CITY OF OKOBOJI

INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS

JUNE 30, 2020

CITY OF OKOBOJI

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CITY OF OKOBOJI

CITY OFFICIALS

(Before January 2020)

NAME	TITLE	TERM EXPIRES
Mary Vander Woude	Mayor	December 31, 2019
Julie Andres	Council Member	December 31, 2021
Jim Delperdang	Council Member	December 31, 2019
Jim Hentges	Council Member	December 31, 2019
Jerry Robinson	Council Member	December 31, 2021
Walter Mendenhall	Council Member	December 31, 2021
Michael Meyers	City Administrator / Clerk	December 31, 2019
David J. Stein, Jr.	City Attorney	December 31, 2019

(After January 1, 2020)

NAME	TITLE	TERM EXPIRES
Mary Vander Woude	Mayor	December 31, 2021
Julie Andres	Council Member	December 31, 2021
Jim Delperdang	Council Member	December 31, 2023
Jim Hentges	Council Member	December 31, 2023
Jerry Robinson	Council Member	December 31, 2021
Walter Mendenhall	Council Member	December 31, 2021
Michael Meyers	City Administrator / Clerk	December 31, 2020
David J. Stein, Jr.	City Attorney	December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the City Council
City of Okoboji
Okoboji, IA 51355

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business type activities and each major fund of the primary government of the City of Okoboji, 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 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 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

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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, and each major fund for the primary government of the City of Okoboji as of June 30, 2020 and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Supplementary and Other Information

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the basic financial statements of the primary government of the City of Okoboji. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2019 (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 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.

The other information, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 22 through 29, 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 November 25, 2020 on our consideration of the City of Okoboji's internal control over financial reporting and 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 Okoboji's internal control over financial reporting and compliance.

Winther, Stave & Co., LLP

November 25, 2020
Spencer, Iowa

BASIC FINANCIAL STATEMENTS

CITY OF OKOBOJI
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

		Program Receipts		
	Disbursements	Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest
FUNCTIONS/PROGRAMS:				
Governmental activities:				
Public safety	$ 597,472	$ -	$ -	$ -
Public works	316,392	5,506	103,730	-
Culture and recreation	201,295	-	-	-
Community and economic development	188,333	-	-	-
General government	315,419	-	-	-
Debt service	465,146	-	-	-
Capital projects	200,652	-	-	284,609
Total governmental activities	2,284,709	5,506	103,730	284,609
Business type activities:				
Water	817,422	834,146	-	-
Total business type activities	817,422	834,146	-	-
TOTAL	$ 3,102,131	$ 839,652	$ 103,730	$ 284,609

GENERAL RECEIPTS:
Property and other City tax levied for:
General purposes
Debt service
Commerical and industrial replacement
Tax increment financing
Local option sales tax
Hotel/motel tax
Unrestricted interest on investments
Miscellaneous
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, expendable:
Streets
Urban renewal purposes
Debt service
Capital projects
Unrestricted

Total cash basis net position

See Notes to Financial Statements

Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Governmental Activities	Business type Activities	Total
$ (597,472)	$ -	$ (597,472)
(207,156)	-	(207,156)
(201,295)	-	(201,295)
(188,333)	-	(188,333)
(315,419)	-	(315,419)
(465,146)	-	(465,146)
83,957	-	83,957
(1,890,864)	-	(1,890,864)
-	16,724	16,724
-	16,724	16,724
(1,890,864)	16,724	(1,874,140)
1,289,258	-	1,289,258
397,478	-	397,478
21,380	-	21,380
55,566	-	55,566
220,395	-	220,395
201,275	-	201,275
15,416	-	15,416
172,990	7,794	180,784
2,373,758	7,794	2,381,552
482,894	24,518	507,412
1,509,442	840,002	2,349,444
$ 1,992,336	$ 864,520	$ 2,856,856
$ 120,344	$ -	$ 120,344
20,964	-	20,964
81,299	-	81,299
83,957	-	83,957
1,685,772	864,520	2,550,292
$ 1,992,336	$ 864,520	$ 2,856,856

