

CITY OF OELWEIN, IOWA

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

JUNE 30, 2026

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

Table of Contents

	<u>Page</u>
Officials	1
Independent Auditor's Report	2-4
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statement:	
Cash Basis Statement of Activities and Net Position	A 5
Governmental Fund Financial Statements:	
Statement of Cash Receipts, Disbursements, and Changes in Cash Balances	B 6
Proprietary Fund Financial Statements:	
Statement of Cash Receipts, Disbursements, and Changes in Cash Balances	C 7
Notes to Financial Statements	8-28
Other Information:	
Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds	29
Notes to Other Information – Budgetary Reporting	30
Schedule of the City's Proportionate Share of the Net Pension Liability – IPERS	31
Schedule of City Contributions – IPERS	32
Schedule of the City's Proportionate Share of the Net Pension Liability – MFPRSI	33
Schedule of City Contributions – MFPRSI	34
Notes to Other Information – Pension Liability	35-36
Supplementary Information:	<u>Schedule</u>
Schedule of Cash Receipts, Disbursements, and Changes in Cash Balances – Nonmajor Governmental Funds	1 37
Schedule of Cash Receipts, Disbursements, and Changes in Cash Balances – Nonmajor Governmental Special Revenue Funds	2 38
Schedule of Cash Receipts, Disbursements, and Changes in Cash Balances – Nonmajor Governmental Capital Project Funds	3 39
Schedule of Cash Receipts, Disbursements, and Changes in Cash Balances – Nonmajor Proprietary Funds	4 40
Schedule of Receipts by Source and Disbursements by Function – Governmental Funds	5 41
Schedule of Expenditures of Federal Awards	6 42
Notes to Federal Awards	7 43
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 <i>Government Auditing Standards</i>	44-45
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	46-48
Schedule of Findings and Questioned Costs	49-54
Summary Schedule of Prior Audit Findings	55
Corrective Action Plan	56

City of Oelwein, Iowa

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Brett DeVore	Mayor	December 2027
Matt Weber	Council Member	December 2027
Tony Cannon	Council Member	December 2029
Lynda Payne	Council Member	December 2027
Renee Cantrell	Council Member	December 2029
Jason Gearhart	Council Member	December 2029
Anthony Ricchio	Council Member	December 2027
Dylan Mulfinger	City Administrator	Indefinite
Barb Rigdon	City Clerk	Indefinite
Lynch Dallas, P.C.	City Attorney	Indefinite



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 Audit of the Financial Statements

Opinions

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, 2026, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2026, and the respective changes in its cash basis financial position for the year then ended, in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material

misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary 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 "Auditors Responsibilities for the Audit of the Financial Statements" section of this report, the financial statements for the nine years ended June 30, 2025, and other auditors previously audited in accordance with standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting. The supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in 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 GAAS. In our opinion, the supplementary information in Schedules 1 through 5 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in this report. The other information comprises 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 29 through 36, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements,

or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2026 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 12, 2026
Humboldt, Iowa

Basic Financial Statements

City of Oelwein, Iowa
Cash Basis Statement of Activities and Net Position
As of and for the year ended June 30, 2026

