

CITY OF OELWEIN, IOWA

**INDEPENDENT AUDITOR'S REPORT
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS**

JUNE 30, 2021

DRAFT

**T. P. ANDERSON & COMPANY, P.C.
Certified Public Accountants**

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City of Oelwein, Iowa

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Brett DeVore	Mayor	December 2021
Matt Weber	Council Member	December 2023
Warren Fisk	Council Member	December 2021
Lynda Payne	Council Member	December 2023
Renee Cantrell	Council Member	December 2021
Karen Seeders	Council Member	December 2021
Tom Stewart	Council Member	December 2023
Dylan Mulfinger	City Administrator	Indefinite
Barb Rigdon	Deputy City Clerk	Indefinite
Patrick Dillion	Attorney	Indefinite

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T.P. ANDERSON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oelwein, Iowa, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oelwein, 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 described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2020, and other auditors previously audited in accordance with standards referred to in the third paragraph of this report, the financial statements for the six years ended June 30, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The Other Information, Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedules of the City's Proportionate Share of the Net Pension Liability and the Schedules of City Contributions on pages 4 through 10 and 31 through 38, 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 **October 11, 2021** on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

T.P. Anderson & Company, P.C.

October 11, 2021

Humboldt, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Oelwein, Iowa, 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 activities decreased 19.5%, or approximately \$1,992,000, from fiscal 2020 to fiscal 2021. The decrease in receipts was primarily due to the issuance of G.O. Bond 2020 Series totaling \$2,385,000 in fiscal year 2020, and only approximately \$250,000 of debt was issued in fiscal year 2021.
- Disbursements in the City's governmental activities increased 11.0%, or approximately \$957,000, in fiscal 2021 from fiscal 2020. The increase in disbursements was primarily a result of increased expenditures being utilized from the \$2,385,000 in G.O. Bond proceeds received in fiscal year 2020, including the purchase of a fire truck and demolition project.
- The City's total cash basis net position decreased approximately \$1,142,000 from June 30, 2020 to June 30, 2021. Of this amount, the assets of the governmental activities decreased approximately \$1,221,000 and the assets of the business-type activities increased approximately \$79,000.

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 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 nonmajor governmental and proprietary funds and the City's indebtedness.

BASIS OF ACCOUNTING

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

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 two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, and capital projects. Property tax and state and federal grants finance most of these activities.
- Business-Type Activities include the water, sewer, and related funds. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) Capital Projects Funds and 5) Permanent Funds. 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 report business-type activities. The City maintains twelve Enterprise Funds to provide separate information for the City. The Sewer, Water, and Water Infrastructure are considered to be major funds of the City.

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

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 \$7.1 million to \$5.9 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

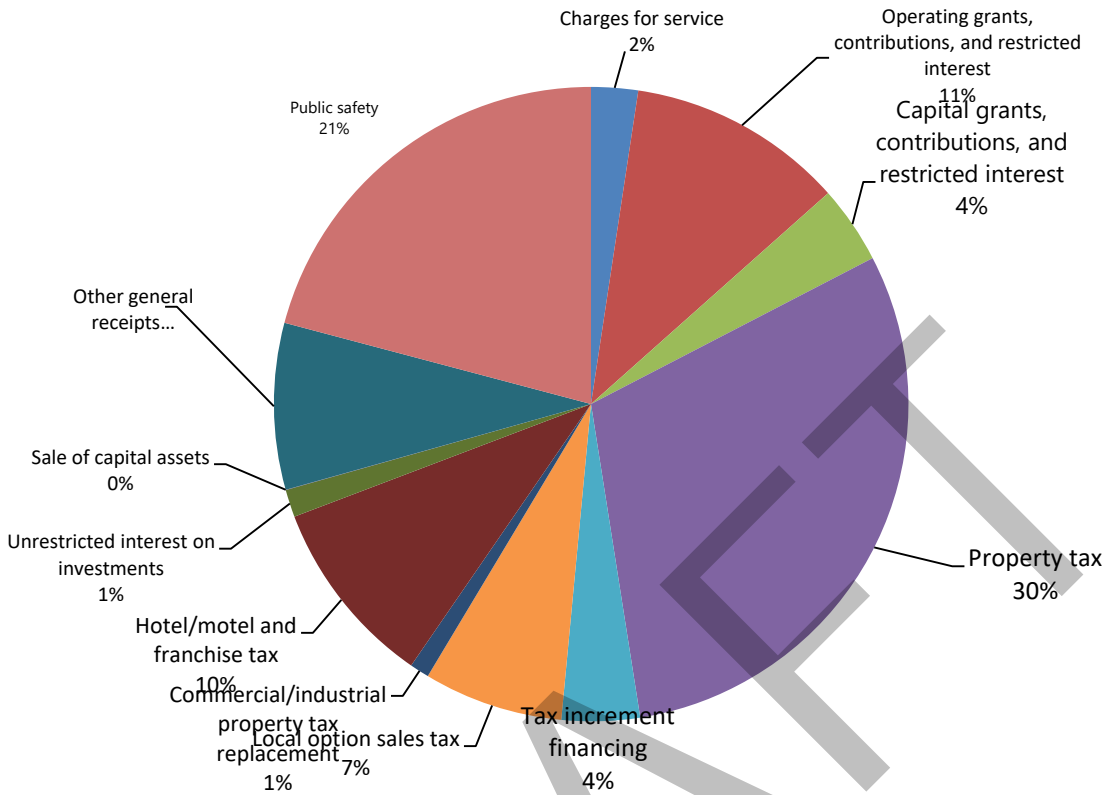
Changes in Cash Basis Net Position of Governmental Activities
(Expressed in Thousands)

	Year ended June 30,	
	2021	2020
Receipts:		
Program receipts:		
Charges for service	\$ 183	150
Operating grants, contributions, and restricted interest	1,116	949
Capital grants, contributions, and restricted interest	53	491
General receipts:		
Property tax	2,899	2,511
Tax increment financing	978	789
Local option sales tax	652	542
Commercial/industrial property tax replacement	114	105
Hotel/motel and franchise tax	892	825
Unrestricted interest on investments	26	79
Loan proceeds	68	2,817
Sale of capital assets	61	2
Other general receipts	1,175	949
Total receipts	8,217	10,209
Disbursements:		
Public safety	1,768	1,773
Public works	812	962
Health and social services	20	20
Culture and recreation	926	897
Community and economic development	986	1,106
General government	500	480
Debt service	1,578	1,787
Capital projects	3,087	1,696
Total disbursements	9,677	8,721
Change in cash basis net position before transfers	(1,460)	1,488
Transfers, net	240	128
Change in cash basis net position	(1,220)	1,616
Cash basis net position, beginning of year	7,095	5,479
Cash basis net position, end of year	\$ 5,875	7,095

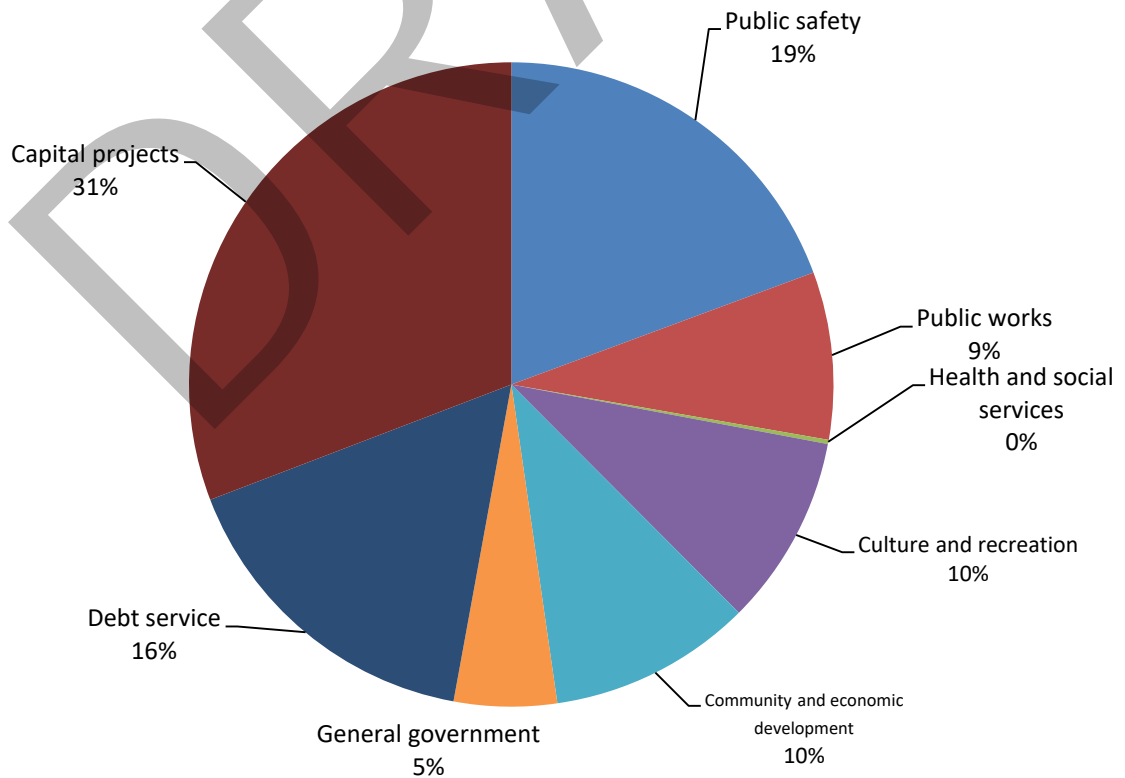
The City's total receipts for governmental activities decreased by 19.5%, or approximately \$1,992,000, from the prior year. The total cost of all programs and services decreased by approximately \$957,000, or 11.0%, with one new program added this year. The decrease in receipts was primarily the result of less loan proceeds in the current year compared to the previous year.

The cost of all governmental activities this year was approximately \$9.7 million compared to approximately \$8.7 million last year. However, as shown in the Statement of Activities and Net Position on pages 11, the amount taxpayers ultimately financed for these activities was only \$8.3 million because some of the cost was paid by those directly benefited from the programs (\$182,760) or by other governments and organizations which subsidized certain programs with grants, contributions, and restricted interest (\$1,169,261). The City paid for the remaining "public benefit" portion of governmental activities with property tax (some of which could only be used for certain programs) and with other receipts, such as interest, local option sales tax, and miscellaneous receipts.