See Notes to Financial Statements

CITY OF OKOBOJI
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

		Special Revenue	
	General	Road Use Tax	Urban Renewal Tax Increment
RECEIPTS:			
Property tax	$ 1,289,258	$ -	$ -
Tax increment financing	-	-	55,566
Other city tax	436,759	-	-
Licenses and permits	51,070	-	-
Use of money and property	15,416	-	-
Intergovernmental	4,200	103,731	-
Charges for service	5,506	-	-
Miscellaneous	117,719	-	-
TOTAL RECEIPTS	1,919,928	103,731	55,566
DISBURSEMENTS:			
Operating:			
Public safety	597,472	-	-
Public works	232,821	83,571	-
Culture and recreation	201,295	-	-
Community and economic development	188,333	-	-
General government	315,419	-	-
Debt service.	-	-	56,350
Capital projects	-	-	-
TOTAL DISBURSEMENTS	1,535,340	83,571	56,350
EXECESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	384,588	20,160	(784)
CHANGES IN CASH BALANCES	384,588	20,160	(784)
CASH BALANCES- BEGINNING OF YEAR	1,301,184	100,184	21,748
CASH BALANCES- END OF YEAR	$ 1,685,772	$ 120,344	$ 20,964
CASH BASIS FUND BALANCES:			
Restricted for:			
Streets	$ -	$ 120,344	$ -
Urban renewal purposes	-	-	20,964
Debt service	-	-	-
Capital projects	-	-	-
Unassigned	1,685,772	-	-
TOTAL CASH BASIS FUND BALANCES	$ 1,685,772	$ 120,344	$ 20,964

See Notes to Financial Statements

Debt Service	Capital Projects	Total
$ 397,478	$ -	$ 1,686,736
-	-	55,566
6,291	-	443,050
-	-	51,070
-	-	15,416
-	-	107,931
-	-	5,506
-	284,609	402,328
403,769	284,609	2,767,603
-	-	597,472
-	-	316,392
-	-	201,295
-	-	188,333
-	-	315,419
408,796	-	465,146
-	200,652	200,652
408,796	200,652	2,284,709
(5,027)	83,957	482,894
(5,027)	83,957	482,894
86,326	-	1,509,442
$ 81,299	$ 83,957	$ 1,992,336
$ -	$ -	$ 120,344
-	-	20,964
81,299	-	81,299
-	83,957	83,957
-	-	1,685,772
$ 81,299	$ 83,957	$ 1,992,336

See Notes to Financial Statements

CITY OF OKOBOJI
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGE IN CASH BALANCES
PROPRIETARY FUND
AS OF AND FOR THE YEAR ENDED JUNE 30, 2020

	Water
OPERATING RECEIPTS:	
Charges for service	$ 834,146
Miscellaneous	7,794
TOTAL OPERATING RECEIPTS	841,940
OPERATING DISBURSEMENTS:	
Business type activities	431,734
TOTAL OPERATING DISBURSEMENTS	431,734
EXCESS OF OPERATING RECEIPTS OVER OPERATING DISBURSEMENTS	410,206
NON-OPERATING RECEIPTS (DISBURSEMENTS):	
Debt service	(385,688)
NET NON-OPERATING RECEIPTS (DISBURSEMENTS)	(385,688)
CHANGE IN CASH BALANCE	24,518
CASH BALANCE - BEGINNING OF YEAR	840,002
CASH BALANCE - END OF YEAR	$ 864,520
CASH BASIS FUND BALANCE:	
Unrestricted	$ 864,520
TOTAL CASH BASIS FUND BALANCE	$ 864,520

See Notes to Financial Statements

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Okoboji is a political subdivision of the State of Iowa located in Dickinson County. It was first incorporated in 1922 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, culture and recreation, community and economic development, and general government services. The City also provides water utility services for its citizens.

A. Reporting Entity

For financial reporting purposes, City of Okoboji 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 Government Accounting Standards Board criteria.

Related Organizations - The City participates with the City of Arnolds Park in the operation of Central Water System (System), which is organized under the Code of Iowa, Chapter 28E, and provides water system services to the two municipalities and an unrelated regional water system. The System is a component unit of the City of Arnolds Park, Iowa, as determined by criteria specified by the Governmental Accounting Standards Board. The System is operated by the parties through a joint Board of Directors consisting of one member from each city council, or such other individual as that council shall designate, and a third member appointed and approved by a majority vote of the city councils of the municipalities. Water services purchased by the City from the System during the year ended June 30, 2020 totaled $196,682, approximately 33% of total System revenues. The financial statements of the System are separately audited and are presented on the cash basis of accounting. Complete financial statements of Central Water System can be obtained from their administrative offices.

