

City of Cascade

**Independent Auditor's Reports
Basic Financial Statements
Supplementary and Other Information
Schedule of Findings and Responses**

June 30, 2021



**City of Cascade
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**City of Cascade
Officials
June 30, 2021**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Gregory Staner	Mayor	December 2021
Riley Rausch	Council Member	December 2021
Steven Knepper	Council Member	December 2023
Andy Kelchen	Council Member	December 2023
Bill Hosch	Council Member	December 2021
Mike Delaney	Council Member	December 2021
Deanna McCusker	City Administrator	Indefinite
Danielle Hartke	City Clerk/Treasurer	Indefinite
Patrick O'Connell	Attorney	Indefinite

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Cascade
Cascade, Iowa

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund, and the discretely presented component unit of the City of Cascade, Iowa, as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the City's financial statements as listed in the Table of Contents.

Management's Responsibility for the Basic Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these basic 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 basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the basic 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 entity'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 basic financial statements.

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

Opinions

In our opinion, the basic financial statements referred to in the first paragraph present fairly, in all material respects, the respective cash basis financial position of the governmental activities, business type activities, each major fund, and the discretely presented component unit of City of Cascade as of June 30, 2021, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As discussed in Note 1, these basic 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 purpose of forming opinions on the basic financial statements that collectively comprise City of Cascade's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the basic financial statements for the year ended June 30, 2020 (which are not presented herein) and expressed an unmodified opinion on those basic financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 and 2 and the 2016 through 2021 information in Schedule 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Other auditors have previously audited, in accordance with the standards referred to in the third paragraph of this report, the basic financial statements for the four years ended June 30, 2015 (none of which is presented herein), and expressed unmodified opinions on those basic financial statements which were prepared on the basis of cash and receipts and disbursements. Those audits were conducted for purposes of forming an opinion on the financial states as a whole. Supplementary information in Schedule 3 for the four years ended June 30, 2015, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2012 through 2015 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, Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City and Utility's Proportionate Share of the Net Pension Liability, and the Schedule of City and Utility Contributions as listed in the table of contents, 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 18, 2021, on our consideration of the City of Cascade'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 City of Cascade's internal control over financial reporting and compliance.

BerganKDV, Ltd.

Minneapolis, Minnesota
November 18, 2021

City of Cascade Management's Discussion and Analysis

The City of Cascade provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with the City's financial statements which follow.

2021 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental funds decreased 15.5%, or \$485,241 from fiscal 2020 to fiscal 2021. Grants and Contributions related to the pool project received in the prior year were the main cause of this decrease.
- Disbursements of the City's governmental funds decreased 38.0%, or \$1,937,594 in fiscal 2021 from fiscal 2020. Capital outlay disbursements decreased \$1,955,335.
- The City's total cash basis net position decreased 18.1%, or \$640,977 from June 30, 2020 to June 30, 2021. Of this amount, the cash basis net position of the governmental activities decreased \$492,810 and the cash basis net position of the business type activities decreased \$148,167. The discretely presented component unit's (Cascade Municipal Utilities) cash basis net position increased 11.2%, or \$306,803 to \$3,049,464.

USING THIS ANNUAL REPORT

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.
- The government-wide financial statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole, including the discretely presented component unit, and presents an overall view of the City's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide financial statement by providing information about the most significant funds.
- Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.
- Supplementary Information provides detailed information about the City's indebtedness.

City of Cascade Management's Discussion and Analysis

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 accounting principles generally accepted in the United States of America. Therefore, when reviewing the financial information and discussion within the annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

The City's Reporting Entity Presentation

This annual report includes all activities for which the City of Cascade is fiscally responsible. These activities, defined as the City's reporting entity, are operated within a separate legal entity that is the primary government and another separate legal entity that is included as a component unit.

The primary government consists of one legal entity, the City of Cascade.

The component unit presentation consists of one legal entity, the Cascade Municipal Utilities.

Government-Wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Cash Basis Statement of Activities and Net Position reports information which helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the City's net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position is divided into three kinds of activities:

- *Governmental Activities* include public safety, public works, culture and recreation, community and economic development, general government, and debt service. Property tax and state and federal grants finance most of these activities.
- *Business Type Activities* include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.
- *Discretely Presented Component Unit* consists of Cascade Municipal Utilities, a legally separate organization that has the potential to provide specific benefits or impose specific financial burdens on the City.

**City of Cascade
Management's Discussion and Analysis**

REPORTING THE CITY'S FINANCIAL ACTIVITIES (CONTINUED)

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental Funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include 1) the General Fund, 2) the Special Revenue Funds, such as Urban Renewal Tax Increment, 3) the Debt Service Fund, and 4) the Capital Projects Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a Statement of Cash Receipts, Disbursements, and Changes in Cash Balances.

- 2) Proprietary Funds account for the City's Enterprise Funds. Enterprise Funds are used to account for business type activities. The City maintains two Enterprise Funds to provide separate information for the Water and Sewer Funds, considered to be major funds of the City.

The required financial statement for the proprietary funds is a Statement of Cash Receipts, Disbursements, and Changes in Cash Balances.

Reconciliations between the government-wide financial statement and the fund financial statements would follow the fund financial statements. No such reconciliations were necessary.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from \$2,036,602 to \$1,543,792. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

**City of Cascade
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**Changes in Cash Basis Net Position of Governmental Activities
(Expressed in Thousands)
Years Ended June 30, 2021 and 2020**

	2021	2020
Receipts		
Program receipts		
Charges for services	\$ 465	\$ 458
Operating grants and contributions	489	598
Capital grants and contributions	63	537
General receipts		
Property tax and other local taxes	1,215	1,138
Local option sales taxes	337	287
Unrestricted grants	32	32
Unrestricted interest on investments	18	67
Proceeds from debt	-	-
Sale of capital assets	-	18
Other general receipts	25	14
Total receipts	2,644	3,149
Disbursements		
Public safety	270	263
Public works	501	576
Culture and recreation	191	182
Community and economic development	306	175
General government	275	271
Debt service	721	727
Capital projects	898	2,906
Total disbursements	3,162	5,100
Change in cash basis net position before transfers	(518)	(1,951)
Transfers, net	25	30
Change in cash basis net position	(493)	(1,921)
Cash basis net position beginning of year	2,037	3,958
Cash basis net position end of year	\$ 1,544	\$ 2,037

The City's total receipts (including transfers) for governmental activities decreased 16.0% or \$508,808. The total cost of all governmental programs and services decreased \$1,937,594, or 38.0%. The decrease in disbursements was due primarily to a decrease in capital costs.

**City of Cascade
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The City property tax decreased slightly in fiscal year 2021 from fiscal year 2020 by 0.4744. Valuations also increased by \$2,266,568, therefore, City property tax receipts in the General Fund increased \$40,405.49. For the next fiscal year, the property tax rate decreased by .10239, but property tax receipts are budgeted to increase by approximately \$556.

The cost of all governmental activities was \$3,162,259 compared to \$5,099,853 in the prior year. However, as shown in the Cash Basis Statement of Activities and Net Position on pages 16-17, the amount taxpayers ultimately financed for these activities was less than actual costs incurred because some of the cost was paid by those directly benefiting from the programs (\$465,050) by other governments, organizations which subsidized certain programs and capital needs with grants and contributions (\$552,399). Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service decreased in 2021 from \$1,592,382 to \$1,017,449. The City paid for the remaining "public benefit" portion of governmental activities (\$2,144,810) with taxes (some of which could only be used for certain programs), transfers from other funds, other receipts, such as interest, unrestricted grants, and other miscellaneous receipts.