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 2,095,960	64,191	37,147	-
Public works	1,011,004	145,422	833,411	-
Health and social services	18,091	-	-	-
Culture and recreation	1,129,060	171,827	33,186	9,000
Community and economic development	1,258,333	-	-	228,569
General government	672,135	-	-	-
Debt service	1,569,573	-	-	-
Capital projects	2,255,922	-	-	513,884
Total governmental activities	10,010,078	381,440	903,744	751,453
Business-type activities:				
Water	1,496,929	2,007,781	-	-
Water Infrastructure	162,153	43	-	1,627
Sewer	1,893,881	2,258,301	-	-
Sewer Infrastructure	-	12	-	-
Other business-type activities	1,179,438	1,080,277	-	-
Total business-type activities	4,732,401	5,346,414	-	1,627
Total functions/programs	\$ 14,742,479	5,727,854	903,744	753,080
General Receipts and Transfers:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Hotel/motel and franchise tax				
Property tax replacement				
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:				
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
(1,994,622)	-	(1,994,622)
(32,171)	-	(32,171)
(18,091)	-	(18,091)
(915,047)	-	(915,047)
(1,029,764)	-	(1,029,764)
(672,135)	-	(672,135)
(1,569,573)	-	(1,569,573)
(1,742,038)	-	(1,742,038)
(7,973,441)	-	(7,973,441)
-	510,852	510,852
-	(160,483)	(160,483)
-	364,420	364,420
-	12	12
-	(99,161)	(99,161)
-	615,640	615,640
(7,973,441)	615,640	(7,357,801)
2,775,739	-	2,775,739
658,337	-	658,337
1,033,235	-	1,033,235
764,129	-	764,129
901,987	-	901,987
22,276	-	22,276
250,673	137,328	388,001
-	5,000	5,000
613,333	3,216	616,549
6,903	-	6,903
(428,986)	428,986	-
6,597,626	574,530	7,172,156
(1,375,815)	1,190,170	(185,645)
7,968,709	3,868,370	11,837,079
\$ 6,592,894	5,058,540	11,651,434
\$ 301,642	-	301,642
799,812	-	799,812
346,615	314,335	660,950
3,352,733	166,761	3,519,494
1,792,092	4,577,444	6,369,536
\$ 6,592,894	5,058,540	11,651,434

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, 2026

		Special Revenue			
		Formerly Major Fund	Formerly Major Fund		
	General	Gas-Electric Franchise Fees	Economic Development	Trust & Agency	Debt Service
Receipts:					
Property tax	\$ 1,597,162	-	-	1,103,937	658,337
Local option sales tax	-	-	-	-	-
Tax increment financing	-	-	-	-	-
Other city tax	60,303	-	-	27,031	13,566
Licenses and permits	109,119	-	-	-	-
Use of money and property	212,263	-	-	-	18,183
Intergovernmental	70,333	-	-	-	-
Charges for service	381,440	-	-	-	-
Special assessments	-	-	-	-	-
Miscellaneous	192,440	-	-	1,544	-
Total receipts	<u>2,623,060</u>	<u>-</u>	<u>-</u>	<u>1,132,512</u>	<u>690,086</u>
Disbursements:					
Operating:					
Public safety	1,532,732	-	-	539,799	-
Public works	191,105	-	-	128,482	-
Health and social services	-	-	-	-	-
Culture and recreation	878,780	-	-	201,316	-
Community and economic dev.	-	-	-	32,558	-
General government	573,815	-	-	82,834	-
Debt service	-	-	-	-	1,569,573
Capital projects	-	-	-	-	-
Total disbursements	<u>3,176,432</u>	<u>-</u>	<u>-</u>	<u>984,989</u>	<u>1,569,573</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(553,372)</u>	<u>-</u>	<u>-</u>	<u>147,523</u>	<u>(879,487)</u>
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	-
Transfers in	656,829	-	-	-	866,985
Transfers out	(11,000)	-	-	(30,073)	-
Net other financing sources (uses)	<u>645,829</u>	<u>-</u>	<u>-</u>	<u>(30,073)</u>	<u>866,985</u>
Change in cash balances	92,457	-	-	117,450	(12,502)
Cash balances, beginning of year, as previously presented	1,256,339	76,955	232,481	682,362	359,117
Change within financial reporting entity	-	(76,955)	(232,481)	-	-
Cash balances, end of year	<u>\$ 1,348,796</u>	<u>-</u>	<u>-</u>	<u>799,812</u>	<u>346,615</u>
Cash Basis Fund Balances					
Nonspendable	\$ -	-	-	-	-
Restricted for:					
Employee benefits	-	-	-	799,812	-
Debt service	-	-	-	-	346,615
Other purposes	-	-	-	-	-
Committed	-	-	-	-	-
Unassigned	1,348,796	-	-	-	-
Total cash basis fund balances	<u>\$ 1,348,796</u>	<u>-</u>	<u>-</u>	<u>799,812</u>	<u>346,615</u>

See notes to financial statements.