The City participates with the City of Arnolds Park in the operation of Arnolds Park/Okoboji Fire and Rescue (Department), which is organized under Chapter 28E of the Code of Iowa and provides fire and rescue services to the two municipalities. The Department is a component unit of the City of Arnolds Park, Iowa, as determined by criteria specified by the Governmental Accounting Standards Board. The Department is operated by the parties through a joint Board of Directors consisting of one member from each city council, or such other individual as that council shall designate, and a third member appointed and approved by a majority vote of the city councils of the municipalities. The City's contributions to the Department during the year ended June 30, 2020 totaled $82,400, approximately 50% of total Department operating revenue. The financial statements of the Department are separately audited and are presented on the cash basis of accounting. Complete financial statements of Arnolds Park/Okoboji Fire and Rescue can be obtained from their administrative offices.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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: Dickinson County Emergency Management Commission, Dickinson County Sanitary Landfill Commission, Dickinson County Water Quality Committee, and Dickinson County Joint E911 Service Board.

B. Basis of Presentation

Government-wide Financial Statement - The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the primary government 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 revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

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

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of cash balances not meeting the definition of the preceding category. 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 the proprietary fund. Major individual governmental funds and the major individual enterprise fund are reported as separate columns in the fund financial statements. There are no governmental funds reported as nonmajor governmental funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B. Basis of Presentation - Continued

Special Revenue:

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

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

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

The Capital Projects Fund is utilized to account for all resources used in acquisition and construction of capital facilities.

The City reports the following major proprietary fund:

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

C. Measurement Focus and Basis of Accounting

The City of Okoboji 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 accounting principles generally accepted in the United States of America.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement 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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Governmental Cash Basis Fund Balances

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

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 imposed by law through constitutional provisions or enabling legislation.

Unassigned - All amounts not included in the preceding classification.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

F. Management's Review

Management has evaluated subsequent events through the date of the independent auditors' report, which is the date the financial statements were available to be issued.

G. Risks and Uncertainties

At year-end, economic activity in the United States continued to experience significant disruption resulting from uncertainty caused by the world-wide coronavirus pandemic. City of Okoboji management is closely monitoring its operations, liquidity, and financial resources and is actively working to minimize the current and future impact of this unprecedented situation. Management has concluded that while it is reasonably possible there could be a material negative effect on the financial statements, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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 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; prime eligible bankers acceptances; certain high-rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; and certain joint investment trusts.

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.

3. BONDS AND NOTES PAYABLE

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

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
General obligation bonds .	$6,221,000	$ 0	$ 709,000	$5,512,000	$649,000

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

	Refunding Issued January 22, 2013			Street and Sewer Improvements Issued April 24, 2013		
Year Ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2021	1.50%	$ 300,000	$ 81,062	2.00%	$ 50,000	$ 3,100
2022	1.75	300,000	76,562	2.00	50,000	2,100
2023	2.00	325,000	71,312	2.00	55,000	1,100
2024	2.00	325,000	64,812			
2025	2.13	325,000	58,312			
2026 - 2030	2.25-2.625	1,545,000	175,399			
2031 - 2032	3.00	450,000	20,250			
Total		$3,570,000	$547,709		$ 155,000	$ 6,300

	Street and Sewer Improvements Issued November 12, 2013			Street, Sewer, and Building Improvements Issued March 23, 2016		
Year Ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2021	2.63%	$ 75,000	$ 9,018	2.00%	$ 40,000	$ 6,500
2022	2.63	80,000	7,050			
2023	3.00	80,000	4,950	1.75	90,000	11,514
2024	3.00	85,000	2,550			
2025				2.00	95,000	7,878
2026 - 2030				2.375	100,000	4,040
2031 - 2032						
Total		$ 320,000	$ 23,568		$ 325,000	$ 29,932