Receipts by Source



Disbursements by Function



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

	Year ended June 30,	
	2021	2020
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 1,119	1,070
Sewer	1,499	1,515
Other	1,238	1,230
General receipts:		
Unrestricted interest on investments	10	36
Bond proceeds	178	-
Other general receipts	5	8
Total receipts	4,049	3,859
Disbursements:		
Water	966	1,003
Sewer	1,508	1,563
Other	1,256	1,097
Total disbursements	3,730	3,663
Change in cash basis net position before transfers	319	196
Transfers, net	(240)	(128)
Change in cash basis net position	79	68
Cash basis net position, beginning of year	2,649	2,581
Cash basis net position, end of year	\$ 2,728	2,649

Total business-type activity receipts for the fiscal year were approximately \$4.0 million compared to approximately \$3.9 million last year. The increase is primarily due to the bond proceeds being received in the current year.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Oelwein completed the year, its governmental funds reported a combined fund balance of \$5,874,949, a decrease of \$1,220,675 from last year's total of \$7,095,624. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$258,150 from the prior year to \$976,094. The increase was due to planned operations of the fund.
- The Special Revenue, Employee Benefits Fund cash balance decreased \$50,532 to \$506,067 from the prior year. Although there was an increase in the property tax levy, expenditures also increased, resulting in an overall decrease in the cash balance.
- The Debt Service Fund cash balance increased \$67,220 to \$206,877. This was due to planned operations of the fund and paying debt according to debt schedules.
- The Capital Projects, Tri-Park Trail Extension cash balance increased \$120,683 to \$592,808 from the prior year. The increase was due to planned operations of the fund.
- The Special Revenue, Road Use Tax Fund cash balance increased \$70,088 from the prior year to \$740,224. The increase was due to planned operations of the fund.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance increased \$10,344 from the prior year to \$474,306, due primarily to planned operations of the fund and a decrease in capital expenditure projects during the year.
- The Sewer Fund cash balance increased \$26,790 from the prior year to \$929,743, due primarily to planned operations of the fund and higher transfers in during the year.
- The Water Infrastructure Fund cash balance decreased \$119,383 from the prior year to \$858,294, due to an increase in expenditures for the West Water Tower Repainting Project. There were also higher transfers out during the year.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget once. The amendment was approved May 24, 2021 and resulted in increases to various categories of revenues and expenditures. The most significant increase was to budget for additional Intergovernmental and Miscellaneous receipts and Debt Service and Capital Project expenditures. During the year ended June 30, 2021, disbursements were within budgeted limits.

DEBT ADMINISTRATION

At June 30, 2021, the City had \$15.9 million in bonds and other long-term debt outstanding, compared to \$17.7 million last year, as shown below.

	Outstanding Debt at Year-End (Expressed in Thousands)	
	Year ended June 30,	
	2021	2020
General obligation bonds	\$ 8,915	10,105
Revenue notes	5,674	6,312
Other long-term debt	1,297	1,332
Total	<u>\$ 15,886</u>	<u>17,749</u>

Debt decreased primarily due to scheduled debt payments and less debt issued during the year.

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 \$8.9 million is below its constitutional debt limit of approximately \$15 million. Additional information about the City’s long-term debt is presented in Note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The City of Oelwein’s elected and appointed officials and citizens considered many factors when setting the fiscal year 2022 budget, tax rates and fees charged for various City activities. One of those factors is the economy. Unemployment in the City now stands at 5.1% versus 4.4% a year ago. This compares with the State’s unemployment rate of 4.1% and the national rate of 5.4%.

These indicators were taken into account when adopting the budget for fiscal year 2022. Amounts available for appropriation in the operating budget are approximately \$12.5 million, a decrease of 7.0% over the final fiscal year 2021 budget. The decrease is due to the City budgeting less for intergovernmental funding in the next fiscal year. Budgeted disbursements decreased approximately \$3.7 million, or 22% over the prior fiscal year. The decrease is due to a decrease in capital expenditures relating to house rehabilitation and airport projects being completed in the

current fiscal year, as well as a decrease in debt service payments. The City has added no major new programs or initiatives to the fiscal year 2022 budget.

If the estimates are realized, the City’s cash balance is expected to decrease approximately \$660,000 by the close of fiscal year 2022.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City of Oelwein’s finances and to show the City’s accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Dylan Mulfinger, City Administrator, 20 Second Avenue SW, Oelwein, Iowa 50662.

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Basic Financial Statements

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City of Oelwein, Iowa
Cash Basis Statement of Activities and Net Position
As of and for the year ended June 30, 2021

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 1,768,125	65,668	122,674	-
Public works	812,270	9,424	960,083	-
Health and social services	20,016	-	-	-
Culture and recreation	926,349	107,668	33,214	500
Community and economic development	986,416	-	-	10,406
General government	500,093	-	-	-
Debt service	1,577,912	-	-	-
Capital projects	3,087,107	-	-	42,384
Total governmental activities	<u>9,678,288</u>	<u>182,760</u>	<u>1,115,971</u>	<u>53,290</u>
Business-type activities:				
Water	965,562	1,119,190	-	-
Sewer	1,508,300	1,498,505	-	-
Water infrastructure	216,052	196,669	-	-
Other business-type activities	1,040,256	1,041,834	-	-
Total business-type activities	<u>3,730,170</u>	<u>3,856,198</u>	<u>-</u>	<u>-</u>
Total functions/programs	<u>\$ 13,408,458</u>	<u>4,038,958</u>	<u>1,115,971</u>	<u>53,290</u>
General Receipts and Transfers:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Commercial/industrial property tax replacement				
Hotel/motel and franchise tax				
Unrestricted interest on investments				
Loan proceeds				
Miscellaneous				
Sale of capital assets				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position, beginning of year				
Cash basis net position, end of year				
Cash Basis Net Position				
Restricted:				
Nonexpendable:				
Cemetery perpetual care				
Expendable:				
Streets				
Employee benefits				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net position				

See notes to financial statements.

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

Governmental Activities	Business-Type Activities	Total
(1,579,783)	-	(1,579,783)
157,237	-	157,237
(20,016)	-	(20,016)
(784,967)	-	(784,967)
(976,010)	-	(976,010)
(500,093)	-	(500,093)
(1,577,912)	-	(1,577,912)
(3,044,723)	-	(3,044,723)
(8,326,267)	-	(8,326,267)
-	153,628	153,628
-	(9,795)	(9,795)
-	(19,383)	(19,383)
-	1,578	1,578
-	126,028	126,028
(8,326,267)	126,028	(8,200,239)
2,273,720	-	2,273,720
624,024	-	624,024
977,915	-	977,915
652,593	-	652,593
114,332	-	114,332
891,798	-	891,798
25,992	9,600	35,592
68,000	178,073	246,073
1,175,477	5,540	1,181,017
61,495	-	61,495
240,249	(240,249)	-
7,105,595	(47,036)	7,058,559
(1,220,672)	78,992	(1,141,680)
7,095,624	2,648,843	9,744,467
\$ 5,874,952	2,727,835	8,602,787
\$ 295,271	-	295,271
740,224	-	740,224
506,067	-	506,067
206,878	222,723	429,601
24,715,678	131,809	24,847,487
1,410,834	2,373,303	3,784,137
\$ 5,874,952	2,727,835	8,602,787

City of Oelwein, Iowa
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances
Governmental Funds
As of and for the year ended June 30, 2021

	Special Revenue			
	General	Road Use Tax	Employee Benefits	Debt Service
Receipts:				
Property tax	\$ 1,468,830	-	853,164	624,024
Tax increment financing	-	-	-	-
Other city tax	86,262	-	24,463	15,061
Licenses and permits	95,913	-	-	-
Use of money and property	52,168	-	1,527	1,116
Intergovernmental	155,888	960,083	-	-
Charges for service	182,760	-	-	-
Special assessments	-	-	-	-
Miscellaneous	201,571	-	3,182	-
Total receipts	<u>2,243,392</u>	<u>960,083</u>	<u>882,336</u>	<u>640,201</u>
Disbursements:				
Operating:				
Public safety	1,216,459	-	528,435	-
Public works	97,887	561,092	153,291	-
Health and social services	-	-	-	-
Culture and recreation	744,278	24	149,462	-
Community and economic development	-	-	17,145	-
General government	400,483	15,075	84,535	-
Debt service	-	-	-	1,577,912
Capital projects	105,100	263,804	-	-
Total disbursements	<u>2,564,207</u>	<u>839,995</u>	<u>932,868</u>	<u>1,577,912</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(320,815)</u>	<u>120,088</u>	<u>(50,532)</u>	<u>(937,711)</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Loan proceeds	-	-	-	-
Transfers in	589,966	-	-	1,004,932
Transfers out	(11,000)	(50,000)	-	-
Net other financing sources (uses)	<u>578,966</u>	<u>(50,000)</u>	<u>-</u>	<u>1,004,932</u>
Change in cash balances	258,151	70,088	(50,532)	67,221
Cash balances, beginning of year	717,944	670,136	556,599	139,657
Cash balances, end of year	<u>\$ 976,095</u>	<u>740,224</u>	<u>506,067</u>	<u>206,878</u>
Cash Basis Fund Balances				
Nonspendable	\$ -	-	-	-
Restricted for:				
Streets	-	740,224	-	-
Employee benefits	-	-	506,067	-
Debt service	-	-	-	206,878
Other purposes	-	-	-	-
Committed	-	-	-	-
Unassigned	976,095	-	-	-
Total cash basis fund balances	<u>\$ 976,095</u>	<u>740,224</u>	<u>506,067</u>	<u>206,878</u>

See notes to financial statements.