**City of Cascade
Management's Discussion and Analysis**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

**Changes in Cash Basis Net Position of Business Type Activities
(Expressed in Thousands)**

	2021	2020
Receipts		
Program receipts		
Charges for service		
Water	\$ 340	\$ 334
Sewer	856	842
General receipts		
Unrestricted interest on investments	5	10
Other general receipts	7	13
Proceeds from long term debt	603	-
Total receipts	1,811	1,199
Disbursements		
Water	1,088	376
Sewer	846	799
Total disbursements	1,934	1,175
Change in case basis net position before transfers	(123)	24
Transfers, net	(25)	(30)
Change in case basis net position	(148)	(6)
Cash basis net position beginning of year	1,511	1,517
Cash basis net position end of year	\$ 1,363	\$ 1,511

Total business type activities charges for services receipts for the fiscal year were \$1,195,997 compared to \$1,176,412 in the prior year. The increase was due primarily to an increase in usage. Cash basis net position decreased \$148,167 in 2021. Total disbursements for the fiscal year increased 64.5%, or \$758,244, due primarily to a bond refunding during the year.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Cascade completed the year, its governmental funds reported a combined fund balance of \$1,543,792, a decrease of \$492,810 from last year's total of \$2,036,602. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

**City of Cascade
Management's Discussion and Analysis**

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS (CONTINUED)

- The General Fund cash balance increased \$274,502 from the prior year to \$1,724,742.
- The Special Revenue, Road Use Tax Fund, cash balance increased \$20,003 to \$43,103. The fund is used for general street maintenance.
- The Special Revenue, Employee Benefits Fund cash balance increased \$963 to \$22,718. This is earmarked to pay employment taxes and benefits.
- The Special Revenue, Local Option Sales Tax cash balance decreased \$14,163 to \$248,203. This is earmarked to pay for capital projects throughout the City.
- The Special Revenue, Urban Renewal Tax Increment Fund was established to account for major urban renewal projects within the City. At the end of the fiscal year, the cash balance was (\$121,590), a decrease of \$212,204 from the previous year. Disbursements included \$156,246 for tax rebates. In addition, \$374,040 was transferred to the Debt Service Fund for debt retirement.
- The Debt Service Fund cash balance increased \$6,948. Long-term debt principal and interest payments decreased \$6,169 in fiscal year 2021.
- The Capital Projects Fund cash balance decreased \$568,859 to (\$425,752) in fiscal year 2021. Capital outlay disbursements decreased \$2,036,913 to \$703,859 in fiscal year 2021. The decrease in disbursements were primarily related to the pool project. Capital Project receipts decreased from \$869,602 to \$135,000 in fiscal year 2021. Receipts were transfers in from other funds.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Water Fund cash balance decreased \$145,398 to \$486,371. The cash balance decrease was primarily due to current year operations and a bond refunding.
- The Enterprise, Sewer Fund cash balance decreased \$2,769 to \$876,591. The cash balance decrease was primarily due to current year operations.

BUDGETARY HIGHLIGHTS

Over the course of the year the City amended its budget once. The amendment was approved on May 24, 2021 and resulted in an increase in budgeted revenues of \$287,982 and an increase in disbursements of \$432,473.

The City receipts were \$276,193 less than budgeted. This was primarily due to the City's receiving less in intergovernmental and charges for services revenue than anticipated.

The City's disbursements were \$364,356 less than budgeted, primarily due to budgeting for capital projects that did not end up happening in fiscal year 2021.

**City of Cascade
Management's Discussion and Analysis**

DEBT SERVICE

At June 30, 2021, the City had \$10,524,835 in bonds and notes outstanding, as shown in the following table.

**Outstanding Debt at Year End
Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
General obligation notes	\$ 30	\$ 70
General obligation bonds	2,800	3,430
Revenue bonds	<u>7,695</u>	<u>8,167</u>
 Total	 <u>\$ 10,525</u>	 <u>\$ 11,667</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of \$2,830,163 is well below its constitutional debt limit of \$8.4 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Cascade's elected and appointed officials and citizens considered many factors when setting the fiscal year 2021 budget, tax rates and fees that will be charged for various City activities. One of these factors is the economy. Sales tax receipts increased \$50,034 in fiscal year 2021, an increase of 17%. Taxable property valuation increased approximately \$2,266,568 million or 2%. With the 2020 Census numbers, the City's population increased by 209 to 2,368 and that trend is expected to continue.

These indicators were taken into account when adopting the budget for fiscal year 2022. Amounts available for appropriation in the operating budget are approximately \$4.8 million, a decrease of 42% over the final 2021 budget.

If estimates are realized, the City's budgeted cash balance is expected to decrease approximately \$479,926 by the close of fiscal year 2022.

CONTACTING THE CITY'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact Danielle Hartke, City Clerk; 320 1st Avenue West; Cascade, Iowa 52033-0400.

BASIC FINANCIAL STATEMENTS

**City of Cascade
Statement of Activities
Year Ended June 30, 2021**

Functions/Programs	Disbursements	Program Receipts		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 280,430	\$ 35,650	\$ 200	\$ -
Public safety	276,750	100,262	-	-
Public works	653,774	267,551	323,121	55,352
Culture and recreation	924,376	46,089	3,238	7,650
Community and economic development	305,568	10,002	162,838	-
Debt service	721,361	5,496	-	-
Total governmental activities	<u>3,162,259</u>	<u>465,050</u>	<u>489,397</u>	<u>63,002</u>
Business-type activities				
Water	1,088,258	340,276	-	-
Sewer	845,418	855,721	-	-
Total business-type activities	<u>1,933,676</u>	<u>1,195,997</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 5,095,935</u>	<u>\$ 1,661,047</u>	<u>\$ 489,397</u>	<u>\$ 63,002</u>
Discretely Presented Component Unit				
Cascade Municipal Utilities	<u>\$ 2,590,934</u>	<u>\$ 2,738,630</u>	<u>\$ 69,459</u>	<u>\$ -</u>

General Receipts, Transfers, and Debt Proceeds

- Property taxes
- Tax increment financing
- Local option sales tax
- Unrestricted grants
- Unrestricted interest on investments
- Miscellaneous
- Transfers
- Proceeds from long-term debt
- Total general receipts, transfers, and debt proceeds

Change in cash basis net position

Cash basis net position beginning of year

Cash basis net position end of year

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

Primary Government			
Governmental Activities	Business-Type Activities	Total	Discretely Presented Component Unit
\$ (244,580)	\$ -	\$ (244,580)	\$ -
(176,488)	-	(176,488)	-
(7,750)	-	(7,750)	-
(867,399)	-	(867,399)	-
(132,728)	-	(132,728)	-
(715,865)	-	(715,865)	-
<u>(2,144,810)</u>	<u>-</u>	<u>(2,144,810)</u>	<u>-</u>
-	(747,982)	(747,982)	-
-	10,303	10,303	-
<u>-</u>	<u>(737,679)</u>	<u>(737,679)</u>	<u>-</u>
<u>(2,144,810)</u>	<u>(737,679)</u>	<u>(2,882,489)</u>	<u>-</u>
			<u>\$ 217,155</u>
913,682	-	913,682	-
300,919	-	300,919	-
337,063	-	337,063	-
31,846	-	31,846	-
18,092	4,667	22,759	27,638
25,398	7,105	32,503	62,010
25,000	(25,000)	-	-
-	602,740	602,740	-
<u>1,652,000</u>	<u>589,512</u>	<u>2,241,512</u>	<u>89,648</u>
(492,810)	(148,167)	(640,977)	306,803
<u>2,036,602</u>	<u>1,511,129</u>	<u>3,547,731</u>	<u>2,742,661</u>
<u>\$ 1,543,792</u>	<u>\$ 1,362,962</u>	<u>\$ 2,906,754</u>	<u>\$ 3,049,464</u>

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City of Cascade
Cash Basis Statement of Activities and Net Position
Year Ended June 30, 2021

	Primary Government			Discretely Component Unit
	Governmental Activities	Business Type Activities	Total	
Cash Basis Net Position				
Restricted				
Nonexpendable				
Utility deposits	\$ -	\$ 5,703	\$ 5,703	\$ 85,257
Expendable				
Streets	43,103	-	43,103	-
Debt service	52,368	639,222	691,590	-
Capital projects	112,971	-	112,971	-
Other purposes	270,921	-	270,921	-
Unrestricted	1,064,429	718,037	1,782,466	2,964,207
Total cash basis net position	\$ 1,543,792	\$ 1,362,962	\$ 2,906,754	\$ 3,049,464