Capital Projects				
<i>Formerly Major Fund</i>				
Tri-Park Trail Extensions	10th Street Paving	2024 GO Bond Construction	Nonmajor	Total
-	-	-	16,837	3,376,273
-	-	-	764,129	764,129
-	-	-	1,033,235	1,033,235
-	-	-	881,166	982,066
-	-	-	-	109,119
-	-	41,744	38,139	310,329
-	-	474,201	1,110,663	1,655,197
-	-	-	-	381,440
-	-	-	45,924	45,924
-	-	-	204,650	398,634
-	-	515,945	4,094,743	9,056,346
-	-	-	23,429	2,095,960
-	-	-	691,417	1,011,004
-	-	-	18,091	18,091
-	-	-	48,964	1,129,060
-	-	-	1,225,775	1,258,333
-	-	-	15,486	672,135
-	-	-	-	1,569,573
402,494	-	1,460,413	393,015	2,255,922
402,494	-	1,460,413	2,416,177	10,010,078
(402,494)	-	(944,468)	1,678,566	(953,732)
-	-	-	6,903	6,903
10,000	-	-	1,102,202	2,636,016
-	-	-	(3,023,929)	(3,065,002)
10,000	-	-	(1,914,824)	(422,083)
(392,494)	-	(944,468)	(236,258)	(1,375,815)
1,149,048	232,157	1,300,605	2,679,645	7,968,709
-	(232,157)	-	541,593	-
756,554	-	356,137	2,984,980	6,592,894
-	-	-	301,642	301,642
-	-	-	-	799,812
-	-	-	-	346,615
756,554	-	356,137	2,365,042	3,477,733
-	-	-	508,290	508,290
-	-	-	(189,994)	1,158,802
756,554	-	356,137	2,984,980	6,592,894

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, 2026

	Enterprise							
	Formerly Major Fund			Formerly Major Fund				
	Water	Water Infrastructure	Landfill	Sewer	Sewer Infrastructure	Sewer Main Construction	Nonmajor	Total
Operating receipts:								
Charges for service	\$ 2,007,781	43	-	2,258,301	12	-	1,080,277	5,346,414
Miscellaneous	-	-	-	-	-	-	3,216	3,216
Total operating receipts	2,007,781	43	-	2,258,301	12	-	1,083,493	5,349,630
Operating disbursements:								
Business-type activities	989,568	-	-	923,851	-	-	1,100,638	3,014,057
Excess (deficiency) of operating receipts over (under) operating disbursements	1,018,213	43	-	1,334,450	12	-	(17,145)	2,335,573
Noncapital subsidies:								
Community Development Block Grant	-	1,627	-	-	-	-	-	1,627
Transfers in	-	1,010,297	-	-	420,000	-	66,253	1,496,550
Transfers out	(1,128,707)	-	-	(492,580)	-	-	(36,575)	(1,657,862)
Total noncapital subsidies	(1,128,707)	1,011,924	-	(492,580)	420,000	-	29,678	(159,685)
Operating income (loss) and noncapital subsidies	(110,494)	1,011,967	-	841,870	420,012	-	12,533	2,175,888
Other non-operating receipts (disbursements):								
Interest on investments	47,576	-	-	77,154	-	-	12,598	137,328
Debt service	(347,120)	-	-	(831,084)	-	-	-	(1,178,204)
Capital projects	(160,241)	(162,153)	-	(138,946)	-	-	(78,800)	(540,140)
Loan proceeds	-	-	-	-	-	-	5,000	5,000
Transfers in - restricted for capital assets	590,298	-	-	-	-	-	-	590,298
Total other non-operating receipts (disbursements)	130,513	(162,153)	-	(892,876)	-	-	(61,202)	(985,718)
Change in cash balances	20,019	849,814	-	(51,006)	420,012	-	(48,669)	1,190,170
Cash balances, beginning of year, as previously presented	941,672	-	220,276	1,557,682	-	34,568	1,114,172	3,868,370
Change within financial reporting entity	-	404,659	(220,276)	-	417,236	(34,568)	(567,051)	-
Cash balances, end of year	\$ 961,691	1,254,473	-	1,506,676	837,248	-	498,452	5,058,540
Cash Basis Fund Balances								
Restricted for:								
Debt service	\$ 170,365	-	-	143,970	-	-	-	314,335
Other purposes	-	-	-	-	-	-	166,761	166,761
Unrestricted	791,326	1,254,473	-	1,362,706	837,248	-	331,691	4,577,444
Total cash basis fund balances	\$ 961,691	1,254,473	-	1,506,676	837,248	-	498,452	5,058,540

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

(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, 2026

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 Trust & Agency Fund is used to account for the property tax receipts and

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

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 Extensions Fund accounts for receipts and disbursements intended for the Tri-Park Trail project.