<u>Capital Projects</u>		
<u>Tri-Park Trail</u>		
<u>Extension</u>	<u>Nonmajor</u>	<u>Total</u>
-	66,058	3,012,076
-	977,915	977,915
-	1,418,605	1,544,391
-	-	95,913
1,603	17,660	74,074
-	53,290	1,169,261
-	-	182,760
-	2,667	2,667
<u>263,150</u>	<u>560,912</u>	<u>1,028,815</u>
<u>264,753</u>	<u>3,097,107</u>	<u>8,087,872</u>
-	23,231	1,768,125
-	-	812,270
-	20,016	20,016
-	32,585	926,349
-	969,271	986,416
-	-	500,093
-	-	1,577,912
<u>154,071</u>	<u>2,564,132</u>	<u>3,087,107</u>
<u>154,071</u>	<u>3,609,235</u>	<u>9,678,288</u>
<u>110,682</u>	<u>(512,128)</u>	<u>(1,590,416)</u>
-	61,495	61,495
-	68,000	68,000
10,000	1,224,077	2,828,975
-	(2,527,726)	(2,588,726)
<u>10,000</u>	<u>(1,174,154)</u>	<u>369,744</u>
120,682	(1,686,282)	(1,220,672)
<u>472,125</u>	<u>4,539,163</u>	<u>7,095,624</u>
<u>592,807</u>	<u>2,852,881</u>	<u>5,874,952</u>
-	295,271	295,271
-	-	740,224
-	-	506,067
-	-	206,878
592,807	2,122,871	2,715,678
-	534,069	534,069
-	(99,330)	876,765
<u>592,807</u>	<u>2,852,881</u>	<u>5,874,952</u>

City of Oelwein, Iowa
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2021

	Enterprise			
	Water	Sewer	Water Infrastructure	Nonmajor
Operating receipts:				
Charges for service	\$ 1,119,190	1,498,505	196,669	1,041,834
Miscellaneous	-	-	-	5,540
Total operating receipts	<u>1,119,190</u>	<u>1,498,505</u>	<u>196,669</u>	<u>1,047,374</u>
Operating disbursements:				
Business-type activities	<u>755,070</u>	<u>760,629</u>	-	<u>955,996</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>364,120</u>	<u>737,876</u>	<u>196,669</u>	<u>91,378</u>
Non-operating receipts (disbursements):				
Interest on investments	5,103	4,223	-	274
Loan proceeds	3,545	-	-	178,073
Debt service	(197,203)	(676,201)	-	-
Capital projects	(16,834)	(71,470)	(216,052)	(84,260)
Net non-operating receipts (disbursements)	<u>(205,389)</u>	<u>(743,448)</u>	<u>(216,052)</u>	<u>94,087</u>
Excess (deficiency) of receipts over (under) disbursements	<u>158,731</u>	<u>(5,572)</u>	<u>(19,383)</u>	<u>185,465</u>
Transfers in	-	52,362	-	61,160
Transfers out	(144,842)	(20,000)	(100,000)	(88,929)
Net transfers in (out)	<u>(144,842)</u>	<u>32,362</u>	<u>(100,000)</u>	<u>(27,769)</u>
Change in cash balances	13,889	26,790	(119,383)	157,696
Cash balances, beginning of year	<u>463,962</u>	<u>902,953</u>	<u>977,677</u>	<u>304,251</u>
Cash balances, end of year	<u>\$ 477,851</u>	<u>929,743</u>	<u>858,294</u>	<u>461,947</u>
Cash Basis Fund Balances				
Restricted for:				
Debt service	\$ 124,280	98,443	-	-
Other purposes	-	-	-	131,809
Unrestricted	<u>353,571</u>	<u>831,300</u>	<u>858,294</u>	<u>330,138</u>
Total cash basis fund balances	<u>\$ 477,851</u>	<u>929,743</u>	<u>858,294</u>	<u>461,947</u>

See notes to financial statements.

Total
3,856,198
5,540
3,861,738
2,471,695
1,390,043
9,600
181,618
(873,404)
(388,616)
(1,070,802)
319,241
113,522
(353,771)
(240,249)
78,992
2,648,843
2,727,835
222,723
131,809
2,373,303
2,727,835

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CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

(1) Summary of Significant Accounting Policies

The City of Oelwein is a political subdivision of the State of Iowa located in Fayette County. It was first incorporated in 1873 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, garbage, and recycling services to its citizens.

A. Reporting Entity

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

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Fayette County's Assessor's Conference Board, Fayette County Homeland Security/Emergency Management Commission, Fayette County Compensation Board, Fayette County E911, Fayette County Local Emergency Planning Committee, Fayette County Solid Waste Management Commission, Bremer County/City of Oelwein Law Enforcement Mutual Aid, Fayette County Firemen's Association, Buchanan County Firemen's Association, Iowa Firemen's Association, Iowa Fire Chief's Association, Iowa Arson Investigators Association, International Fire Chief's Association, Oelwein Change and Area Development, Northeast Iowa City Managers, Northeast Iowa Regional League, Iowa League of Cities, Iowa City Management Association, Iowa Water Pollution Control Association, Northeast Iowa Clerks Association, Iowa Municipal Finance Officers Association, Iowa Police Chiefs Association, Peace Officers Association, International Association of Police Chiefs, Iowa Crime Prevention Association, Governors Inoperability Board, Iowa Association of Municipal Utilities, Iowa Rural Water Association, Iowa Municipal Workers Compensation Association, Trees Forever, National Arbor Day Foundation, Iowa Concrete Association, Iowa Asphalt Association, National Swimming Pool Association, Law Enforcement Intelligence Network, Upper Explorerland Regional Planning Commission, International City Management Association, Senior Human Resource Management, National City Manager Association, National Junior City Manager Association, Midwest Organized Crime Information Center, Fayette County Library Association, American Public Works Association and the Iowa Library Association.

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

B. Basis of Presentation

Government-wide Financial Statement – 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 services.

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

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

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

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

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

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

The City reports the following major governmental funds:

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

Special Revenue:

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

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

The Employee Benefits Fund is used to account for the property tax receipts and disbursements received and paid for employee's pension and benefit costs.

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

Capital Projects:

The Tri-Park Trail Extension Fund accounts for donations and disbursements for the improvement of the trail system.

The City reports the following major proprietary funds:

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

The Sewer Fund accounts for operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Water Infrastructure Fund accounts for the receipts the City is collecting to prepare for a water infrastructure renovation project.

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Property Taxes and Governmental Cash Basis Fund Balances

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

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

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

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

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

Committed – Amounts restricted to specific purposes when constraints placed on the use of resources are internally imposed in formal action by the City Council.

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

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2021, disbursements exceeded the amounts budgeted in the public safety function.

F. Subsequent Events

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through **October 11, 2021**, the date the financial statements were available to be issued.

The City entered into a contract with Maguire Iron to complete the West Water Tower Repainting Project for \$765,220. The project is expected to be completed in fall of 2021, with approximately \$642,000 to be paid in fiscal year 2022.

The City also entered into a contract with Bacon Concrete to complete trail improvements for \$363,674. The contract was awarded in March 2021 and is expected to be completed in fall of 2021 with approximately \$239,000 to be paid in fiscal year 2022.

The City also entered into a contract with Summer Enterprise in March 2021 to complete the Water Main Improvement Project. For \$1,057,489. The project was not started in fiscal year 2021 but is expected to be completed and paid for in fiscal year 2022. The project will be funded by CDBG grants for up to \$600,000.

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2021 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

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

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

(3) Bonds and Notes Payable

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

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Governmental activities:					
Urban Renewal Tax Increment	\$ 6,440,000	-	595,000	5,845,000	605,000
General Obligation Bonds	3,665,000	-	595,000	3,070,000	440,000
Other long-term debt	1,263,730	68,000	34,132	1,297,598	34,473
Governmental activities total	<u>\$ 11,368,730</u>	<u>68,000</u>	<u>1,224,132</u>	<u>10,212,598</u>	<u>1,079,473</u>
Business type activities:					
Water Revenue Notes	\$ 2,227,896	181,618	226,000	2,183,514	371,000
Sewer Revenues Notes	4,084,511	-	594,511	3,490,000	578,000
Business type activities total	<u>\$ 6,312,407</u>	<u>181,618</u>	<u>820,511</u>	<u>5,673,514</u>	<u>949,000</u>

General Obligation Debt

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

Year Ending June 30,	Equipment Issued Sept. 1, 2011		Police Station Issued May 1, 2014		Oelwein Chamber and Area Development Inc. Issued Feb. 16, 2016	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 100,000	2,900	165,000	87,325	440,000	115,600
2023	-	-	170,000	82,375	450,000	104,600
2024	-	-	175,000	77,275	460,000	92,000
2025	-	-	180,000	72,025	470,000	77,740

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

2026	-	-	190,000	66,175	485,000	61,760
2027-2031	-	-	1,050,000	222,288	1,135,000	67,700
2032-2036	-	-	475,000	28,600	-	-
Total	\$ 100,000	2,900	2,405,000	636,063	3,440,000	519,400

Year Ending June 30,	Street & Infrastructure Improvements Issued Sept. 22, 2016		Capital Improvements Issued Feb. 25, 2020		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	135,000	11,703	205,000	45,600	1,045,000	263,128
2023	135,000	9,948	210,000	41,500	965,000	238,423
2024	60,000	8,058	210,000	37,300	905,000	214,633
2025	75,000	7,068	220,000	33,100	945,000	189,933
2026	75,000	5,830	225,000	28,700	975,000	162,465
2027-2031	210,000	10,590	1,040,000	74,900	3,435,000	375,478
2032-2036	-	-	170,000	3,400	645,000	32,000
	690,000	53,197	2,280,000	264,500	8,915,000	1,476,060

On September 1, 2011, the City issued \$2,885,000 of general obligation and refunding bonds with an interest rate ranging from 2.0-2.9% per annum. The bonds were issued for expenses related to the acquisition of equipment for the police, street and public works departments. During the year ended June 30, 2021, the City paid \$355,000 of principle and \$12,663 of interest on the bonds.

On May 1, 2014, the City issued \$3,455,000 of urban renewal general obligation bonds with an interest rate ranging from 2.0-4.0% per annum. The bonds were issued for expenses related for the acquisition of a police station. During the year ended June 30, 2021, the City paid \$160,000 of principle and \$92,125 of interest on the bonds.

On February 16, 2016, the City issued \$4,300,000 of urban renewal general obligation bonds with an interest rate ranging from 2.0-4.0% per annum. The bonds were issued for expenses related to making an urban renewal economic development grant to Oelwein Chamber and Area Development Inc. in connection with the acquisition of East Penn Manufacturing real estate. During the year ended June 30, 2021, the City paid \$435,000 of principle and \$125,170 of interest on the bonds.

On September 22, 2016, the City issued \$1,100,000 of general obligation bonds with an interest rate ranging from 1.0-2.1% per annum. The bonds were issued for expenses related to finance the construction of street, sanitary sewer, sewage treatment and waterworks improvement and acquisition of equipment for the City's street department. During the year ended June 30, 2021, the City paid \$135,000 of principle and \$13,323 of interest on the bonds.

On February 25, 2020, the City issued \$2,385,000 of general obligation bonds with an interest rate of 2.0% per annum. The bonds were issued for expenses related to improvements to streets, the acquisition of emergency communication equipment for the police department, the acquisition of equipment for the fire department, improvements and adding trails to the City's system of trails, and improvements and upgrading equipment at the Municipal Swimming Pool. During the year ended June 30, 2021, the City paid \$105,000 of principle and \$60,420 of interest on the bonds.