City of Cascade
Statement of Cash Receipts, Disbursements, and
Changes in Cash Fund Balances -
Governmental Funds
Year Ended June 30, 2021

	Special Revenue		
	General Fund (001-028)	Road Use Tax (110)	Employee Benefit (112)
Receipts			
General property taxes	\$ 817,307	\$ -	\$ 22,357
Tax increments	-	-	-
Local option sales tax	-	-	-
Special assessments	-	-	-
Licenses and permits	23,567	-	-
Intergovernmental	262,292	323,121	606
Charges for services	403,341	-	-
Use of money and property	19,830	22	-
Miscellaneous	35,369	-	-
Total receipts	1,561,706	323,143	22,963
Disbursements			
Current			
General government	275,212	-	-
Public safety	269,310	-	-
Public works	278,633	222,216	-
Community and economic development	149,322	-	-
Culture and recreation	191,591	-	-
Debt service			
Principal and interest	-	-	-
Capital outlay			
General government	5,218	-	-
Public safety	7,440	-	-
Public works	92,344	50,684	-
Culture and recreation	38,823	-	-
Total disbursements	1,307,893	272,900	-
Excess of receipts over (under) disbursements	253,813	50,243	22,963
Other Financing Sources (Uses)			
Transfers in	62,240	7,260	-
Transfers out	(41,551)	(37,500)	(22,000)
Total other financing sources (uses)	20,689	(30,240)	(22,000)
Net change in cash fund balances	274,502	20,003	963
Cash Fund Balances			
Beginning of year	1,450,240	23,100	21,755
End of year	\$ 1,724,742	\$ 43,103	\$ 22,718

<u>Special Revenue</u>		<u>Debt Service</u>	<u>Capital Projects</u>	
<u>Local Option Sales Tax (121)</u>	<u>Urban Renewal Tax Increment(125)</u>	<u>Debt Service (200)</u>	<u>Capital Projects (300)</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 74,018	\$ -	\$ 913,682
-	300,919	-	-	300,919
337,063	-	-	-	337,063
-	-	5,496	-	5,496
-	-	-	-	23,567
-	7,161	1,978	-	595,158
-	-	-	-	403,341
-	-	-	-	19,852
-	10,002	-	-	45,371
<u>337,063</u>	<u>318,082</u>	<u>81,492</u>	<u>-</u>	<u>2,644,449</u>
-	-	-	-	275,212
-	-	-	-	269,310
-	-	-	-	500,849
-	156,246	-	-	305,568
-	-	-	-	191,591
-	-	721,361	-	721,361
-	-	-	-	5,218
-	-	-	-	7,440
-	-	-	9,897	152,925
-	-	-	693,962	732,785
<u>-</u>	<u>156,246</u>	<u>721,361</u>	<u>703,859</u>	<u>3,162,259</u>
337,063	161,836	(639,869)	(703,859)	(517,810)
-	-	646,817	135,000	851,317
<u>(351,226)</u>	<u>(374,040)</u>	<u>-</u>	<u>-</u>	<u>(826,317)</u>
<u>(351,226)</u>	<u>(374,040)</u>	<u>646,817</u>	<u>135,000</u>	<u>25,000</u>
(14,163)	(212,204)	6,948	(568,859)	(492,810)
<u>262,366</u>	<u>90,614</u>	<u>45,420</u>	<u>143,107</u>	<u>2,036,602</u>
<u>\$ 248,203</u>	<u>\$ (121,590)</u>	<u>\$ 52,368</u>	<u>\$ (425,752)</u>	<u>\$ 1,543,792</u>

City of Cascade
Statement of Cash Receipts, Disbursements,
and Changes in Cash Fund Balances -
Governmental Funds
Year Ended June 30, 2021

	<u>Special Revenue</u>		
	<u>General Fund</u> (001-028)	<u>Road Use Tax</u> (110)	<u>Employee</u> <u>Benefit (112)</u>
Cash Basis Fund Balances			
Restricted for			
Streets	\$ -	\$ 43,103	\$ -
Debt service	-	-	-
Capital projects	-	-	-
Other purposes	-	-	22,718
Assigned for			
Police car	165,672	-	-
Fire truck	230,189	-	-
Riverview park wall	9,495	-	-
Public works truck	32,359	-	-
Partial self-funded			
health insurance	35,179	-	-
Swimming pool	16,400	-	-
Cable	6,457	-	-
Parks/playground	20,637	-	-
Street equipment	51,222	-	-
Library	149,818	-	-
First avenue	307,452	-	-
Trail	25	-	-
Siren	2,225	-	-
Bicentennial	3,373	-	-
Ambulance	134,114	-	-
Unassigned	560,125	-	-
	<u>\$ 1,724,742</u>	<u>\$ 43,103</u>	<u>\$ 22,718</u>
Total cash fund balances			

<u>Special Revenue</u>		<u>Debt Service</u>	<u>Capital</u>	
<u>Local Option Sales Tax (121)</u>	<u>Urban Renewal Tax Increment (125)</u>	<u>Debt Service (200)</u>	<u>Capital Projects (300)</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 43,103
-	-	52,368	-	52,368
-	-	-	112,971	112,971
248,203	-	-	-	270,921
-	-	-	-	165,672
-	-	-	-	230,189
-	-	-	-	9,495
-	-	-	-	32,359
-	-	-	-	35,179
-	-	-	-	16,400
-	-	-	-	6,457
-	-	-	-	20,637
-	-	-	-	51,222
-	-	-	-	149,818
-	-	-	-	307,452
-	-	-	-	25
-	-	-	-	2,225
-	-	-	-	3,373
-	-	-	-	134,114
-	(121,590)	-	(538,723)	(100,188)
<u>\$ 248,203</u>	<u>\$ (121,590)</u>	<u>\$ 52,368</u>	<u>\$ (425,752)</u>	<u>\$ 1,543,792</u>

**City of Cascade
Statement of Net Cash Position
Proprietary Funds
June 30, 2021**

	Enterprise Funds		
	Water (600)	Sewer (610)	Total
Assets			
Cash	\$ 486,371	\$ 876,591	\$ 1,362,962
Net Cash Position			
Restricted			
Nonspendable			
Utility deposits	\$ 5,703	\$ -	\$ 5,703
Expendable			
Debt service	72,086	567,136	639,222
Unrestricted	408,582	309,455	718,037
Total cash basis net position	\$ 486,371	\$ 876,591	\$ 1,362,962

City of Cascade
Statement of Receipts, Disbursements, and
Changes in Cash Balances -
Proprietary Funds
Year Ended June 30, 2021

	Enterprise Funds		Total
	Water (600)	Sewer (610)	
Operating Receipts			
Charges for services	\$ 340,276	\$ 855,721	\$ 1,195,997
Operating Disbursements			
Wages and salaries	81,443	94,217	175,660
Employee benefits	36,489	39,822	76,311
Materials and supplies	36,408	15,722	52,130
Professional services	29,921	30,448	60,369
Utilities	25,766	38,678	64,444
Repairs and maintenance	80,560	63,660	144,220
Insurance	10,887	23,346	34,233
Travel	-	480	480
Miscellaneous expenses	18,497	12,704	31,201
Total operating disbursements	<u>319,971</u>	<u>319,077</u>	<u>639,048</u>
Operating income	<u>20,305</u>	<u>536,644</u>	<u>556,949</u>
Nonoperating Receipts			
(Disbursements)			
Interest on investments	4,117	550	4,667
Water deposits refunded	(240)	-	(240)
Miscellaneous	727	6,378	7,105
Debt service	<u>(118,047)</u>	<u>(526,341)</u>	<u>(644,388)</u>
Total nonoperating receipts (disbursements)	<u>(113,443)</u>	<u>(519,413)</u>	<u>(632,856)</u>
Excess of receipts over disbursements	(93,138)	17,231	(75,907)
Payments to refunding bond agent	(650,000)	-	(650,000)
Bond proceeds	602,740	-	602,740
Transfers out	<u>(5,000)</u>	<u>(20,000)</u>	<u>(25,000)</u>
Change in cash balances	(145,398)	(2,769)	(148,167)
Cash Balances			
Beginning of year	<u>631,769</u>	<u>879,360</u>	<u>1,511,129</u>
End of year	<u>\$ 486,371</u>	<u>\$ 876,591</u>	<u>\$ 1,362,962</u>

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City of Cascade
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Cascade is a political subdivision of the State of Iowa located in Dubuque and Jones Counties. It was first incorporated in 1858 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 and sewer utilities for its citizens.