The 2024 GO Bond Construction Fund accounts for receipts and disbursements intended for the 10th Street Bridge Project.

The City reports the following major proprietary funds:

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

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

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

The Sewer Infrastructure Fund accounts for the receipts the City is collecting to prepare for a sewer 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 U.S. generally accepted accounting principles.

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

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

Proprietary funds distinguish operating receipts and disbursements from nonoperating items. Operating receipts and disbursements are receipts and disbursements other than nonoperating receipts and disbursements. Nonoperating receipts and disbursements are a) subsidies received and provided, b) contributions to permanent or term endowments, c) receipts and disbursements related to financing, d) resources from the disposal of capital assets and inventory and e) investment income

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

and disbursements. Subsidies are defined as a) resources received from another party or fund 1) for which the proprietary fund does not provide goods and services to the other party or fund and 2) directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, b) resources provided to another party or fund 1) for which the other party or fund does not provide goods and services to the proprietary fund and 2) are recoverable through the proprietary fund's current or future pricing policies and c) all other transfers.

D. Property Taxes and Governmental Cash Basis Fund Balances

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

Property tax revenues recognized in 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, 2024 assessed property valuations; is for the tax accrual period July 1, 2025 through June 30, 2026 and reflects tax asking contained in the budget certified to the City Council in April 2025.

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

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

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

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 City 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, 2026, disbursements did not exceed the amounts budgeted.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2026 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

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

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, Notes, Leases and IT Subscriptions Payable

A summary of changes in bonds, notes, leases and IT subscriptions payable for the year ended June 30, 2026 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Governmental activities:					
Urban Renewal Tax Increment	\$ 1,620,000	-	485,000	1,135,000	550,000
General Obligation Bonds	6,160,000	-	780,000	5,380,000	765,000
Other long-term debt	1,125,002	-	52,430	1,072,572	52,946
Lease agreements	105,351	-	36,553	68,798	33,560
IT Subscription	34,858	-	11,058	23,800	11,610
Governmental activities total	<u>\$ 9,045,211</u>	<u>-</u>	<u>1,365,041</u>	<u>7,680,170</u>	<u>1,413,116</u>
Business type activities:					
Water Revenue Notes	\$ 1,366,000	-	403,000	963,000	147,000
Sewer Revenues Notes	1,994,075	5,000	1,357,075	642,000	214,000
Business type activities total	<u>\$ 3,360,075</u>	<u>5,000</u>	<u>1,760,075</u>	<u>1,605,000</u>	<u>361,000</u>

General Obligation Debt

A summary of the City’s June 30, 2026 general obligation bonds payable is as follows:

Year Ending June 30,	Oelwein Chamber and Area Development Inc. Issued Feb. 16, 2016			Street & Infrastructure Improvements Issued Sept. 22, 2016		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2027	3.80%	\$ 550,000	44,300	2.00%	\$ 40,000	4,330
2028	4.00%	585,000	23,400	2.00%	40,000	3,530
2029		-	-	2.10%	130,000	2,730
2030		-	-		-	-
2031		-	-		-	-
2032-2035		-	-		-	-
Total		<u>\$ 1,135,000</u>	<u>67,700</u>		<u>\$ 210,000</u>	<u>10,590</u>

Year Ending June 30,	Capital Improvements Issued Feb. 25, 2020			Capital Improvements Issued Apr. 12, 2022		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

2027	2.00%	\$ 235,000	24,200	2.125%	\$ 360,000	61,000
2028	2.00%	240,000	19,500	2.125%	370,000	53,350
2029	2.00%	245,000	14,700	2.125%	375,000	45,488
2030	2.00%	155,000	9,800	2.125%	385,000	37,519
2031	2.00%	165,000	6,700	2.15%	400,000	29,338
2032-2035	2.00%	170,000	3,400	2.25-2.50%	870,000	43,986
Total		<u>\$ 1,210,000</u>	<u>78,300</u>		<u>\$ 2,760,000</u>	<u>270,681</u>