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Revenue Notes

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

Year Ending June 30,	Sewer Issued June 27, 2005		Water Issued Sept. 15, 2010		Sewer Issued Nov. 9, 2012		Water Issued Sept. 22, 2016	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	519,000	48,230	96,000	15,450	44,000	9,431	75,000	8,632
2023	535,000	39,148	100,000	12,570	45,000	8,663	75,000	7,470
2024	551,000	29,785	103,000	9,570	46,000	7,875	75,000	6,308
2025	567,000	20,143	106,000	6,480	47,000	7,070	80,000	4,920
2026	584,000	10,220	110,000	3,300	48,000	6,248	80,000	3,440
2027-2031	-	-	-	-	255,000	18,288	80,000	1,720
2032-2036	-	-	-	-	54,000	945	-	-
2037-2038	-	-	-	-	-	-	-	-
	\$ 2,756,000	147,526	515,000	47,370	539,000	58,520	465,000	32,490

Year Ending June 30,	Sewer Issued April 13, 2018		Water Issued April 13, 2018		Water Issued May 28, 2021		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	15,000	4,918	64,000	22,365	136,000	9,160	949,000	118,187
2023	15,000	4,655	65,000	21,245	139,000	10,019	974,000	103,769
2024	16,000	4,393	66,000	20,108	142,000	7,595	999,000	85,633
2025	16,000	4,113	68,000	18,953	145,000	5,110	1,029,000	66,788
2026	16,000	3,833	69,000	8,881	147,000	2,573	1,054,000	38,494
2027-2031	87,000	14,770	367,000	70,158	-	-	789,000	104,935
2032-2036	30,000	3,745	405,000	36,768	-	-	489,000	41,458
2037-2038	-	-	95,969	4,585	-	-	95,969	4,585
	\$ 195,000	40,427	1,199,969	203,063	709,000	34,457	6,378,969	563,849

The City has pledged future water customer receipts, net of specific operating disbursements to repay \$3,546,000 in revenue bonds issued in September 2010, September 2016, April 2018, and May 2021. Proceeds from the notes provided financing for the improvements to the water distribution system. The notes are payable solely from water customer net receipts and are payable through 2038. The total principal and interest remaining to be paid on the notes is \$3,206,347. For the current year, principal and interest paid and total customer net receipts were \$269,039 and \$350,685, respectively.

The City has pledged future sewer customer receipts, net of specific operating disbursements to repay \$10,192,000 in revenue bonds issued in June 2005, November 2012 and April 2018. Proceeds from the notes provided financing for the construction and improvements to the sewer treatment system. The notes are payable solely from sewer customer net receipts and are payable through 2035. The total principal and interest remaining to be paid on the notes is \$3,736,470. For the current year, principal and interest paid and total customer net receipts were \$665,990 and \$715,643, respectively.

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

- (a) The bonds/notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the fund.
- (b) Sufficient monthly transfers shall be made to separate water and sewer revenue note sinking accounts within the Enterprise Funds for the purpose of making the note principal and interest payments when due.

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

- (c) Additional monthly transfers shall be made to a water reserve account within the Enterprise Funds until a specific minimum balance has been accumulated in the account. This account is restricted for the purpose of paying for any additional improvements, extensions or repairs to the system.
- (d) The notes require the system generate sewer and water net revenues sufficient to 110% of the current year principal and interest installment. The Series 2021 Water Revenue bond requires the system generate water net revenue sufficient to 120% of the current year principal and interest installment until the Series 2016D bonds have been paid.

Other Long-Term Debt

The City has entered into three loan agreements with the United States Department of Agriculture (USDA) in April 2008, September 2015 and October 2019 to administer an Intermediary Relending Program (IRP) with a maximum limit of \$500,000 for each loan. The IRP loans are used to help finance businesses in the City that will create permanent employment, diversification of the local economy, or increase the local tax base of the City. Community development projects are also eligible for IRP loans. The total principal and interest remaining to be paid on the notes is \$1,474,553. For the current year, principal and interest paid to the USDA by the City were \$46,175 and payments received from businesses to the City were \$481,885.

(4) Pension Plan

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

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

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

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

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 starting 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

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

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

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

In fiscal year 2021, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%.

The City's contributions to IPERS for the year ended June 30, 2021 totaled \$161,839.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the City reported a liability of \$1,466,589 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the City's proportion was 0.021024%, which was an increase of 0.000915% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the City's pension expense, deferred outflows of resources, and deferred inflows of resources totaled \$225,008, \$279,930 and \$155,347, respectively.

There were no non-employer contributing entities to IPERS.

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

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

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Wage growth (effective June 30, 2017) 3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

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

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

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

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

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City’s proportionate share of the net pension liability	\$ 2,445,413	1,466,589	645,859

IPERS’ Fiduciary Net Position – Detailed information about IPERS’ fiduciary net position is available in

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

Plan Description – MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at www.mfprsi.org.

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan document for more information.

Pension Benefits – Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full-service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to years required (i.e. 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation for each additional year of service, up to a maximum of 8 years. Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen, plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50% surviving spouse benefit.

Active members at least 55 years of age with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. When electing to participate in DROP, the member signs a contract stating the member will retire at the end of the selected DROP period. During the DROP period, the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum to rollover to an eligible plan.

Disability and Death Benefits – Disability benefits may be either accidental or ordinary. Accidental disability is defined as a permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation for those with 5 or more years of service or the member's service retirement benefit calculation amount and 25% of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50% of the average final

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40% of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50% of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased annually in accordance with Chapter 411.6 of the Code of Iowa, which provides a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions – Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2021.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa, the City's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 25.31% for the year ended June 30, 2021.

The City's contributions to MFPRSI for the year ended June 30, 2021 totaled \$170,050.

If approved by the State Legislature, state appropriations may further reduce the City's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa, therefore, is considered to be a non-employer contributing entity in accordance with the provisions of Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*.

There were no state appropriations to MFPRSI during the year ended June 30, 2021.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the City reported a liability of \$1,649,421 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2020, the City's proportion was 0.206798%, which was a decrease of 0.001804% 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 \$306,375, \$370,238 and \$52,308, respectively.

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	3.00% per annum.
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CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Rates of salary increase 3.75 to 15.11% average, including inflation.
Investment rate of return 7.50%, net of investment expense, including inflation.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2007 through June 30, 2017.

Postretirement mortality rates were based on the RP-2014 Blue Collar Combined Healthy Annuitant Table with males set forward zero years, females set forward two years and disabled individuals set forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., 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 best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Large cap	7.49%
Small cap	8.1
International large cap	7.2
Emerging markets	7.9
Global infrastructure	7.5
Private non-core real estate	11.5
Private credit	6.4
Private equity	10.8
Core plus fixed income	4.0
Private core real estate	7.2

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed contributions will be made at 9.40% of covered payroll and the City’s contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the MFPRSI’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on MFPRSI’s investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City’s proportionate share of the net pension liability	\$ 2,529,892	1,649,421	920,112

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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

(5) Other Postemployment Benefits (OPEB)

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees, and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2021, the City contributed \$572,410 and plan members eligible for benefits contributed \$69,594 to the plan. At June 30, 2021, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2021, there were 34 active and no retired members covered by the benefit terms.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination. Earned vacation is paid when used or when employment is terminated upon retirement or death. These accumulations are not recognized as expenditures by the City until they are used or paid.

Certain unused sick leave, while not payable to a City employee upon retirement, may be credited to a "benefit account." Amounts credited to the "benefit account" are based on an employee's pay rate, their accumulated sick leave hours, and their years of service. Funds deposited to these accounts may be used by a former employee for certain health care related expenses.

The City's approximate liability for earned vacation and sick leave payable at June 30, 2021, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 108,237
Sick Leave	714,216
Total	<u>\$ 822,453</u>

This liability has been computed based on rates of pay in effect at July 1, 2020.

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

(7) Deficit Balances

At June 30, 2020, the following funds had deficit balances:

Capital Projects:

Airport Grant	\$ (99,330)
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The City is aware of these deficits and is actively working to eliminate them.

(8) Interfund Transfers

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

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Road Use Tax	\$ 20,000
	Emergency	45,728
	Local Option Sales Tax	194,948
	Hotel-Motel Tax	25,170
	Gas-Electric Franchise	172,553
	Economic Development	55,000
	Enterprise:	
	Water	20,000
	Landfill	36,567
	Sewer	20,000
		589,966
Special Revenue: Economic Development	Special Revenue:	
	Local Option Sales Tax	454,880
	Downtown TIF	102,147
		557,027
Special Revenue: Downtown Business Grants	Special Revenue: Economic Development	75,000
Special Revenue: Volunteer Fire Department	General	11,000
Debt Service	Special Revenue:	
	Gas-Electric Franchise	254,160
	East Penn	669,772
		923,932
Enterprise: Water Bond Sinking	Enterprise: Water	283,656

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Enterprise: Sewer Bond Sinking	Enterprise: Sewer Sewer Infrastructure	624,660 <u>52,362</u> <u>677,022</u>
Capital Projects: Oelwein Housing Teardown	Special Revenue: Economic Development	171,050
	Capital Projects: Oelwein Industrial Park	<u>280,000</u> <u>451,050</u>
Capital Projects: Tri Park Trail Extension	Special Revenue: Hotel-Motel Tax	<u>10,000</u>
Capital Projects: West Water Tower	Enterprise: Water Infrastructure Fee	<u>100,000</u>
Enterprise: 42 Well Rehab	Enterprise: Water	<u>43,842</u>
Capital Projects: 10 th Street Paving	Special Revenue: Road Use Tax	<u>30,000</u>
Enterprise: Wellness Center	Special Revenue: Economic Development	<u>17,318</u>
		<u>\$ 3,769,813</u>

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

(9) Risk Management

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

(10) Operating Leases

The City leases a postage machine under an operating lease agreement signed in July 2021 calling for 60 monthly payments of \$109.73. Future minimum lease payments due on this operating lease are as follows:

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

Year Ended June 30,	Amount
2022	\$ 1,317
2023	1,317
2024	1,317
2025	1,317
2026	658
Total	<u>\$ 6,584</u>

(11) Contracts/Commitments

In 2016, the City agreed to contribute \$350,000 to the Oelwein Community School District over a period of ten years for the College and Career Ready Program. The amount remaining on this commitment is \$210,000 at June 30, 2021.