The basic financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, boards, commissions, and authorities that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities, or level of services performed or provided by the organization, or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on, the City.

Discretely presented component units are separate legal entities that meet the component unit criteria but do not meet the criteria for blending. The component unit that is discretely presented in the City's report is presented below:

<u>Component Unit</u>	<u>Brief Description/Inclusion Criteria</u>
Cascade Municipal Utilities (CMU)	Created to finance, develop and operate the Municipal Utilities which provide gas and electric services to the City. The CMU governing body is composed of three members appointed by the City Council.

The Utility issues a publicly available audited financial report that includes basic financial statements and other supplementary information. The report may be obtained by writing to: Cascade Municipal Utilities; 320 1st Avenue West, PO Box 400; Cascade, Iowa 52033-0400.

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: Dubuque and Jones County Assessor's Conference Boards, Dubuque and Jones County Emergency Management Commissions, and Dubuque and Jones County Joint E911 Service Boards.

City of Cascade
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation

The government-wide financial statements (i.e. the Cash Basis Statement of Activities and Net Position) reports information on all 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 revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service. Activities between the primary government (the City) and the discretely presented component unit (Cascade Municipal Utilities) are reported as if they were external transactions and are classified separately from internal activities within the primary government.

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

Non-expendable restricted net position is subject to externally imposed stipulations which requires the cash balances to be maintained permanently by the City, including customer utility deposits.

Expendable restricted net position results when constraints placed on the use of cash balances is 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 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 basic financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. At June 30, 2021, the City did not report any nonmajor funds.

The City reports the following major governmental funds:

The General Fund – This 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 funds 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.

City of Cascade
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

Special Revenue:

The Road Use Tax Fund – This 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 Employee Benefits Fund – This fund is utilized to account for property tax to be used for nonproprietary payroll taxes and employee fringe benefits.

The Local Option Sales Tax Fund – This fund is to account for local option sales tax collections and to ensure that they are disbursed in accordance with the voter approved resolution.

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

The Debt Service Fund – This fund is utilized to account for other receipts, such as Urban Renewal Tax Increment Fund transfers, to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund – This fund is used to account for major construction and improvement projects in the City.

The City reports the following major proprietary funds:

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

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

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the basic 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 basic financial statements do not present financial position and results of operations of the funds in accordance with accounting principles generally expected 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, 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.

City of Cascade
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting (Continued)

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

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

D. Governmental Cash Basis Fund Balances

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

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

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

Assigned – Amounts which the City Council intends to use for a specific purpose.

Unassigned – All amounts not included in the preceding classifications.

The City has a minimum fund balance policy to maintain an unrestricted fund balance in the General Fund of an amount not less than 20% of the next year's budgeted expenditures of the General Fund.

E. Budgets and Budgetary Accounting

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

F. Property Tax and Calendar

The City's property tax rates were extended against the assessed valuation of the City as of January 1, 2019, to compute the amounts which became liens on property on July 1, 2020. These taxes were due and payable in two installments on September 30, 2020 and March 31, 2021, at the Dubuque County and Jones County Treasurer's offices. These taxes are recognized as income to the City when they are received from the County.

NOTE 2 – CASH AND POOLED INVESTMENTS

Cash balances of the City's and Utility's funds are combined (pooled) and invested to the extent available in various investments authorized by *Iowa Statutes*. Each fund's portion of this pool (or pools) is displayed in the basic financial statements as "cash balances". For purposes of identifying risk of investing public funds, the balances are summarized as follows.

City of Cascade
Notes to Basic Financial Statements

NOTE 2 – CASH AND POOLED INVESTMENTS (CONTINUED)

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the Utility's deposits may not be returned to it. The City and Utility have a policy to only make deposits in the state of Iowa where deposits are covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. The City's and Utility's deposits in banks at June 30, 2021, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds. The City and Utility had \$1,059,684 in certificates of deposit and \$4,895,107 in checking and savings accounts at June 30, 2021.

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

The City had no investments meeting the disclosure requirements of Governmental Account Standards Board Statement No. 72. However, the Utility had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$1,427. There were no limitations or restrictions on withdrawals for the IPAIT investments. The Utility's investment in the Iowa Public Agency Investment Trust is unrated.

Concentration of Credit Risk: The Utility's investment policy states the Utility will diversify its investment to reduce the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. As of June 30, 2021, the Utility's investments follow the guidelines stated in its investment policy.

Credit Risk: The Utility's investment policy limits investments to those specified in the above statutes. As of June 30, 2021, the Utility did not have investments subject to credit ratings.

Interest Rate Risk: The City's and Utility'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 Utility.

Custodial Credit Risk – Investments: For an investment, this is the risk in the event of the failure of the counterparty the Utility will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Utility's policy states all invested assets of the Utility involving the use of a public funds custodial agreement, as defined in Iowa Code section 12B.10C, shall comply with all rules adopted pursuant to Iowa Code section 12B.10C. The City's and Utility's policy states that all custodial agreements shall be in writing and shall contain a provision that all custodial services be provided in accordance with the laws of the state of Iowa.

City of Cascade
Notes to Basic Financial Statements

NOTE 3 – BONDS, NOTES, AND LOANS PAYABLE

Annual debt service requirements to maturity for general obligation notes, general obligation bonds, and revenue bonds of the City are as follows.

Year Ending June 30,	G.O. Bonds and Notes		Revenue Bonds and Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 675,163	\$ 77,392	\$ 428,755	\$ 124,968	\$ 1,103,918	\$ 202,360
2023	240,000	62,725	437,620	135,432	677,620	198,157
2024	250,000	56,150	446,501	127,865	696,501	184,015
2025	250,000	49,300	454,399	120,141	704,399	169,441
2026	260,000	42,450	464,314	112,261	724,314	154,711
2027-2031	690,000	132,900	2,461,906	437,664	3,151,906	570,564
2032-2036	465,000	28,200	2,485,177	219,217	2,950,177	247,417
2037	-	-	516,000	26,897	516,000	26,897
Total	<u>\$ 2,830,163</u>	<u>\$ 449,117</u>	<u>\$ 7,694,672</u>	<u>\$ 1,304,445</u>	<u>\$ 10,524,835</u>	<u>\$ 1,753,562</u>

A. Sewer Revenue Loans

On May 20, 2016, the City financed \$8,600,788 of sewer revenue loans. For the purpose of financing, the eligible project costs of expanding the municipal sewer system. The aggregate principal amount of the loan disbursed and outstanding will bear interest and servicing fees collectively at the rate of 2.00% per annum accruing from and after the date of the Note, which is May 20, 2016, through the date on which no principal of the loan remains unpaid and all accrued interest and servicing fees thereon have been paid. Regular interest payments began on December 1, 2016, and are due every six months on a semi-annual basis. Principal payments began on June 1, 2018, and are due annually thereafter. For the current year, principal and interest paid and net operating receipts were \$507,548 and \$536,644, respectively.

B. General Obligation Corporate Purpose Bonds

In 2012, the City received \$3,200,000 from the issuance of G.O. Corporate Purpose Bond, Series 2012B. This disbursement is for the purpose of financing the eligible project costs of the street improvements and municipal waterworks system. The aggregate principal amount of the loan disbursed and outstanding will bear interest and servicing fees collectively at the rate of 1.00-2.00% per annum accruing from and after the date of the Note, which is December 1, 2012, through the date on which no principal of the loan remains unpaid and all accrued interest and servicing fees thereon have been paid.