3. BONDS AND NOTES PAYABLE - Continued

Year Ending June 30,	Interest Rates	Street, Sewer, and Building Improvements Issued May 25, 2017 Principal	Interest	Total Principal	Interest	Total
2021	2.48%	$ 184,000	$ 28,322	$ 649,000	$ 128,002	$ 777,002
2022	2.48	186,000	23,758	616,000	109,470	725,470
2023	2.48	190,000	19,146	740,000	108,022	848,022
2024	2.48	194,000	14,443	604,000	81,805	685,805
2025	2.48	95,000	9,623	515,000	75,813	590,813
2026 - 2030	2.48	293,000	14,359	1,938,000	193,798	2,131,798
2031 - 2032				450,000	20,250	470,250
Total		$1,142,000	$109,651	$5,512,000	$ 717,160	$6,229,160

On January 22, 2013, the City issued $5,945,000 of general obligation bonds with interest rates ranging from 1.375% to 3.00% per annum. The bonds were issued for refunding prior debt issues. During the year ended June 30, 2020, the City paid $300,000 of principal and $85,188 of interest on the bonds.

On April 24, 2013, the City issued $1,140,000 of general obligation bonds with interest rates ranging from 1.250% to 2.00% per annum. The bonds were issued for street and sewer improvements. During the year ended June 30, 2020, the City paid $50,000 of principal and $3,725 of interest on the bonds.

On November 12, 2013, the City issued $750,000 of general obligation bonds with interest rates ranging from 1.50% to 3.00% per annum. The bonds were issued for street and sewer improvements. During the year ended June 30, 2020, the City paid $75,000 of principal and $10,612 of interest on the bonds.

On March 23, 2016, the City issued $485,000 of general obligation bonds with interest rates ranging from 1.75% to 2.375% per annum. The bonds were issued for street, sewer, and building improvements. During the year ended June 30, 2020, the City paid $40,000 of principal and $7,450 of interest on the bonds.

On May 25, 2017, the City issued $1,632,000 of general obligation bonds with an interest rate of 2.48% per annum. The bonds were issued for street, sewer, and building improvements. During the year ended June 30, 2020, the City paid $189,000 of principal and $33,009 of interest on the bonds.

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 7401 Register Drive, PO Box 9117, Des Moines, IA 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 information purposes only. Refer to the plan documents for more information.

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

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

Protection occupation members may retire at normal retirement age, which is generally age 55, and may retire any time after reaching age 50 with 22 or more years of covered employment.

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

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

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

4. PENSION PLAN - Continued

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

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

In fiscal year 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% for a total rate 15.73%. Protective occupation members contributed 6.61% of covered payroll, and the City contributed 9.91% for a total rate of 16.52%.

The City's contributions to IPERS for the year ended June 30, 2020 totaled $50,589.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2020, the City reported a liability of $185,783 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 .003208% which was a decrease of .000137% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City's pension expense, collective deferred outflows of resources, and deferred inflows of resources totaled $66,830, $61,177, and $76,792, respectively.

There were no non-employer contributing entities to IPERS.

4. PENSION PLAN - Continued

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 as follows:

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

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

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

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

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

4. PENSION PLAN - Continued

Discount Rate - The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 7.0%, 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 (6.0%) or 1% higher (8.0%) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
City's proportionate share of the net pension liability	$500,047	$185,783	$ (77,608)

IPERS' Fiduciary Net Position - Detailed information about the 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 plan which provides medical/prescription drug benefits for employees, retirees, and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2020, the City contributed $142,567 and plan members eligible for benefits contributed $7,167 to the plan. At June 30, 2020, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

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

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	9
Total	9

6. COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation payable to employees at June 30, 2020 is $24,393 primarily relating to the General Fund. This liability has been computed based on rates of pay as of June 30, 2020.

Sick leave is not payable upon termination, retirement, or death; therefore, the accumulated sick leave is not presented as part of these financial statements.

7. RISK MANAGEMENT

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

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

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

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2020 were $29,263.

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

7. RISK MANAGEMENT - Continued

Property risks exceeding $250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss, or series of claims or losses exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims, property loss, or series of claims or losses exhausts the Pool's fund and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

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

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

8. LITIGATION

The City is party to routine legal proceedings and litigation arising in the normal course of governmental operations. These legal proceedings are not expected to have a material adverse impact on the City's financial condition.

9. 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 promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements - For the year ended June 30, 2020, the City had no tax abatements.