The City has contracted with Fayette County Solid Waste Management Commission for solid waste disposal. Total payments by the City under this agreement for the year ended June 30, 2021 were \$213,812. This agreement is perpetual unless otherwise terminated or dissolved. The City is assessed a fee based on tonnage received at the landfill. The fee is adjusted annually.

The City has contracted with Black Hawk Waste Disposal for the collection and hauling of residential solid waste. The City bills and collects the fees for this service according to the rates prescribed in the agreement. Total payments by the City under this agreement for the year ended June 30, 2021 were \$336,324. This agreement extends through April 1, 2023.

The City has contracted with Oelwein Community School District for the shared use and occupancy of Oelwein Wellness Center on September 1, 2019. Oelwein Community School District agrees to pay \$24,000 each year for the use of the Wellness facility. This agreement extends through August 31, 2024.

The City has contracted with Tegeler Aviation for airport base radio and communications equipment operations on July 1, 2020. Total payments by the City under this agreement for the year ended June 30, 2021 were \$34,600. The agreement has been extended through June 30, 2022.

(12) Development Agreement

Forsyth Management Company, LLC - The City agreed to pay an amount not to exceed \$750,000 subject to annual appropriation by the City Council. The agreement requires up to ten annual payments, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2021, the City rebated \$48,172 of incremental property tax to the developer. At June 30, 2021 the remaining balance to be paid on the agreement was approximately \$369,758.

Motorcycles Midwest, Inc./Dean's Honda - The City agreed to pay an amount not to exceed \$130,000 subject to annual appropriation by the City Council. The agreement requires up to seven annual payments, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2021, the City rebated \$15,505 of incremental property tax to the developer. At June 30, 2021 the remaining balance to be paid on the agreement was approximately \$59,789.

Boulders Inn/Cornerstone Inn - The City agreed to pay an amount not to exceed \$395,000 subject to annual appropriation by the City Council. The agreement requires up to ten annual payments, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2021, the City

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

rebated \$34,987 of incremental property tax to the developer. At June 30, 2021 the remaining balance to be paid on the agreement was approximately \$334,292.

Performance Rehab - The City agreed to pay an amount not to exceed \$30,000 subject to annual appropriation by the City Council. The agreement requires up to five annual payments, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2021, the City rebated \$4,340 of incremental property tax to the developer. At June 30, 2020 the remaining balance to be paid on the agreement was approximately \$21,666.

(13) Tax Abatements

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

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2021, the City abated \$301,182 of property tax under the urban renewal and economic development projects.

(14) COVID-19

In March 2020, the COVID-19 outbreak was declared a global pandemic. The disruption to businesses across a range of industries in the United States continues to evolve. The full impact to local, regional, and national economies, including that of the City, remains uncertain.

To date, the outbreak has not created a material disruption to the operations of the City. However, the extent of the financial impact of COVID-19 will depend on future developments, including the spread of the virus, duration and timing of the economic recovery. Due to these uncertainties, management cannot reasonably estimate the potential impact to the City.

Other Information

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City of Oelwein, Iowa
 Budgetary Comparison Schedule
 of Receipts, Disbursements, and Changes in Balances -
 Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2021

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Property tax	\$ 3,012,076	-
Tax increment financing	977,915	-
Other city tax	1,544,391	-
Licenses and permits	95,913	-
Use of money and property	74,074	9,600
Intergovernmental	1,169,261	-
Charges for service	182,760	3,856,198
Special assessments	2,667	-
Miscellaneous	1,028,815	5,540
Total receipts	<u>8,087,872</u>	<u>3,871,338</u>
Disbursements:		
Public safety	1,768,125	-
Public works	812,270	-
Health and social services	20,016	-
Culture and recreation	926,349	-
Community and economic development	986,416	-
General government	500,093	-
Debt service	1,577,912	-
Capital projects	3,087,107	-
Business-type activities	-	3,730,170
Total disbursements	<u>9,678,288</u>	<u>3,730,170</u>
Excess (deficiency) of receipts over (under) disbursements	(1,590,416)	141,168
Other financing sources (uses), net	<u>369,744</u>	<u>(62,176)</u>
Excess of receipts and other financing sources over disbursements and other financing sources	(1,220,672)	78,992
Balances, beginning of year	<u>7,095,624</u>	<u>2,648,843</u>
Balances, end of year	<u>\$ 5,874,952</u>	<u>2,727,835</u>

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
3,012,076	2,861,375	2,861,375	150,701
977,915	939,098	974,098	3,817
1,544,391	1,442,248	1,442,248	102,143
95,913	109,500	109,500	(13,587)
83,674	149,300	149,300	(65,626)
1,169,261	2,218,178	2,680,919	(1,511,658)
4,038,958	4,002,600	4,002,600	36,358
2,667	-	5,000	(2,333)
1,034,355	115,500	460,270	574,085
11,959,210	11,837,799	12,685,310	(726,100)
1,768,125	1,788,350	1,858,350	90,225
812,270	785,700	835,700	23,430
20,016	31,000	31,000	10,984
926,349	945,561	1,022,472	96,123
986,416	952,074	1,287,074	300,658
500,093	435,650	569,650	69,557
1,577,912	1,607,274	2,557,274	979,362
3,087,107	1,528,130	3,459,130	372,023
3,730,170	5,241,806	5,325,806	1,595,636
13,408,458	13,315,545	16,946,456	3,537,998
(1,449,248)	(1,477,746)	(4,261,146)	2,811,898
307,568	806,250	806,250	(498,682)
(1,141,680)	(671,496)	(3,454,896)	2,313,216
9,744,467	7,748,520	7,748,520	1,995,947
8,602,787	7,077,024	4,293,624	4,309,163

City of Oelwein, Iowa

Notes to Other Information – Budgetary Reporting

June 30, 2021

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, the Debt Service Fund, Capital Projects Funds, the Permanent Fund, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$3,630,911. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2021, disbursements were within budgeted limits.

City of Oelwein, Iowa

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

Iowa Public Employee's Retirement System
For the Last Seven Years*

Other Information

	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.0208775%	0.020244%	0.018470%	0.019729%	0.019687%	0.020411%	0.021437%
City's proportionate share of the net pension liability	\$1,466,589	\$1,172,289	\$ 1,168,796	\$ 1,302,445	\$ 1,227,741	\$ 1,008,417	\$ 850,164
City's covered payroll	\$1,656,886	\$1,540,678	\$ 1,388,152	\$ 1,459,501	\$ 1,400,014	\$ 1,398,359	\$ 1,404,691
City's proportionate share of the net pension liability as a percentage of its covered payroll	88.51%	76.09%	84.20%	89.24%	87.69%	72.11%	60.52%
IPERS' net position as a percentage of the total pension liability	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

* 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.

See accompanying independent auditor's report.

City of Oelwein, Iowa
Schedule of City Contributions
Iowa Public Employees' Retirement System
For the Last Ten Years
Other Information

	2021	2020	2019	2018
Statutorily required contribution	161,839	156,410	145,440	123,962
Contribution in relation to the statutorily required contribution	(161,839)	(156,410)	(145,440)	(123,962)
Contribution deficiency (excess)	-	-	-	-
Commission's covered-employee payroll	1,714,401	1,656,886	1,540,678	1,388,152
Contribution as a percentage of covered-employee payroll	9.44%	9.44%	9.44%	8.93%

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See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
130,333	124,971	124,873	125,439	114,057	99,359
(130,333)	(124,971)	(124,873)	(125,439)	(114,057)	(99,359)
-	-	-	-	-	-
1,459,501	1,400,014	1,398,359	1,404,691	1,315,534	1,231,834
8.93%	8.93%	8.93%	8.93%	8.67%	8.07%

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City of Oelwein, Iowa

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

Municipal Fire and Police Retirement System of Iowa
For the Last Seven Years*

Other Information

	2021	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.206798%	0.208602%	0.202923%	0.226444%	0.221144%	0.230028%	0.234671%
City's proportionate share of the net pension liability	\$ 1,649,421	\$ 1,368,276	\$ 1,208,210	\$ 1,328,038	\$ 1,382,721	\$ 1,080,705	\$ 833,848
City's covered payroll	\$ 657,003	\$ 631,467	\$ 589,817	\$ 641,429	\$ 599,281	\$ 603,240	\$ 599,280
City's proportionate share of the net pension liability as a percentage of its covered payroll	251.05%	216.68%	204.84%	207.04%	230.73%	179.15%	139.14%
MFPRSI's net position as a percentage of the total pension liability	76.47%	79.94%	81.07%	80.60%	78.20%	83.04%	86.27%

* 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.

See accompanying independent auditor's report.

City of Oelwein, Iowa
Schedule of the City Contributions
Municipal Fire and Police Retirement System of Iowa
For the Last Ten Years
Other Information

	2021	2020	2019	2018
Statutorily required contribution	170,050	160,375	164,308	151,465
Contribution in relation to the statutorily required contribution	(170,050)	(160,375)	(164,308)	(151,465)
Contribution deficiency (excess)	-	-	-	-
City's covered-employee payroll	671,871	657,003	631,467	589,817
Contribution as a percentage of covered-employee payroll	25.31%	24.41%	26.02%	25.68%

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See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
166,258	166,420	183,445	180,503	151,744	152,225
(166,258)	(166,420)	(183,445)	(180,503)	(151,744)	(152,225)
-	-	-	-	-	-
641,429	599,281	603,240	599,280	580,950	614,803
25.92%	27.77%	30.41%	30.12%	26.12%	24.76%

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City of Oelwein, Iowa

Notes to Other Information – Pension Liability

Year Ended June 30, 2021

IPERS

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the regular membership group.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2015. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

MFPRSI

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

The 2018 valuation changed postretirement mortality rates to the RP-2014 Blue Collar Healthy Annuitant Table with males set-forward zero years, females set-forward two years and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

The 2017 valuation added five years projection of future mortality improvement with Scale BB.

City of Oelwein, Iowa

Notes to Other Information – Pension Liability

Year Ended June 30, 2021

The 2016 valuation changed postretirement mortality rates to the RP-2000 Blue Collar Combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled individuals set-forward one year (male only rates), with no projection of future mortality improvement.

The 2015 valuation phased in the 1994 Group Annuity Mortality Table for post-retirement mortality. This resulted in a weighting of 1/12 of the 1971 Group Annuity Mortality Table and 11/12 of the 1994 Group Annuity Mortality Table.