Regular interest payments began on December 1, 2012, and are due every six months thereafter on a semi-annual basis.

In 2017, the City received \$1,110,000 from the issuance of G.O. Corporate Purpose Bond, Series 2017A. This disbursement was for the purpose of financing the eligible project costs of the Highway 136 Project. The aggregate principal amount of the loan disbursed and outstanding will bear interest and servicing fees collectively at the rate of 2.00-3.00% per annum accruing from and after the date of the Note, which is December 1, 2017, through the date on which no principal of the loan remains unpaid and all accrued interest and servicing fees thereon have been paid.

City of Cascade
Notes to Basic Financial Statements

NOTE 3 – BONDS, NOTES, AND LOANS PAYABLE (CONTINUED)

B. General Obligation Corporate Purpose Bonds (Continued)

Regular interest payments began on December 1, 2017, and are due every six months thereafter on a semi-annual basis.

In 2019, the City received \$1,965,000 from the issuance of G.O. Swimming Pool Bonds, Series 2019A. This disbursement is for the purpose of financing the eligible project costs of the swimming pool. The aggregate principal amount of the loan disbursed and outstanding will bear interest and servicing fees collectively at the rate of 3.00% per annum accruing from and after the date of the Note, which is June 13, 2019, through the date on which no principal of the loan remains unpaid and all accrued interest and servicing fees thereon have been paid.

There will then be a regular interest payment due December 1, 2019, and every six months thereafter on a semi-annual basis.

C. Water Revenue Refunding Bonds

On October 15, 2020, the City issued \$602,740 of water revenue refunding bonds. The proceeds and debt reserves were used to refund \$650,000 of the Series 2012A Water Revenue Bonds and to pay for issuance costs and interest. As a result of this refunding, the City obtained a net present value savings of approximately \$46,360.

NOTE 4 - PENSION PLAN

A. Plan Description

IPERS membership is mandatory for employees of the City and its discretely presented component unit (the Utility), except for those covered by another retirement system. Employees of the City and the Utility 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, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

B. Pension Benefits

A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement 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.

City of Cascade
Notes to Basic Financial Statements

NOTE 4 - PENSION PLAN (CONTINUED)

B. Pension Benefits (Continued)

- 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 after age 50 with 22 or more years of covered employment.

The formula used to calculate protection occupation member's monthly IPERS benefits include:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 but no more than 30 years of services.
- 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 that the member receives benefits before the member's earliest normal retirement age. For service earned 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 benefits payments.

C. 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.

D. Contributions

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

City of Cascade
Notes to Basic Financial Statements

NOTE 4 - PENSION PLAN (CONTINUED)

D. Contributions (Continued)

In fiscal year 2021, pursuant to the required rate, regular members contributed 6.29% of covered payroll and the City and Utility contributed 9.44% of covered payroll for a total of 15.73%. Protection occupation members contributed 6.41% of covered payroll and the City contributed 9.61% of covered payroll for a total of 16.02%.

The City's contributions to IPERS for the year ended June 30, 2021, totaled \$48,783. The Utility's contributions to IPERS for the year ended June 30, 2021, totaled \$28,270.

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

At June 30, 2021, the City's reported a liability of \$364,779, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contribution to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the City's proportion was 0.005354%, which was an increase of 0.000066% from its proportion measured as of June 30, 2019. At June 30, 2020, the City's Protection occupations proportion was 0.0026620%, which was a decrease of 0.005686% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the City's pension expense, deferred outflows of resources, and deferred inflows of resources totaled \$70,316, \$51,837, and \$9,181, respectively.

At June 30, 2021, the Utility's liability for its proportionate share of the net pension liability totaled \$247,434. The collective net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of that date. The Utility's proportion of the collective net pension liability was based on the Utility's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2020, the Utility's proportion was 0.003547%, which was a decrease of 0.000562% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Utility's pension expense, deferred outflows of resources, and deferred inflows of resources totaled \$37,962, \$26,884, and \$5,865, respectively.

There were no non-employer contributing entities to IPERS

City of Cascade
Notes to Basic Financial Statements

NOTE 4 - PENSION PLAN (CONTINUED)

F. Actuarial Assumptions

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

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

City of Cascade
Notes to Basic Financial Statements

NOTE 4 - PENSION PLAN (CONTINUED)

G. 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 and the Utility 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.

H. Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's and Utility's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's and Utility's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percent lower (6.00%) or 1 percent higher (8.00%) than the current rate.

<u>Proportionate share of the net pension liability (asset)</u>	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City	\$ 693,810	\$ 364,779	\$ 120,957
Utility	412,576	247,434	108,966

I. IPERS Fiduciary Net Position

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

NOTE 5 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The City operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and spouses. There are eight active members and no retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

B. Funding Policy

The contribution requirements of plan members are established and may be amended by the City and the Utility.

City of Cascade
Notes to Basic Financial Statements

NOTE 5 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

B. Funding Policy (Continued)

The City and the Utility finance the retirement benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$647 for single coverage and \$1,456 for family coverage. The same monthly premiums apply to retirees. For the year ended June 30, 2021, the City contributed \$98,888 and plan members contributed \$10,988. The most recent active member monthly premiums for the Utility and plan members are \$537 for single coverage and \$1,219 for family coverage. For the year ended June 30, 2021, the Utility contributed \$60,122 and plan members contributed \$4,875.

NOTE 6 – VACATION

The City and Utility employees accumulate a limited amount of earned but unused vacation hours for subsequent use.

These accumulations are not recognized as disbursements until used. The City's and Utility's approximate liability for earned compensated absences payable to employees at June 30, 2021, primarily relating to the General Fund for the City and Electric Fund for the Utility, are as follows:

Type of Benefit	City Amount	Utility Amount
Vacation	\$ 48,485	\$ 3,388

These liabilities have been computed based on rates of pay in effect at June 30, 2021.

The City offers a severance benefit to one employee with a liability of \$19,508 at June 30, 2021.

City of Cascade
Notes to Basic Financial Statements

NOTE 7 - INTERFUND TRANSFERS

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

Transfer To	Transfer From	Amount
General	Special Revenue	
	Road use tax	\$ 37,500
	Employee benefit	14,740
	Water	5,000
	Sewer	5,000
	Total general	<u>62,240</u>
Road and Use Tax	Special Revenue	
	Employee benefit	<u>7,260</u>
Debt Service	Special Revenue	
	Local option sales tax	231,226
	Urban renewal tax increment	374,040
	General	41,551
	Total debt service	<u>646,817</u>
Capital projects	Special Revenue	
	Local Option Sales Tax	120,000
	Sewer	15,000
	Total capital projects	<u>135,000</u>
	Total	<u>\$ 851,317</u>

Transfers above move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources or to assist in the funding of capital assets.

NOTE 8 - RELATED PARTY TRANSACTIONS

The City paid the Utility \$107,834 for gas, electric, and collection service for the fiscal year ended June 30, 2021.

The City received \$4,553 for shared supplies, repairs, and copier from the Utility for the fiscal year ended June 30, 2021.

City of Cascade
Notes to Basic Financial Statements

NOTE 9 - RISK MANAGEMENT

The City and Utility are 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 and Utility assume liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks did not exceed commercial insurance in any of the past three fiscal years.

NOTE 10 - DEVELOPER AGREEMENTS

The City has entered into eight development agreements to assist various urban renewal projects.

With the first agreement the City has agreed to rebate 70% of the incremental tax paid by the developer, in exchange for construction and operating of a grocery store by the developer on land within the Cascade Urban Renewal Area. The incremental tax to be received by the City under Chapter 403.19 of the Code of Iowa will be rebated for a period of ten years beginning December 1, 2011, and continuing through and including June 1, 2021, or until such earlier date upon which payments equal to \$300,000 have been made. The payments shall not constitute a general obligation of the City and shall be subject to annual appropriation by the City Council. During the year ended June 30, 2021, the City rebated \$22,300 under this agreement. As of June 30, 2021, the City gave the developer \$210,167 in total payments.