Tax Abatements of Other Entities - The City's property tax revenues were not reduced for the year ended June 30, 2020 under agreements entered into by other entities.

OTHER INFORMATION

CITY OF OKOBOJI
BUDGETARY COMPARISON SCHEDULE OF
RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUND
OTHER INFORMATION (UNAUDITED)
YEAR ENDED JUNE 30, 2020

	Governmental Funds Actual	Proprietary Fund Actual
RECEIPTS:		
Property Tax	$ 1,686,736	$ -
Tax increment financing	55,566	-
Other city tax	443,050	-
Licenses and permits	51,070	-
Use of money and property	15,416	-
Intergovernmental	107,931	-
Charges for service	5,506	834,146
Miscellaneous	402,328	7,794
TOTAL RECEIPTS	2,767,603	841,940
DISBURSEMENTS:		
Public safety	597,472	-
Public works	316,392	-
Culture and recreation	201,295	-
Community and economic development	188,333	-
General government	315,419	-
Debt service	465,146	-
Capital projects	200,652	-
Business type activities	-	817,422
TOTAL DISBURSEMENTS	2,284,709	817,422
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSMENTS	482,894	24,518
CASH BALANCES - BEGINNING OF YEAR	1,509,442	840,002
CASH BALANCES - END OF YEAR	$ 1,992,336	$ 864,520

See Accompanying Independent Auditors' Report

Total	Budgeted Amounts Original	Budgeted Amounts Final	Final to Total Variance
$ 1,686,736	$ 1,723,114	$ 1,723,114	$ (36,378)
55,566	56,600	56,600	(1,034)
443,050	420,213	420,213	22,837
51,070	18,800	43,800	7,270
15,416	8,700	8,700	6,716
107,931	120,599	120,599	(12,668)
839,652	951,336	916,336	(76,684)
410,122	5,000	391,265	18,857
3,609,543	3,304,362	3,680,627	(71,084)
597,472	573,828	655,191	57,719
316,392	353,866	353,866	37,474
201,295	237,300	237,300	36,005
188,333	216,790	216,790	28,457
315,419	367,490	367,490	52,071
465,146	465,397	465,397	251
200,652	-	232,000	31,348
817,422	916,537	906,537	89,115
3,102,131	3,131,208	3,434,571	332,440
507,412	173,154	246,056	$ 261,356
2,349,444	2,235,922	2,235,922	
$ 2,856,856	$ 2,409,076	$ 2,481,978	

See Accompanying Independent Auditors' Report

CITY OF OKOBOJI
NOTES TO OTHER INFORMATION - BUDGETARY REPORTING (UNAUDITED)
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, Special Revenue Funds, Debt Service Fund, Capital Projects Fund and Proprietary Fund. 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 $303,363. The budget amendment is reflected in the final budgeted amounts.

CITY OF OKOBOJI
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST SIX YEARS *
(IN THOUSANDS)

OTHER INFORMATION (UNAUDITED)

	2020	2019
City's proportion of the net pension liability	.003208%	.003346%
City's proportionate share of the net pension liability	$ 186	$ 212
City's covered-employee payroll	$ 523	$ 487
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	35.56%	43.53%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%

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

2018	2017	2016	2015
.003127%	.003493%	.002930%	.002442%
$ 208	$ 220	$ 145	$ 97
$ 455	$ 458	$ 453	$ 458
45.71%	48.03%	32.01%	21.18%
82.21%	81.82%	85.19%	87.61%

CITY OF OKOBOJI
SCHEDULE OF CITY CONTRIBUTIONS

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
FOR THE LAST TEN YEARS
(IN THOUSANDS)

OTHER INFORMATION (UNAUDITED)

	2020	2019	2018	2017
Statutorily required contribution	$ 51	$ 51	$ 46	$ 44
Contributions in relation to the statutorily required contribution	(51)	(51)	(46)	(44)
Contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0
City's covered-employee payroll	$ 524	$ 523	$ 487	$ 455
Contributions as a percentage of covered-employee payroll.....	9.66%	9.81%	9.37%	9.76%

2016	2015	2014	2013	2012	2011
$ 43	$ 43	$ 43	$ 39	$ 36	$ 31
(43)	(43)	(43)	(39)	(36)	(31)
$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
$ 458	$ 453	$ 458	$ 410	$ 397	$ 371
9.37%	9.50%	9.49%	9.41%	8.97%	8.23%