The 2014 valuation phased in the 1994 Group Annuity Mortality Table for post-retirement mortality. This resulted in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

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Supplementary Information

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City of Oelwein, Iowa

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

As of and for the year ended June 30, 2021

	Special Revenue	Capital Projects	Permanent Cemetery Perpetual Care	Total
Receipts:				
Property tax	\$ 66,058	-	-	66,058
Tax increment financing	977,915	-	-	977,915
Other city tax	1,418,605	-	-	1,418,605
Use of money and property	8,669	3,951	5,040	17,660
Intergovernmental	500	52,790	-	53,290
Special assessments	2,667	-	-	2,667
Miscellaneous	559,742	-	1,170	560,912
Total receipts	<u>3,034,156</u>	<u>56,741</u>	<u>6,210</u>	<u>3,097,107</u>
Disbursements:				
Public safety	23,231	-	-	23,231
Health and social services	20,016	-	-	20,016
Culture and recreation	32,585	-	-	32,585
Community and economic development	968,429	842	-	969,271
Capital projects	513,714	2,050,418	-	2,564,132
Total disbursements	<u>1,557,975</u>	<u>2,051,260</u>	<u>-</u>	<u>3,609,235</u>
Excess of receipts over disbursements	<u>1,476,181</u>	<u>(1,994,519)</u>	<u>6,210</u>	<u>(512,128)</u>
Other financing sources (uses):				
Sale of capital assets	61,495	-	-	61,495
Loan proceeds	68,000	-	-	68,000
Transfers in	643,027	581,050	-	1,224,077
Transfers out	(2,247,726)	(280,000)	-	(2,527,726)
Net other financing sources (uses)	<u>(1,475,204)</u>	<u>301,050</u>	<u>-</u>	<u>(1,174,154)</u>
Change in cash balance	977	(1,693,469)	6,210	(1,686,282)
Cash balances, beginning of year	<u>2,266,909</u>	<u>1,983,193</u>	<u>289,061</u>	<u>4,539,163</u>
Cash balances, end of year	<u>\$ 2,267,886</u>	<u>289,724</u>	<u>295,271</u>	<u>2,852,881</u>
Cash Basis Fund Balances				
Nonspendable	\$ -	-	295,271	295,271
Restricted for other purposes	1,733,817	389,054	-	2,122,871
Committed	534,069	-	-	534,069
Unassigned	-	(99,330)	-	(99,330)
Total cash basis fund balances	<u>\$ 2,267,886</u>	<u>289,724</u>	<u>295,271</u>	<u>2,852,881</u>

See accompanying independent auditor's report.

City of Oelwein, Iowa
Schedule of Cash Receipts, Disbursements,
and Changes in Cash Balances
Nonmajor Governmental Special Revenue Funds
As of and for the year ended June 30, 2021

	Special Revenue								
	County Emergency Management	Flex Spending	Emergency	Local Option Sales Tax	Hotel-Motel Tax	Gas-Electric Franchise Fees	Library Bequest	Downtown TIF	Industrial Park TIF
Receipts:									
Property tax	\$ 21,599	-	44,459	-	-	-	-	-	-
Tax increment financing	-	-	-	-	-	-	-	202,518	98,664
Other city tax	615	-	1,269	652,592	51,367	712,762	-	-	-
Use of money and property	-	-	-	863	199	2,232	1,180	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-
Miscellaneous	-	20,089	-	-	-	-	2,574	-	-
Total receipts	<u>22,214</u>	<u>20,089</u>	<u>45,728</u>	<u>653,455</u>	<u>51,566</u>	<u>714,994</u>	<u>3,754</u>	<u>202,518</u>	<u>98,664</u>
Disbursements:									
Public safety	21,041	-	-	-	-	-	-	-	-
Health and social services	-	20,016	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	21,932	-	753	-	-
Community and economic development	-	-	-	-	-	-	-	4,340	98,664
Capital projects	-	-	-	-	-	505,078	-	-	-
Total disbursements	<u>21,041</u>	<u>20,016</u>	<u>-</u>	<u>-</u>	<u>21,932</u>	<u>505,078</u>	<u>753</u>	<u>4,340</u>	<u>98,664</u>
Excess (deficiency) of receipts over (under) disbursements	<u>1,173</u>	<u>73</u>	<u>45,728</u>	<u>653,455</u>	<u>29,634</u>	<u>209,916</u>	<u>3,001</u>	<u>198,178</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(45,728)	(649,828)	(35,170)	(426,713)	-	(102,147)	-
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(45,728)</u>	<u>(649,828)</u>	<u>(35,170)</u>	<u>(426,713)</u>	<u>-</u>	<u>(102,147)</u>	<u>-</u>
Change in cash balance	1,173	73	-	3,627	(5,536)	(216,797)	3,001	96,031	-
Cash balances, beginning of year	6,423	1,364	-	46,538	50,878	619,490	372,532	-	-
Cash balances, end of year	<u>\$ 7,596</u>	<u>1,437</u>	<u>-</u>	<u>50,165</u>	<u>45,342</u>	<u>402,693</u>	<u>375,533</u>	<u>96,031</u>	<u>-</u>
Cash Basis Fund Balances									
Restricted for other purposes	\$ 7,596	-	-	50,165	45,342	-	375,533	96,031	-
Committed	-	1,437	-	-	-	402,693	-	-	-
Total cash basis fund balances	<u>\$ 7,596</u>	<u>1,437</u>	<u>-</u>	<u>50,165</u>	<u>45,342</u>	<u>402,693</u>	<u>375,533</u>	<u>96,031</u>	<u>-</u>

See accompanying independent auditor's report.

Special Revenue										
East Penn TIF	DARE	Trees Forever	First Time Home Buyer Program	Economic Development	IRP Revolving Loan	Downtown Business Grant	Volunteer Fire Department	Forfeited Assets	Special Assessments	Total
-	-	-	-	-	-	-	-	-	-	66,058
676,733	-	-	-	-	-	-	-	-	-	977,915
-	-	-	-	-	-	-	-	-	-	1,418,605
1,948	-	-	404	1,321	276	246	-	-	-	8,669
-	-	500	-	-	-	-	-	-	-	500
-	-	-	-	-	-	-	-	-	2,667	2,667
-	625	-	100	46,148	481,885	-	6,142	2,179	-	559,742
678,681	625	500	504	47,469	482,161	246	6,142	2,179	2,667	3,034,156
-	-	-	-	-	-	-	-	2,190	-	23,231
-	-	-	-	-	-	-	-	-	-	20,016
-	-	9,900	-	-	-	-	-	-	-	32,585
-	-	-	4,150	398,975	415,214	44,130	2,956	-	-	968,429
-	-	-	-	8,636	-	-	-	-	-	513,714
-	-	9,900	4,150	407,611	415,214	44,130	2,956	2,190	-	1,557,975
678,681	625	(9,400)	(3,646)	(360,142)	66,947	(43,884)	3,186	(11)	2,667	1,476,181
-	-	-	-	61,495	-	-	-	-	-	61,495
-	-	-	-	-	68,000	-	-	-	-	68,000
-	-	-	-	557,027	-	75,000	11,000	-	-	643,027
(669,772)	-	-	-	(318,368)	-	-	-	-	-	(2,247,726)
(669,772)	-	-	-	300,154	68,000	75,000	11,000	-	-	(1,475,204)
8,909	625	(9,400)	(3,646)	(59,988)	134,947	31,116	14,186	(11)	2,667	977
173,718	2,114	29,306	129,775	549,772	194,367	77,804	9,007	3,821	-	2,266,909
182,627	2,739	19,906	126,129	489,784	329,314	108,920	23,193	3,810	2,667	2,267,886
182,627	2,739	19,906	-	489,784	329,314	108,920	23,193	-	2,667	1,733,817
-	-	-	126,129	-	-	-	-	3,810	-	534,069
182,627	2,739	19,906	126,129	489,784	329,314	108,920	23,193	3,810	2,667	2,267,886

City of Oelwein, Iowa

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

As of and for the year ended June 30, 2021

	Capital Projects				
	CDBG Housing Rehabilitation	2020 GO Bond	Oelwein Housing Teardown	Airport Grant	Industrial Park 3rd Addition
Receipts:					
Use of money and property	-	1,153	-	-	1,551
Intergovernmental	10,406	-	-	5,947	-
Total receipts	10,406	1,153	-	5,947	1,551
Disbursements:					
Community and economic development	842	-	-	-	-
Capital projects	-	782,783	451,050	54,075	63,285
Total disbursements	842	782,783	451,050	54,075	63,285
Excess (deficiency) of receipts over (under) disbursements	9,564	(781,630)	(451,050)	(48,128)	(61,734)
Other financing sources (uses):					
Transfers in	-	-	451,050	-	-
Transfers out	-	-	-	-	(280,000)
Net other financing sources	-	-	451,050	-	(280,000)
Change in cash balance	9,564	(781,630)	-	(48,128)	(341,734)
Cash balances, beginning of year	(9,009)	945,613	-	(51,202)	490,603
Cash balances, end of year	555	163,983	-	(99,330)	148,869
Cash Basis Fund Balances					
Restricted for other purposes	555	163,983	-	-	148,869
Unassigned	-	-	-	(99,330)	-
Total cash basis fund balances	555	163,983	-	(99,330)	148,869

See accompanying independent auditor's report.

Capital Projects			
West Water Tower	10th Street Paving	Railroad Viaduct	Total
-	1,086	161	3,951
36,437	-	-	52,790
36,437	1,086	161	56,741
-	-	-	842
70,964	608,632	19,629	2,050,418
70,964	608,632	19,629	2,051,260
(34,527)	(607,546)	(19,468)	(1,994,519)
100,000	30,000	-	581,050
-	-	-	(280,000)
100,000	30,000	-	301,050
65,473	(577,546)	(19,468)	(1,693,469)
(46,330)	594,708	58,810	1,983,193
19,143	17,162	39,342	289,724
19,143	17,162	39,342	389,054
-	-	-	(99,330)
19,143	17,162	39,342	289,724

City of Oelwein, Iowa
Schedule of Cash Receipts, Disbursements,
and Changes in Cash Balances
Nonmajor Proprietary Funds
As of and for the year ended June 30, 2021

	42 Well Rehabilitation	Sewer Infrastructure	Customer Deposits	Fuel
Operating receipts:				
Charges for service	\$ -	64,837	39,510	50,513
Miscellaneous	-	-	-	5,540
Total operating receipts	-	64,837	39,510	56,053
Operating disbursements:				
Business-type activities	-	-	32,867	45,455
Excess (deficiency) of operating receipts over (under) operating disbursements	-	64,837	6,643	10,598
Non-operating receipts (disbursements):				
Interest on investments	-	-	-	-
Loan proceeds	178,073	-	-	-
Capital projects	(69,131)	-	-	-
Net non-operating disbursements	108,942	-	-	-
Excess (deficiency) of receipts over (under) disbursements	108,942	64,837	6,643	10,598
Transfers in	43,842	-	-	-
Transfers out	-	(52,362)	-	-
Net transfers	43,842	(52,362)	-	-
Change in cash balance	152,784	12,475	6,643	10,598
Cash balances, beginning of year	(152,784)	150,808	125,166	17,030
Cash balances, end of year	-	163,283	131,809	27,628
Cash Basis Fund Balances				
Restricted for:				
Other purposes	\$ -	-	131,809	-
Unassigned	-	163,283	-	27,628
Total cash basis fund balances	\$ -	163,283	131,809	27,628

See accompanying independent auditor's report.