With the second agreement the City has lent \$50,000 in October 2010 in connection with the remodeling of a commercial building to be used as a chiropractic clinic. The note is payable in monthly installments of \$417 over ten years with no interest. This note was paid off on October 31, 2021.

With the third agreement the City has agreed to rebate 50% of the incremental tax paid by the developer in exchange for construction of a corporate office, gas station, and convenience store on land located within the Cascade Urban Renewal Area and creation of 18 employment positions by the developer. The incremental tax to be received by the City under Chapter 403.19 of the Code of Iowa will be rebated for a period of ten years beginning with December 1, 2013, and continuing through and including June 1, 2023, or until such earlier date upon which payments equal to \$135,000 have been made. The payments shall not constitute a general obligation and shall be subject to annual appropriation by the City Council. During the year ended June 30, 2021, the City rebated \$14,099 under this agreement. The maximum remaining balance at June 30, 2021, was \$35,283.

With the fourth agreement the Company would undertake the acquisition of an existing building for use in its business operations and the creation of jobs. The Company agrees to have a workforce of at least ten employees and maintain that base work force throughout the term of the agreement. The Company is to submit documentation to the satisfaction of the City no later than October 15 of each year to demonstrate that the Employment Requirements are being met by the Company. Under the agreement the City would provide five annual appropriation tax increment payments to the Company in a total amount not exceeding \$20,000. During the year ended June 30, 2021, the City paid a total of \$3,981 , with a maximum balance remaining of \$8,057 under this agreement.

City of Cascade
Notes to Basic Financial Statements

NOTE 10 - DEVELOPER AGREEMENTS (CONTINUED)

With the fifth agreement the Developers would undertake the development and construction of a bakery and coffee bar on certain real property situated at 126 1st Ave W in the Urban Renewal Area, including the demolition of existing building, the construction of a new building and the renovation of an existing building. The City is to provide financial incentive to the Developers in the form of an interest-free loan in the principal amount of \$50,000 and annual appropriation tax increment payments in a total amount not exceeding \$70,000. Principal of the loan shall be repaid in 119 equal monthly installments in the amount of \$417 each, commencing on the 15th day of the month that the Promissory Note is executed and delivered to the City, and continuing on the 15th day of each month thereafter, with all remaining principal of the loan due at final maturity of the Promissory Note, which shall be 10 years from the date of issuance. The balance at June 30, 2021, is \$44,579.

With the sixth agreement the Developers would undertake the construction of a warehouse and office building on certain real property situated at 133 Industrial Street SE in the Urban Renewal Area. The City is to provide financial incentive to the Developers in the form of annual appropriation tax increment payments in a total not to exceed \$160,000 and maintain fifteen jobs for ten years. During the year ended June 30, 2021, the City rebated \$14,479, with a maximum remaining balance of \$145,521. There is also a business incentive agreement with this Company. The Company agrees to add eight jobs and maintain for five years. The Company is to submit documentation to the satisfaction of the City no later than October 15 of each year to demonstrate that the Employment Requirements are being met by the Company. Under the agreement, the City would provide 5 annual appropriation tax increment payments to the Company in a total not to exceed \$60,000. During the year ended June 30, 2021, the City paid a total of \$12,000, with a maximum remaining balance of \$48,000 under the agreement.

With the seventh agreement the developers would undertake the development of an expansion of a commercial eldercare facility in the urban renewal area located at 813 Tyler Street SE. The City is to provide financial incentives to the developer in the form of annual appropriation tax increment payments over 7 years in a total not to exceed \$280,000. During the year ended June 30, 2021, the City rebated \$29,714 with a maximum remaining balance of \$240,925.

With the eighth agreement the developers would undertake the development and renovation of a downtown business on certain real property situated at 201 1st Ave W in the Urban Renewal Area. The City is to provide financial incentives to the Developer in the form of an interest free loan in the principal amount of \$50,000 and annual appropriation tax increment payments in a total not to exceed \$60,000. Principal of the loan shall be repaid in 119 equal monthly installments in the amount of \$417 each, commencing on the 15th day of the month that the Promissory Note is executed and delivered to the City, and continuing on the 15th day of each month thereafter, with all remaining principal of the loan due at final maturity of the Promissory Note, which shall be 10 years from the date of issuance. The balance at June 30, 2021 is \$47,081. No tax rebate payment was paid in the year ended June 30, 2021. The maximum remaining balance at June 30, 2021 is \$60,000.

NOTE 11 - CONCENTRATION OF CREDIT RISK

The Cascade Municipal Utilities grants credit to its customers, all of whom are located in the municipal service area.

City of Cascade
Notes to Basic Financial Statements

NOTE 12 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balances

The following Funds had deficit fund balances at June 30, 2021:

<u>Fund</u>		
Urban Renewal Tax Increment	\$	121,590
Capital Projects		425,752

The deficits will be eliminated by transfers received from other funds.

NOTE 13 – CONSTRUCTION COMMITMENTS

At June 30, 2021, the City had \$134,223 of construction contract commitments.

OTHER INFORMATION

City of Cascade
Budgetary Comparison Schedule
of Receipts, Disbursements, and Changes in Balances-
Budget and Actual (Cash basis) - All Governmental Funds, Proprietary Funds,
and Discretely Presented Component Unit
Year Ended June 30, 2021

	Governmental Funds Actual	Proprietary Funds Actual	Discretely Presented Component Unit	Total
Receipts				
Property tax	\$ 913,682	\$ -	\$ -	\$ 913,682
Tax increment financing	300,919	-	-	300,919
Other city tax	337,063	-	-	337,063
Licenses and permits	23,567	-	-	23,567
Use of money and property	19,852	4,667	27,638	52,157
Intergovernmental	595,158	-	-	595,158
Charges for services	403,341	1,195,997	2,738,630	4,337,968
Special assessments	5,496	-	-	5,496
Operating grants and contributions	-	-	69,459	69,459
Miscellaneous	45,371	7,105	62,010	114,486
Total receipts	<u>2,644,449</u>	<u>1,207,769</u>	<u>2,897,737</u>	<u>6,749,955</u>
Disbursements				
General government	275,212	-	-	275,212
Public safety	269,310	-	-	269,310
Public works	500,849	-	-	500,849
Culture and recreation	191,591	-	-	191,591
Community and economic development	305,568	-	-	305,568
Debt service	721,361	-	-	721,361
Capital outlay	898,368	-	-	898,368
Business type activities	-	1,283,676	2,590,934	3,874,610
Total disbursements	<u>3,162,259</u>	<u>1,283,676</u>	<u>2,590,934</u>	<u>7,036,869</u>
Excess (deficiency) of receipts over (under) disbursements	(517,810)	(75,907)	306,803	(286,914)
Other financing sources (uses), net	25,000	(72,260)	-	(47,260)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>(492,810)</u>	<u>(148,167)</u>	<u>306,803</u>	<u>(334,174)</u>
Balances beginning of year	<u>2,036,602</u>	<u>1,511,129</u>	<u>2,742,661</u>	<u>6,290,392</u>
Balances end of year	<u>\$ 1,543,792</u>	<u>\$ 1,362,962</u>	<u>\$ 3,049,464</u>	<u>\$ 5,956,218</u>

Budgeted Amounts		Final to
Original	Final	Total
		Variance
\$ 899,322	\$ 906,322	\$ 7,360
315,475	326,357	(25,438)
320,701	330,701	6,362
7,850	7,850	15,717
73,760	74,660	(22,503)
514,576	754,576	(159,418)
4,551,082	4,552,482	(214,514)
800	800	4,696
-	-	69,459
54,600	72,400	42,086
<u>6,738,166</u>	<u>7,026,148</u>	<u>(276,193)</u>
309,303	298,717	(23,505)
343,644	368,789	(99,479)
525,359	552,597	(51,748)
223,671	216,952	(25,361)
272,499	344,899	(39,331)
721,266	721,366	(5)
700,300	942,139	(43,771)
<u>3,872,710</u>	<u>3,955,766</u>	<u>(81,156)</u>
<u>6,968,752</u>	<u>7,401,225</u>	<u>(364,356)</u>
(230,586)	(375,077)	88,163
<u>(47,260)</u>	<u>(47,260)</u>	<u>-</u>
<u>\$ (277,846)</u>	<u>\$ (422,337)</u>	<u>\$ 88,163</u>

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City of Cascade
Notes to Other Information – Budgetary Reporting

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. The 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, 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.