Year Ending June 30,	Bridge Improvements Issued May 28, 2024			Totals		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2027	4.00%	\$ 130,000	48,000	\$ 1,315,000	181,830	1,496,830
2028	4.00%	135,000	42,800	1,370,000	142,580	1,512,580
2029	4.00%	140,000	37,400	890,000	100,318	990,318
2030	4.00%	145,000	31,800	685,000	79,119	764,119
2031	4.00%	155,000	26,000	720,000	62,038	782,038
2032-2035	4.00%	495,000	40,000	1,535,000	87,386	1,622,386
Total		<u>\$ 1,200,000</u>	<u>226,000</u>	<u>\$ 6,515,000</u>	<u>653,271</u>	<u>7,168,271</u>

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, 2026, the City paid \$485,000 of principal and \$61,760 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, 2026, the City paid \$75,000 of principal and \$5,830 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, 2026, the City paid \$225,000 of principal and \$28,700 of interest on the bonds.

On April 12, 2022, the City issued \$4,120,000 of general obligation bonds with an interest rate ranging from 2.125-2.50% per annum. The bonds were issued for expenses related to improvements to streets, sanitary sewer system, storm water drainage, water system and sidewalk improvements, along with acquiring and installing street lighting, signage, and signalization improvements, acquisition of dangerous, dilapidated, and/or abandoned properties, acquiring vehicles and equipment for the municipal fire department, and improvements to the municipal aquatic center, recreation trails, and city hall. During the year ended June 30, 2026, the City paid \$355,000 of principal and \$68,544 of interest on the bonds.

On May 28, 2024, the City issued \$1,450,000 of general obligation bonds with an interest rate of 4% per annum. The bonds were issued for expenses related to bridge construction and related infrastructure improvements. During the year ended June 30, 2026, the City paid \$125,000 of principal and \$53,000 of interest on the bonds.

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

Revenue Notes

A summary of the City's June 30, 2026 revenue notes payable is as follows:

Year Ending June 30,	Sewer			Water		
	Issued Nov. 9, 2012			Issued Sept. 22, 2016		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2027	1.75%	\$ 49,000	5,408	2.15%	\$ 80,000	1,720
2028	1.75%	50,000	4,550	-	-	-
2029	1.75%	51,000	3,675	-	-	-
2030	1.75%	52,000	2,783	-	-	-
2031	1.75%	53,000	1,873	-	-	-
2032-2036	1.75%	54,000	944	-	-	-
2037-2038		-	-	-	-	-
Total		\$ 309,000	19,233		\$ 80,000	1,720

Year Ending June 30,	Water			Sewer		
	Issued Apr 13, 2018			Issued Dec. 22, 2023		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2027	2.0%	\$ 67,000	15,453	1.75%	\$ 165,000	5,828
2028	2.0%	68,000	14,280	1.75%	168,000	2,940
2029	2.0%	69,000	13,090	-	-	-
2030	2.0%	70,000	11,883	-	-	-
2031	2.0%	72,000	10,658	-	-	-
2032-2036	2.0%	377,000	34,020	-	-	-
2037-2038	2.0%	160,000	4,216	-	-	-
Total		\$ 883,000	103,600		\$ 333,000	8,768

Year Ending June 30,	Totals		
	Principal	Interest	Totals
2027	\$ 361,000	28,409	389,409
2028	286,000	21,770	307,770
2029	120,000	16,765	136,765
2030	122,000	14,666	136,666
2031	125,000	12,531	137,531
2032-2036	431,000	34,964	465,964
2037-2038	160,000	4,216	164,216
Total	\$ 1,605,000	133,321	1,738,321

On September 15, 2010, the City issued \$1,700,000 of water revenue notes to provide for the construction and improvements to the municipal waterworks system. The notes bear interest at 3.00%, per annum, and are payable through 2026. During the year ended June 30, 2026, the City satisfied the outstanding balance due of \$110,000 of principal and \$1,925 of interest on the bonds.

On September 22, 2016, the City issued \$675,000 of water revenue notes to provide for the constructing improvements for the municipal waterworks system. The notes bear interest at 2.15%, per annum, and are payable through 2027. During the year ended June 30, 2026, the City paid principal of \$80,000 and interest of \$3,440.