Landfill	Recycling	Tree	Wellness Center	Sewer Main Construction	Total
583,787	77,516	64,937	160,734	-	1,041,834
-	-	-	-	-	5,540
583,787	77,516	64,937	160,734	-	1,047,374
551,931	79,591	68,100	178,052	-	955,996
31,856	(2,075)	(3,163)	(17,318)	-	91,378
-	-	-	-	274	274
-	-	-	-	-	178,073
-	-	-	-	(15,129)	(84,260)
-	-	-	-	(14,855)	94,087
31,856	(2,075)	(3,163)	(17,318)	(14,855)	185,465
-	-	-	17,318	-	61,160
(36,567)	-	-	-	-	(88,929)
(36,567)	-	-	17,318	-	(27,769)
(4,711)	(2,075)	(3,163)	-	(14,855)	157,696
26,826	4,714	41,520	-	90,971	304,251
22,115	2,639	38,357	-	76,116	461,947
-	-	-	-	-	131,809
22,115	2,639	38,357	-	76,116	330,138
22,115	2,639	38,357	-	76,116	461,947

City of Oelwein, Iowa
Schedule of Indebtedness
Year ended June 30, 2021

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Capital Loan Notes 2011A	Sep 01, 2011	2.00-2.90	2,885,000
Urban Renewal Notes 2014	May 01, 2014	2.00-4.00	3,455,000
Urban Renewal Notes 2016A	Feb 16, 2016	2.00-4.00	4,300,000
Capital Loan Notes, Series 2016B	Sep 22, 2016	1.00-2.10	1,100,000
Capital Loan Notes, Series 2020	Feb 25, 2020	2.00	2,385,000
Revenue notes:			
Sewer Revenue Series 2005	May 23, 2005	3.00%	\$ 8,954,000
Water Revenue Series 2010	Sep 15, 2010	3.00	1,700,000
Sewer Revenue Series 2012	Oct 05, 2012	2.00	900,000
Water Revenue Series 2016	Sep 22, 2016	1.40-2.15	675,000
Sewer Revenue SRF Series 2018	Apr 13, 2018	2.00	338,000
Water Revenue SRF Series 2018	Apr 13, 2018	2.00	1,462,000
Water Revenue SRF Series 2021	May 28, 2021	1.75	709,000
US Department of Agriculture:			
Intermediary Relending Program #1	Apr 25, 2008	1.00%	\$ 500,000
Intermediary Relending Program #2	Sep 23, 2015	1.00	500,000
Intermediary Relending Program #3	Oct 15, 2019	1.00	500,000

See accompanying independent auditor's report.

Balance, Beginning of Year	Issued During Year	Redeemed During Year	Balance, End of Year	Interest Paid
455,000	-	355,000	100,000	12,663
2,565,000	-	160,000	2,405,000	92,125
3,875,000	-	435,000	3,440,000	125,170
825,000	-	135,000	690,000	13,323
2,385,000	-	105,000	2,280,000	60,420
<u>\$ 10,105,000</u>	<u>-</u>	<u>1,190,000</u>	<u>8,915,000</u>	<u>303,701</u>
\$ 3,260,000	-	504,000	2,756,000	57,050
608,000	-	93,000	515,000	14,440
582,000	-	43,000	539,000	10,185
535,000	-	70,000	465,000	9,613
242,511	-	47,511	195,000	4,244
1,084,896	178,073	63,000	1,199,969	18,986
-	3,545	-	3,545	-
<u>\$ 6,312,407</u>	<u>181,618</u>	<u>820,511</u>	<u>5,673,514</u>	<u>114,518</u>
\$ 347,955	-	17,745	330,210	3,480
483,775	-	16,387	467,388	4,838
432,000	68,000	-	500,000	3,725
<u>\$ 1,263,730</u>	<u>68,000</u>	<u>34,132</u>	<u>1,297,598</u>	<u>12,043</u>

City of Oelwein, Iowa
Bond and Note Maturities

June 30, 2021

Year Ending June 30,	General Obligation Bonds					
	Capital Loan Notes 2011A		Urban Renewal Notes 2014		Urban Renewal Notes 2016A	
	Issued Sep 1, 2011		Issued May 1, 2014		Issued Feb 16, 2016	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2022	2.90%	100,000	3.00%	165,000	2.50%	440,000
2023	-	-	3.00%	170,000	2.80%	450,000
2024	-	-	3.00%	175,000	3.10%	460,000
2025	-	-	3.25%	180,000	3.40%	470,000
2026	-	-	3.25%	190,000	3.60%	485,000
2027	-	-	3.75%	195,000	3.80%	550,000
2028	-	-	3.75%	205,000	4.00%	585,000
2029	-	-	4.00%	210,000		
2030	-	-	4.00%	215,000		
2031	-	-	4.00%	225,000		
2032	-	-	4.00%	235,000		
2033	-	-	4.00%	240,000		
		<u>\$ 100,000</u>		<u>\$ 2,405,000</u>		<u>\$ 3,440,000</u>

See accompanying independent auditor's report.

General Obligation Bonds				
Capital Loan Notes, Series 2016B		Capital Loan Notes, Series 2020		
Issued Sep 22, 2016		Issued Feb 25, 2020		
Interest		Interest		
Rates	Amount	Rates	Amount	Total
1.30%	135,000	2.00%	205,000	1,045,000
1.40%	135,000	2.00%	210,000	965,000
1.65%	60,000	2.00%	210,000	905,000
1.65%	75,000	2.00%	220,000	945,000
2.00%	75,000	2.00%	225,000	975,000
2.00%	40,000	2.00%	235,000	1,020,000
2.00%	40,000	2.00%	240,000	1,070,000
2.10%	130,000	2.00%	245,000	585,000
-	-	2.00%	155,000	370,000
-	-	2.00%	165,000	390,000
-	-	2.00%	170,000	405,000
-	-	-	-	240,000
	<u>\$ 690,000</u>		<u>\$ 2,280,000</u>	<u>\$ 8,915,000</u>

City of Oelwein, Iowa
 Bond and Note Maturities
 (continued)
 June 30, 2021

Year Ending June 30,	Revenue Notes						Water S Issued S Interest Rates
	Sewer Series 2005		Water Series 2010		Sewer Series 2012		
	Issued May 23, 2005		Issued Sep 15, 2010		Issued Oct 5, 2012		
	Interest		Interest		Interest		
	Rates	Amount	Rates	Amount	Rates	Amount	Rates
2022	3.00%	519,000	3.00%	96,000	2.00%	44,000	1.55%
2023	3.00%	535,000	3.00%	100,000	2.00%	45,000	1.55%
2024	3.00%	551,000	3.00%	103,000	2.00%	46,000	1.85%
2025	3.00%	567,000	3.00%	106,000	2.00%	47,000	1.85%
2026	3.00%	584,000	3.00%	110,000	2.00%	48,000	2.15%
2027		-		-	2.00%	49,000	2.15%
2028		-		-	2.00%	50,000	
2029		-		-	2.00%	51,000	
2030		-		-	2.00%	52,000	
2031		-		-	2.00%	53,000	
2032		-		-	2.00%	54,000	
2033		-		-		-	
2034		-		-		-	
2035		-		-		-	
2036		-		-		-	
2037		-		-		-	
2038		-		-		-	
		<u>\$ 2,756,000</u>		<u>\$ 515,000</u>		<u>\$ 539,000</u>	

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Revenue Notes							
Series 2016	Sewer Series 2018		Water Series 2018		Water Series 2021		
Issued Sep 22, 2016	Issued Apr 14, 2018		Issued Apr 14, 2018		Issued May 28, 2021		
Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Total
75,000	2.00%	15,000	2.00%	64,000	1.75%	136,000	949,000
75,000	2.00%	15,000	2.00%	65,000	1.75%	139,000	974,000
75,000	2.00%	16,000	2.00%	66,000	1.75%	142,000	999,000
80,000	2.00%	16,000	2.00%	68,000	1.75%	145,000	1,029,000
80,000	2.00%	16,000	2.00%	69,000	1.75%	147,000	1,054,000
80,000	2.00%	17,000	2.00%	71,000	-	-	217,000
-	2.00%	17,000	2.00%	72,000	-	-	139,000
-	2.00%	17,000	2.00%	73,000	-	-	141,000
-	2.00%	18,000	2.00%	75,000	-	-	145,000
-	2.00%	18,000	2.00%	76,000	-	-	147,000
-	2.00%	18,000	2.00%	78,000	-	-	150,000
-	2.00%	12,000	2.00%	79,000	-	-	91,000
-	-	-	2.00%	81,000	-	-	81,000
-	-	-	2.00%	83,000	-	-	83,000
-	-	-	2.00%	84,000	-	-	84,000
-	-	-	2.00%	86,000	-	-	86,000
-	-	-	2.00%	9,969	-	-	9,969
<u>\$ 465,000</u>		<u>\$ 195,000</u>		<u>\$ 1,199,969</u>		<u>\$ 709,000</u>	<u>\$ 6,378,969</u>

City of Oelwein, Iowa

Bond and Note Maturities
(continued)