City of Cascade
Schedule of the Primary Government's and Discretely
Presented Component Unit's Proportionate Share
of the Net Pension Liability
Iowa Public Employees' Retirement System
For the Last Five Years*
Other Information
(In Thousands)
Year Ended June 30, 2021

	2021		2020	
	Primary Government (City)	Discretely Presented Component Unit (Utility)	Primary Government (City)	Discretely Presented Component Unit (Utility)
Proportion of the net pension liability (asset)				
Regular	0.005354 %	0.003547 %	0.005420 %	0.004109 %
Protective occupation	0.026621 %		0.032307 %	
Proportionate share of the net pension liability (asset)				
Regular	\$ 373	\$ 247	\$ 316	\$ 240
Protective occupation	(9)	-	(10)	-
Covered employee payroll				
Regular	422	280	415	315
Protective occupation	105	-	118	-
Proportionate share of the net pension liability (asset) as a percentage of covered payroll				
Regular	88.52 %	88.52 %	76.09 %	76.09 %
Protective occupation	(8.29) %	-	(8.34) %	-
Plan fiduciary net position as a percentage of the total pension liability	82.90 %	82.90 %	85.45 %	85.45 %

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

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

2019		2018		2017	
Primary Government (City)	Discretely Presented Component Unit (Utility)	Primary Government (City)	Discretely Presented Component Unit (Utility)	Primary Government (City)	Discretely Presented Component Unit (Utility)
0.005346 % 0.025618 %	0.004528 %	0.004884 % 0.029899 %	0.003876 %	0.004873 % 0.031406 %	0.003911 %
\$ 338 -	\$ 286 -	\$ 322 5	\$ 256 -	\$ 304 6	\$ 244 -
402 90	340 -	361 105	287 -	347 105	278 -
84.20 % (0.51) %	84.20 % -	89.24 % 5.15 %	89.24 % -	87.69 % 6.09 %	87.70 % -
83.62 %	83.62 %	82.21 %	82.21 %	81.82 %	81.82 %

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City of Cascade
Schedule of the Primary Government's and Discretely
Presented Component Unit's Proportionate Share
of the Net Pension Liability
Iowa Public Employees' Retirement System
For the Last Five Years*
Other Information
(In Thousands)
Year Ended June 30, 2021

	2016		2015	
	Primary Government (City)	Discretely Presented Component Unit (Utility)	Primary Government (City)	Discretely Presented Component Unit (Utility)
Proportion of the net pension liability (asset)				
Regular	0.004764 %	0.004518 %	0.004296 %	0.004518 %
Protective occupation	0.026480 %		0.026069 %	
Proportionate share of the net pension liability (asset)				
Regular	\$ 237	\$ 225	\$ 174	\$ 183
Protective occupation	(12)	-	(20)	-
Covered employee payroll				
Regular	328	311	328	302
Protective occupation	89	-	87	-
Proportionate share of the net pension liability (asset) as a percentage of covered payroll				
Regular	62.71 %	80.76 %	52.94 %	60.61 %
Protective occupation	(10.98) %	-	(23.5) %	-
Plan fiduciary net position as a percentage of the total pension liability	85.19 %	85.19 %	87.61 %	87.61 %

City of Cascade
Schedule of the Primary Government's and Discretely
Presented Component Unit's Proportionate Share
of the Net Pension Liability
Iowa Public Employees' Retirement System
Last Ten Fiscal Years
(In Thousands)
Other Information

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Primary government (city)					
Statutorily required contribution	\$ 49	\$ 50	\$ 51	\$ 45	\$ 43
Contributions in relation to the statutorily required contribution	<u>(49)</u>	<u>(50)</u>	<u>(51)</u>	<u>(45)</u>	<u>(43)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
City's covered employee payroll	\$ 521	\$ 527	\$ 563	\$ 491	\$ 466
Contributions as a percentage of covered employee payroll	9.40%	9.49%	9.13%	9.10%	9.13%
Discretely presented component unit (utility)					
Statutorily required contribution	\$ 28	\$ 26	\$ 30	\$ 30	\$ 25
Contributions in relation to the statutorily required contributions	<u>(28)</u>	<u>(26)</u>	<u>(30)</u>	<u>(30)</u>	<u>(25)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Utility's covered employee payroll	\$ 309	\$ 279	\$ 333	\$ 340	\$ 287
Contributions as a percentage of covered employee payroll	9.44%	9.44%	8.93%	8.93%	8.93%

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 41	\$ 38	\$ 34	\$ 32	\$ 32
<u>(41)</u>	<u>(38)</u>	<u>(34)</u>	<u>(32)</u>	<u>(32)</u>
<u>\$ -</u>				
\$ 452	\$ 417	\$ 415	\$ 350	\$ 379
9.14%	9.18%	9.20%	9.09%	8.51%
\$ 25	\$ 28	\$ 27	\$ 25	\$ 24
<u>(25)</u>	<u>(28)</u>	<u>(27)</u>	<u>(25)</u>	<u>(24)</u>
<u>\$ -</u>				
\$ 278	\$ 311	\$ 302	\$ 289	\$ 292
8.93%	8.93%	8.93%	8.67%	8.07%

City of Cascade
Notes to Other Information – Pension Liability

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 beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

SUPPLEMENTARY INFORMATION

**City of Cascade
Schedule 1
Schedule of Indebtedness
Year Ended June 30, 2021**

Obligation	Date of Issue	Interest Rates	Amount Originally Issued	Balance Beginning of year
Primary government				
General obligation notes				
Ambulance acquisition	Oct 31, 2012	2.21%	\$ 400,000	<u>\$ 70,163</u>
General obligation bonds				
Corporate purposes	Jul 1, 2012	1.00-2.00%	\$ 3,200,000	\$ 810,000
Corporate purposes	Feb 27, 2017	2.00-3.00%	1,115,244	765,000
Swimming pool 2019A	Jun 13, 2019	3.00%	1,965,000	<u>1,855,000</u>
Total				<u>\$ 3,430,000</u>
Revenue bonds				
Water	Jun 1, 2012	1.00-3.60%	\$ 995,000	\$ 650,000
Water - refunding	Oct 15, 2020	1.89%	602,740	-
Sewer	May 20, 2016	1.75%	756,229	<u>7,517,000</u>
Total				<u>\$ 8,167,000</u>

Issued During Year	Redeemed During Year	Balance End of year	Interest Paid
\$ -	\$ 40,000	\$ 30,163	\$ 1,551
\$ -	\$ 400,000	\$ 410,000	\$ 15,600
-	120,000	645,000	18,575
-	110,000	1,745,000	55,650
\$ -	\$ 630,000	\$ 2,800,000	\$ 89,825
\$ -	\$ 650,000	\$ -	\$ -
602,740	49,068	553,672	7,152
-	376,000	7,141,000	131,548
\$ 602,740	\$ 1,075,068	\$ 7,694,672	\$ 138,700

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City of Cascade
Schedule 2
Bond and Note Maturities
Year Ended June 30, 2021

Year Ending June 30,	Primary Government			
	General Obligation Notes		General Obligation Bond	
	Ambulance Acquisition		Corporate Purpose	
	Issued Oct 31, 2012		Issued Jul 1, 2012	
	Interest Rates	Amount	Interest Rates	Amount
2022	2.21	\$ 30,163	2.00	\$ 410,000
Total		<u>\$ 30,163</u>		<u>\$ 410,000</u>