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 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 beginning June 30, 2016. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

SUPPLEMENTARY INFORMATION

CITY OF OKOBOJI
SCHEDULE OF INDEBTEDNESS
YEAR ENDED JUNE 30, 2020

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation Bonds and Notes:			
General Obligation Refunding Notes Paid from water	January 22, 2013	1.375 - 3.00%	$5,945,000
General Obligation Capital Loan Notes	April 24, 2013	1.25 - 2.00%	$1,140,000
General Obligation Capital Loan Notes	November 12, 2013	1.50 - 3.00%	$ 750,000
General Obligation Capital Loan Notes Paid from TIF	June 2, 2014	2.00%	$ 685,000
General Obligation Capital Loan Notes	March 23, 2016	1.75 - 2.375%	$ 485,000
General Obligation Capital Loan Notes	May 25, 2017	2.48%	$1,632,000
TOTAL			

Schedule 1

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
$3,870,000		$300,000	$3,570,000	$ 85,188	
205,000		50,000	155,000	3,725	
395,000		75,000	320,000	10,612	
55,000		55,000		1,350	
365,000		40,000	325,000	7,450	
1,331,000		189,000	1,142,000	33,009	
$6,221,000		$709,000	$5,512,000	$141,334	

CITY OF OKOBOJI
BOND AND NOTE MATURITIES
JUNE 30, 2020

	General Obligation Bonds and Notes							
	Refunding Loan Notes Issued 1-22-2013		Capital Loan Notes Issued 4-24-2013		Capital Loan Notes Issued 11-12-2013		Capital Loan Notes Issued 3-23-2016	
Year Ending June 30,	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
2021	1.50%	$ 300,000	2.00%	$ 50,000	2.625%	75,000	2.00%	$ 40,000
2022	1.75	300,000	2.00	50,000	2.625	80,000		
2023	2.00	325,000	2.00	55,000	3.00	80,000	1.75	90,000
2024	2.00	325,000			3.00	85,000		
2025	2.125	325,000					2.00	95,000
2026	2.25	350,000						
2027	2.375	350,000					2.375	100,000
2028	2.50	370,000						
2029	2.625	255,000						
2030	2.625	220,000						
2031	3.00	225,000						
2032	3.00	225,000						
TOTALS		$3,570,000		$155,000		$320,000		$325,000

Schedule 2

Capital Notes Issued 5-25-2017		
Interest Rate	Amount	Total
2.48%	$ 184,000	$ 649,000
2.48	186,000	616,000
2.48	190,000	740,000
2.48	194,000	604,000
2.48	95,000	515,000
2.48	100,000	450,000
2.48	100,000	550,000
2.48	93,000	463,000
		255,000
		220,000
		225,000
		225,000
	$1,142,000	$5,512,000

CITY OF OKOBOJI
SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	2020	2019	2018	2017	2016
RECEIPTS:					
Property tax	$ 1,686,736	$ 1,692,392	$ 1,543,021	$ 1,510,191	$ 1,434,649
Tax increment financing collections	55,566	67,157	60,352	54,073	63,476
Other city tax	443,050	439,865	484,717	503,471	472,156
Licenses and permits	51,070	26,460	19,659	42,205	28,134
Use of money and property	15,416	11,073	9,200	7,244	5,237
Intergovernmental	107,931	109,784	103,465	101,288	99,928
Charges for service	5,506	5,972	7,259	7,015	9,390
Miscellaneous	402,328	33,659	39,267	48,691	90,699
TOTAL RECEIPTS	$ 2,767,603	$ 2,386,362	$ 2,266,940	$ 2,274,178	$ 2,203,669
DISBURSEMENTS:					
Operating:					
Public safety	$ 597,472	$ 564,454	$ 519,978	$ 548,739	$ 395,357
Public works	316,392	463,191	325,403	335,952	335,630
Culture and recreation	201,295	39,641	31,285	36,967	27,740
Community and economic development	188,333	213,861	247,043	273,147	199,826
General government	315,419	298,893	280,368	326,503	404,388
Debt service	465,146	494,102	629,354	1,341,623	592,138
Capital projects	200,652	12,830	947,145	104,422	285,418
TOTAL DISBURSEMENTS	$ 2,284,709	$ 2,086,972	$ 2,980,576	$ 2,967,353	$ 2,240,497