June 30, 2021

Year Ending June 30,	Other Long-Term Debt						Total
	USDA IRP #1		USDA IRP #2		USDA IRP #3		
	Issued Apr 25, 2008		Issued Sep 23, 2015		Issued Oct 15, 2019		
	Interest		Interest		Interest		
	Rates	Amount	Rates	Amount	Rates	Amount	
2022	1.00%	17,922	1.00%	16,551	1.00%	-	34,473
2023	1.00%	18,102	1.00%	16,717	1.00%	-	34,819
2024	1.00%	18,283	1.00%	16,884	1.00%	16,223	51,390
2025	1.00%	18,466	1.00%	17,053	1.00%	16,385	51,904
2026	1.00%	18,650	1.00%	17,223	1.00%	16,549	52,422
2027	1.00%	18,837	1.00%	17,395	1.00%	16,714	52,946
2028	1.00%	19,025	1.00%	17,569	1.00%	16,881	53,475
2029	1.00%	19,215	1.00%	17,745	1.00%	17,050	54,010
2030	1.00%	19,407	1.00%	17,922	1.00%	17,221	54,550
2031	1.00%	19,602	1.00%	18,102	1.00%	17,393	55,097
2032	1.00%	19,798	1.00%	18,283	1.00%	17,567	55,648
2033	1.00%	19,996	1.00%	18,466	1.00%	17,742	56,204
2034	1.00%	20,196	1.00%	18,650	1.00%	17,920	56,766
2035	1.00%	20,397	1.00%	18,837	1.00%	18,099	57,333
2036	1.00%	20,601	1.00%	19,025	1.00%	18,280	57,906
2037	1.00%	20,807	1.00%	19,215	1.00%	18,463	58,485
2038	1.00%	20,906	1.00%	19,407	1.00%	18,648	58,961
2039	-	-	1.00%	19,602	1.00%	18,834	38,436
2040	-	-	1.00%	19,798	1.00%	19,022	38,820
2041	-	-	1.00%	19,996	1.00%	19,213	39,209
2042	-	-	1.00%	20,196	1.00%	19,405	39,601
2043	-	-	1.00%	20,397	1.00%	19,599	39,996
2044	-	-	1.00%	20,601	1.00%	19,795	40,396
2045	-	-	1.00%	20,807	1.00%	19,993	40,800
2046	-	-	1.00%	20,947	1.00%	20,193	41,140
2047	-	-	-	-	1.00%	14,811	14,811
2048	-	-	-	-	1.00%	-	-
2049	-	-	-	-	1.00%	-	-
2050	-	-	-	-	1.00%	-	-
		<u>\$ 330,210</u>		<u>\$ 467,388</u>		<u>\$ 432,000</u>	<u>\$ 1,229,598</u>

See accompanying independent auditor's report.

City of Oelwein, Iowa

Schedule of Receipts by Source and Disbursements by Function
Governmental Funds

For the Last Ten Years

	2021	2020	2019	2018
Receipts				
Property tax	\$ 3,012,076	2,616,016	2,511,243	2,446,809
Tax increment financing	977,915	789,469	320,501	68,956
Other city tax	1,544,391	1,449,548	1,465,729	1,179,371
Licenses and permits	95,913	79,541	72,679	109,853
Use of money and property	74,074	125,779	124,650	219,825
Intergovernmental	1,169,261	1,440,844	1,210,033	1,641,704
Charges for service	182,760	150,159	190,880	151,896
Special assessments	2,667	-	392	30,590
Miscellaneous	1,028,815	740,341	435,275	712,839
	<u>\$ 8,087,872</u>	<u>7,391,697</u>	<u>6,331,382</u>	<u>6,561,843</u>
Disbursements				
Public safety	\$ 1,873,225	1,773,341	1,682,373	1,544,804
Public works	812,270	684,588	755,382	729,542
Health and social services	20,016	19,836	18,117	21,603
Culture and recreation	926,350	905,295	929,980	811,850
Community and economic development	986,417	1,148,628	783,959	893,869
General government	500,094	488,132	418,572	389,086
Debt service	1,577,913	1,744,359	1,117,626	1,873,831
Capital projects	2,982,006	1,957,005	666,989	1,033,130
	<u>\$ 9,678,291</u>	<u>8,721,184</u>	<u>6,372,998</u>	<u>7,297,715</u>

See accompanying independent auditor's report.

2017	2016	2015	2014	2013	2012
2,622,915	2,550,327	2,433,871	2,265,317	2,225,651	2,088,591
53,616	69,105	73,362	106,380	92,163	100,755
869,807	878,525	1,051,291	1,082,086	975,105	980,861
82,788	53,257	80,539	98,623	86,826	80,746
347,083	143,177	286,659	289,316	283,043	237,050
2,820,235	1,011,483	987,685	1,260,775	1,542,206	2,064,616
190,692	141,082	91,439	95,180	147,190	169,503
41,301	37,582	43,223	60,791	78,338	121,720
324,901	1,105,087	479,997	352,787	407,739	332,566
7,353,338	5,989,625	5,528,066	5,611,255	5,838,261	6,176,408
1,598,188	1,602,959	1,645,848	1,740,553	1,990,153	1,736,134
732,688	695,231	785,430	779,828	753,365	845,566
24,733	27,428	37,232	40,204	41,012	40,195
818,311	780,172	844,486	818,383	765,827	832,448
622,087	1,463,655	918,572	1,198,140	868,849	1,044,115
374,222	378,446	368,157	373,809	342,228	363,154
1,034,354	780,858	893,757	526,908	601,358	3,162,885
2,529,927	4,959,048	3,617,762	123,998	455,840	860,504
7,734,510	10,687,797	9,111,244	5,601,823	5,818,632	8,885,001



T.P. ANDERSON & COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

To the Honorable Mayor and Members of the City Council:

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oelwein, Iowa, as of and for the year ended June 30, 2021, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated **October 11, 2021**. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, but we did not identify significant deficiencies as described in the Schedule of Findings.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in Part II of the accompanying Schedule of Findings as items I-A-21 through I-C-21 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters which are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings.

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

City of Oelwein's Responses to the Findings

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

Purpose of this Report

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

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

T.P. Anderson & Company, P.C.

October 11, 2021

Humboldt, Iowa

CITY OF OELWEIN, IOWA

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2021

Part I: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES

I-A-21 Segregation of Duties – Generally, we noted that from time to time one individual has control over each one of the following areas:

- 1) Cash – handling, reconciling and recording.
- 2) Receipts – opening mail, collecting, depositing, journalizing, reconciling and posting.
- 3) Disbursements – purchasing, invoice processing, check writing, mailing, reconciling and recording.
- 4) Payroll – entering rates and hours into the system, recordkeeping, preparing, signing and distributing.
- 5) Utilities – billing, collecting, depositing, posting, and entering rates into the system.
- 6) Financial Reporting and Budgeting – preparing and reconciling.
- 7) Journal entries – preparing and journalizing.

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

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

Effect – Inadequate segregation of duties could adversely affect the City's ability to prevent or detect and correct misstatements, errors, or misappropriation on a timely basis.

Recommendation – We realize segregation of duties is difficult and may impede productivity with a limited number of employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing all available staff and elected officials. Independent reviews of bank reconciliations and payroll records and payment should be done independent of those involved in the processes and the review should be evidenced by the signature or initials of the reviewer and the date of the review. Council members can also pick months at random and review bank statement activity and request supporting documentation for any large or unusual payments noted.

Response – We will continue to work toward improving segregation of duties.

Conclusion – Response accepted.

CITY OF OELWEIN, IOWA

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2021

I-B-21

Utility Billing and Delinquent Accounts – The City charges landfill and recycling rates based upon the number of individual recipients per household. This number is obtained when the customer fills out an application for services; however, documentation to support the number per household was inadequate to determine if the amounts that the City was using for utility billing were complete and accurate. Additionally, the City does not have a policy for reviewing delinquent accounts and approving them for write-off.

Criteria – An effective internal control system provides for internal controls to ensure customers are being billed proper rates in accordance with rate ordinances as well as to ensure proper accounting and approval of delinquent accounts.

Cause – Policies have not been established and procedures have not been implemented to ensure sufficient records are maintained to properly account for and bill utility customers and approve delinquent account write-offs.

Effect – This could result in improper utility billing or unauthorized write-offs of delinquent accounts.

Recommendation – The utility rates entered into the system should be properly supported by documentation that is periodically reviewed for changes that may be needed. Additionally, a listing of delinquent accounts should be prepared on a monthly basis and reviewed by the City Council for general monitoring and for approval of write-offs.

Response – Making changes to a system on the utility billing is a political nightmare regardless if the change could potentially save residents money. While the current method for landfill charges is outdated, the county is also outdated in how they charge and collect fees. The city is working on making this change when a rate increase will be needed from the county. The city anticipates changing this process in July 2021. A delinquent account and write off policy has been completed and will be approved by Council by June 2022.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

CITY OF OELWEIN, IOWA

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2021

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-21 Certified Budget – Disbursements during the year ended June 30, 2021 were within budgeted limits.
- II-B-21 Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- II-C-21 Travel Expense – No disbursements of the City’s money for travel expense of spouses of its officials or employees were noted.
- II-D-21 Business Transactions – No business transactions between the City and its officials or employees were noted.
- II-E-21 Restricted Donor Activity – No transactions were noted between the City, City officials, City employees and restricted donors in compliance with 68B of the Code of Iowa.
- II-F-21 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- II-G-21 Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

Although minutes of City Council proceedings were published, one could not be proven to be published within 15 days as required by Chapter 372.13(6) of the Code of Iowa.

Recommendation – The City should comply with the Code of Iowa and be able to prove that they published City Council meeting minutes within 15 days of the meeting.

Response – We will try to meet the publication requirements in the future.

Conclusion – Response accepted.

- II-H-21 Deposits and Investments – A resolution naming official depositories of the City had been adopted by City Council as required by Chapter 12.C.2 of the Code of Iowa. However, the City held more funds at one institution than was approved on the resolution.

Recommendation – The City should comply with the Code of Iowa and update their Depository Resolution or transfer funds from Fidelity Bank & Trust.

Response – We plan to do a new resolution.

Conclusion – Response accepted.

- II-I-21 Revenue Bonds and Notes – No instances of non-compliance with the revenue bond and note resolutions were noted.

CITY OF OELWEIN, IOWA

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2021

II-J-21 Financial Condition – The Capital Projects –Airport Grant fund had a deficit balance of \$99,330, June 30, 2021.

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

Response – The city works to ensure that all accounts do not carry a deficit. This can be difficult as the city works on a reimbursement basis for some projects. The problem with a reimbursement basis is that contractors do not finish on time and the city must wait to close out a project and carry the deficit of the project. The Airport Grant had a deficit because the city is working with engineers on the project figuring out the life and is waiting on reimbursements when the project is finished. These deficits will be eliminated in the fiscal 2022 year.

Conclusion – Response accepted.

II-K-21 Annual Urban Renewal Report – The annual urban renewal report was approved and certified to the Iowa Department of Management on or before December 1 as required.

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