Year Ending June 30,	Primary Government							
	Revenue Refunding Bonds		General Obligation Bond		Revenue Bonds		General Obligation Bond	
	Water		Corporate Purpose		Sewer		Swimming Pool	
	Issued Oct 15, 2020		Issued Feb 27, 2017		Issued May 20, 2016		Issued Jun 5, 2019	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2022	1.89	\$ 45,755	2.00	\$ 125,000	2.40	\$ 383,000	3.00	\$ 110,000
2023	1.89	46,620	2.50	125,000	2.80	391,000	3.00	115,000
2024	1.89	47,501	2.50	130,000	2.80	399,000	3.00	120,000
2025	1.89	48,399	2.50	130,000	2.80	406,000	3.00	120,000
2026	1.89	49,314	3.00	135,000	3.00	415,000	3.00	125,000
2027	1.89	50,246	-	-	3.00	423,000	3.00	130,000
2028	1.89	51,195	-	-	3.20	431,000	3.00	135,000
2029	1.89	52,163	-	-	3.40	440,000	3.00	140,000
2030	1.89	53,149	-	-	3.40	449,000	3.00	140,000
2031	1.89	54,153	-	-	3.60	458,000	3.00	145,000
2032	1.89	55,177	-	-	3.60	467,000	3.00	150,000
2033	-	-	-	-	-	476,000	3.00	155,000
2034	-	-	-	-	-	486,000	3.00	160,000
2035	-	-	-	-	-	496,000	-	-
2036	-	-	-	-	-	505,000	-	-
2037	-	-	-	-	-	516,000	-	-
Total		<u>\$ 553,672</u>		<u>\$ 645,000</u>		<u>\$ 7,141,000</u>		<u>\$ 1,745,000</u>

City of Cascade
Schedule 3
Schedule of Receipts by Source
and Disbursements by Function - All Governmental Funds
For the Last Ten Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Receipts					
Property tax	\$ 913,682	\$ 871,086	\$ 813,886	\$ 776,674	\$ 617,676
Tax increment financing	300,919	267,298	326,808	311,802	628,984
Other city tax	337,063	287,029	265,538	255,144	283,877
Licenses and permits	23,567	26,810	28,663	27,996	28,884
Use of money and property	19,852	68,431	72,781	47,760	32,690
Intergovernmental	595,158	735,313	572,361	981,220	559,309
Charges for services	403,341	396,708	345,529	330,933	348,627
Special assessments	5,496	-	2,173	2,322	2,804
Miscellaneous	45,371	477,015	67,211	15,099	51,997
Total	<u>\$ 2,644,449</u>	<u>\$ 3,129,690</u>	<u>\$ 2,494,950</u>	<u>\$ 2,748,950</u>	<u>\$ 2,554,848</u>
Disbursements					
Operating					
General government	\$ 275,212	\$ 270,632	\$ 297,857	\$ 493,387	\$ 306,374
Public safety	269,310	262,520	289,647	228,229	300,736
Public works	500,849	576,069	544,023	450,420	497,756
Culture and recreation	191,591	181,684	183,542	189,033	197,023
Community and economic development	305,568	175,053	210,029	54,046	59,373
Debt service	721,361	727,530	587,249	594,311	421,157
Capital projects	898,368	2,906,365	1,180,656	2,525,404	7,149,464
Total	<u>\$ 3,162,259</u>	<u>\$ 5,099,853</u>	<u>\$ 3,293,003</u>	<u>\$ 4,534,830</u>	<u>\$ 8,931,883</u>

	2016	2015	2014	2013	2012
\$	568,284	\$ 562,450	\$ 535,497	\$ 521,631	\$ 475,560
	660,322	590,521	548,073	550,307	503,479
	274,583	252,779	244,047	258,214	251,628
	28,779	27,754	25,252	7,151	7,008
	16,389	14,836	20,555	30,569	7,306
	512,899	257,814	245,229	464,596	391,434
	332,205	308,389	203,067	172,214	198,044
	2,639	6,303	2,372	7,127	14,962
	38,397	19,739	27,004	86,027	29,643
	<u>\$ 2,434,497</u>	<u>\$ 2,040,585</u>	<u>\$ 1,851,096</u>	<u>\$ 2,097,836</u>	<u>\$ 1,879,064</u>
\$	238,691	\$ 220,705	\$ 223,022	\$ 219,344	\$ 204,786
	257,114	447,732	239,492	542,882	417,858
	418,854	422,755	346,394	330,323	342,369
	217,648	195,190	176,181	157,292	198,736
	25,899	50,399	120,812	213,342	96,861
	423,426	426,924	559,764	371,110	263,201
	1,196,530	769,004	1,635,242	3,070,245	519,150
	<u>\$ 2,778,162</u>	<u>\$ 2,532,709</u>	<u>\$ 3,300,907</u>	<u>\$ 4,904,538</u>	<u>\$ 2,042,961</u>

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

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the basic financial statements of the governmental activities, business type activities, the discretely presented component unit and each major fund, of the City of Cascade, Iowa, as of and for the year ending June 30, 2021, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 18, 2021. Our report expressed unmodified opinions on the basic financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than generally accepted accounting principles.

Internal Control over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic 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.

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 that a material misstatement of the City's basic financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in Part I in the accompanying Schedule of Findings and Responses as item I-A-21 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic 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 noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of these statutes.

City's Response to the Findings

The City's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

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.

BerganKDV, Ltd.

Minneapolis, Minnesota
November 18, 2021

City of Cascade
Schedule of Findings and Responses

PART I: FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS:

I-A-21 Lack of Segregation of Accounting Duties

During the year ended June 30, 2021, the City and Utility had a lack of segregation of accounting duties due to a limited number of office employees. The lack of segregation of accounting duties could adversely affect City's and Utility's ability to initiate, record, process, and report financial data consistent with the assertions of management in the basic financial statements. Adequate segregation of accounting duties is in place when the following four areas of a transaction have been separated: authorization, custody, recording, and reconciliation. Examples of functions within the City and Utility that demonstrate this lack of segregation of accounting duties include, but are not limited to, the following:

- Cash Disbursements – The City Clerk and Utility Manager input purchases into the system, print the checks, and reconcile the bank accounts. The City Administrator initials the bank reconciliations for the City.
- Cash Receipts – The City Clerk and Utility Manager are responsible for collecting receipts, recording receipts, making bank deposits, and preparing the bank reconciliations. For pool receipts, there are instances where the pool manager initiates sales, records attendance, and count the deposits. The City Administrator initials the bank reconciliations for the City.
- Utility Billing Process – The Utility Manager imports the meter readings in customer accounts, creates, sends and tracks the bills and receives payments. The Utility Clerk also has access to make adjustments to the billing system.
- Payroll – The City Clerk and Utility Manager are responsible for entering the time and pay rate information into the payroll system. The City and Utility include payroll deduction disbursements in the listings provided to City Council and the Board of Trustees. The City Clerk and Utility Manager are also responsible for the bank reconciliation. The City administrator initials the payroll registers for the City.
- Financial Reporting – The City Clerk and Utility Manager are responsible for month-end and year-end reconciliations and reporting and have full access to the accounting system including the ability to make adjustments. We did not note any inappropriate journal entries as part of our audit.

Management, City Council, and the Board of Trustees are aware of this condition and have taken certain steps to compensate for the lack of segregation. City management has implemented certain compensating controls to help mitigate the risk of lack of segregation of accounting duties including review of bank reconciliations by the City Administrator, Council review of disbursement listings, and review of payroll reports by the City Administrator. However, due to the number of staff needed to properly segregate all of the accounting duties, the costs of obtaining desirable segregation of accounting duties can often exceed benefits which could be derived. However, management, City Council, and the Board of Trustees must remain aware of this situation and should continually monitor the accounting system, including changes that occur.

Recommendation	The City and Utility should continue to monitor duties and further segregate accounting duties where practical.
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