings (Continued)
Year ended June 30, 2020

Part III: Other Findings Related to Required Statutory Reporting (Continued):

Recommendation – The City should seek reimbursement of the additional interest due on this certificate of deposit. In addition, the City should be aware of current allowable rates to ensure that at least the minimum allowable rate is received for all investments.

Response – The correct amount of interest has been credited to the City accounts and will be monitored from this point forward.

Conclusion – Response accepted.

III-I-20 Revenue Bonds – No instances of non-compliance with the revenue bond resolutions were noted.

III-J-20 Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1. However, the City's non-rebate expenditures and ending cash balance of the Special Revenue, Tax Increment Financing Fund reported on the Levy Authority Summary do not agree with the City's general ledger.

Recommendation – The City should ensure the cash balances reported on the Levy Authority Summary agree with the City's records.

Response – These reports have been corrected in order to be in balance moving forward.

Conclusion – Response accepted.

III-K-20 Notice of Public Hearing for Capital Lease Agreement – The City did not publish a notice of public hearing or hold a public hearing for the purpose of entering into a capital lease agreement for the purchase of equipment as required by Chapters 362.3 and 384.25 of the Code of Iowa.

Recommendation – Before entering into a capital lease agreement, the City Council should hold a public hearing and give notice of at least four but not more than twenty days prior to the hearing.

Response – Now that we are aware this is a debt, all public hearings will be held in accordance with Chapters 362.3 and 384.25 of the Code of Iowa.

Conclusion – Response accepted.

III-L-20 Financial Condition – The Capital Projects Fund had a deficit balance of \$81,077 at June 30, 2020.

Recommendation – The City should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response – This will be corrected with a transfer of funds resolution.

Conclusion – Response accepted.

CITY OF SLATER
Schedule of Findings (Continued)
Year ended June 30, 2020

Part III: Other Findings Related to Required Statutory Reporting (Continued):

III-M-20 Annual Financial Report – The City completed the Annual Financial Report for the year ended June 30, 2019. However, it was not published by December 1 as required by Chapter 384.22 of the Code of Iowa.

Recommendation – The City should publish the AFR by December 1 as required by Chapter 384.22 of the Code of Iowa.

Response – We will comply with Chapter 384.22 of the Code of Iowa and publish the Annual Financial Report as required.

Conclusion – Response accepted.

CITY OF SLATER

Staff

The audit was performed by:

Bowman and Miller, P.C.
Certified Public Accountants
Marshalltown, IA 50158

Personnel:

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