CITY OF OKOBOJI
SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE LAST TEN YEARS

	2015	2014	2013	2012	2011
RECEIPTS:					
Property tax	$ 1,420,677	$ 1,390,937	$ 1,333,043	$ 1,360,713	$ 1,065,298
Tax increment financing collections	60,608	58,150	65,660	113,194	42,929
Other city tax	438,182	389,546	419,759	412,601	417,031
Licenses and permits	36,928	23,565	13,886	21,701	15,489
Use of money and property	4,704	4,998	4,222	3,822	5,025
Intergovernmental	83,914	80,582	77,283	76,545	78,638
Charges for service	8,944	9,883	10,686	12,425	11,484
Miscellaneous	99,245	170,285	39,362	51,017	77,154
TOTAL RECEIPTS	$ 2,153,202	$ 2,127,946	$ 1,963,901	$ 2,052,018	$ 1,713,048
DISBURSEMENTS:					
Operating:					
Public safety	$ 464,260	$ 457,539	$ 503,645	$ 313,753	$ 317,850
Public works	393,068	326,938	301,455	335,113	255,502
Culture and recreation	31,508	30,253	26,226	28,724	25,525
Community and economic development	58,060	145,536	133,180	171,698	153,896
General government	460,889	471,920	446,202	392,922	413,848
Debt service	593,385	1,137,318	1,174,753	621,577	667,829
Capital projects	162,667	1,167,721	48,750	-	181,604
TOTAL DISBURSEMENTS	$ 2,163,837	$ 3,737,225	$ 2,634,211	$ 1,863,787	$ 2,016,054

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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
City of Okoboji, IA 51355

We have audited 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, the financial statements of the governmental activities, the business type activities, and each major fund of the City of Okoboji, Iowa, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the basic financial statements of the City's primary government, and have issued our report thereon dated November 25, 2020. Our report expressed unmodified opinions on the primary government financial statements which were prepared on the basis of cash receipts and disbursement, a basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the 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 were not identified. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control we consider to be a material weakness.

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

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deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City'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 which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control described in Part I of the accompanying Schedule of Findings as item I-A-20 to be a material weakness.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the City of Okoboji'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 that 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, 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 Okoboji's Responses to Findings
The City's responses to findings identified in our audit are described in the accompanying Schedule of Findings. The City'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 result 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 Okoboji 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.

Winther, Stave & Co., LLP

November 25, 2020
Spencer, Iowa

CITY OF OKOBOJI
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

Part I: Findings Related to the Financial Statements

Internal Control Deficiency:

I-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 of the City has control over the cash receipts listing, bank deposits and the posting of cash receipts to the cash receipts journal.

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 will consider a review of our control procedures.

Conclusion - Response accepted.

Instances of Noncompliance:

No matters were noted.

Part II: Other Findings Related to Required Statutory Reporting

II-A-20 Certified Budget - Disbursements in capital projects function exceeded the amount budgeted prior to the budget amendment during the year ended June 30, 2020. Chapter 384.20 of the Code of Iowa states in part that 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 the future, if applicable.

Conclusion - Response accepted.

II-B-20 Questionable Disbursements - We noted no expenditures that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-20 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

II-D-20 Business Transactions - No business transactions between the City and City officials or employees during the year ended June 30, 2020 were noted.

II-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.

II-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 that the coverage is adequate for current operations.

II-G-20 Council Minutes - No transactions were noted that we believe should have been approved in the Council minutes but were not.

II-H-20 Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

Part II: Other Findings Related to Required Statutory Reporting - Continued

II-I-20 Urban Renewal Annual Report - The FY2019 urban renewal annual report was approved and certified to the Iowa Department of Management on or before December 1.

II-J-20 Urban Renewal Tax Reconciliation - We noted Dickinson County had not prepared and could not provide the City with a required Urban Renewal Area TIF Indebtedness/Increment Tax Reconciliation.

Recommendation - Since the County has not prepared the reconciliation, the City should expand procedures to monitor TIF obligations, certification, and reporting requirements.

Response - We will continue to monitor our TIF obligations, certifications, and reporting requirements.

Conclusion - Response accepted.