On April 13, 2018, the City issued \$1,462,000 of water revenue notes to provide for the construction and

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

improvements to the municipal waterworks system. The notes bear interest at 2.00%, per annum, and are payable through 2038. During the year ended June 30, 2026, the City paid principal of \$66,000 and interest of \$16,608.

On May 28, 2021, the City issued \$709,000 of water revenue notes to provide for the construction and improvements to the municipal waterworks system. The notes bear interest at 1.75%, per annum, and are payable through 2026. During the year ended June 30, 2026, the City satisfied the outstanding balance due of \$147,000 of principal and \$2,573 of interest on the bonds.

The City has pledged future water customer receipts, net of specific operating disbursements to repay \$4,546,000 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 \$1,068,320. For the current year, principal and interest paid and total customer net receipts were \$427,546 and \$1,018,213, respectively.

On June 27, 2005, the City issued \$8,954,000 of sewer revenue notes to provide for the construction and improvements to the sanitary sewer system. The notes bear interest at 1.75%, per annum, and are payable through 2026. During the year ended June 30, 2026, the City satisfied the outstanding balance due of \$584,000 of principal and \$10,220 of interest on the bonds.

On November 9, 2012, the City issued \$900,000 of sewer revenue notes to provide for the financing of all or part of the construction of certain wastewater treatment facilities. The notes bear interest at 1.75%, per annum, and are payable through 2032. During the year ended June 30, 2026, the City paid principal of \$48,000 and interest of \$6,248.

On December 22, 2023, the City issued \$1,138,000 of sewer revenue notes to finance construction of wastewater treatment facilities. The notes bear interest at 1.75% per annum and are payable through 2028. During the year ended June 30, 2026, the City received an additional \$5,000 in loan proceeds and paid \$162,192 of principal and \$15,813 of interest. The lender also forgave \$562,883 of the outstanding loan balance during the year.

The City has pledged future sewer customer receipts, net of specific operating disbursements to repay \$10,992,000 in revenue bonds issued in June 2005, November 2012 and December 2023. 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 2032. The total principal and interest remaining to be paid on the notes is \$670,001. For the current year, principal and interest paid and total customer net receipts were \$826,473 and \$1,334,450, 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.
- (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 to generate sewer and water net revenues sufficient to 110% of the

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

current year principal and interest installment. The Series 2016D Water Revenue bond requires the system generate water net revenue sufficient to 120% of the current year principal and interest installment.

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 \$1,188,564.

For the current year, principal and interest paid to the USDA by the City were \$63,675 and payments received from businesses to the City were \$143,291. A summary of the City's June 30, 2026 other long term debt payable is as follows:

Year Ending June 30,	USDA Relending #1		USDA Relending #2		USDA Relending #3		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2027	18,837	2,388	17,395	3,830	16,714	4,508	52,946	10,726
2028	19,025	2,200	17,569	3,656	16,881	4,341	53,475	10,197
2029	19,215	2,010	17,745	3,477	17,050	4,172	54,010	9,659
2030	19,407	1,818	17,922	3,303	17,221	4,002	54,550	9,123
2031	19,602	1,623	18,102	3,123	17,393	3,830	55,097	8,576
2032-2036	100,988	5,337	93,260	12,865	89,609	16,505	283,857	34,707
2037-2041	41,706	696	98,018	8,107	94,180	11,934	233,904	20,737
2042-2046	-	-	102,947	3,108	98,984	7,130	201,931	10,238
2047-2050	-	-	-	-	82,802	2,080	82,802	2,080
	\$ 238,780	16,072	382,958	41,469	450,834	58,502	1,072,572	116,043

Lease Agreements

The City entered into noncancelable lease agreement for cameras. An initial lease liability was recorded in the amount of \$105,351. The agreement requires annual payments of \$37,000 over 3 years, with an implicit borrowing rate of 5.00% and a final payment on July 31, 2027. During the year ended June 30, 2026, the City paid principal \$36,553 and interest of \$447. Future principal and interest payments are as follows:

Year Ending June 30,	Cameras Issued June 2012		
	Principal	Interest	Total
2027	\$ 33,560	3,440	37,000
2028	35,238	1,762	37,000
Total	\$ 68,798	5,202	74,000

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

Information Technology Subscription

The City entered into a subscription-based information technology agreement for permitting and licenses software, that resulted in an initial subscription liability in the amount of \$45,388. The subscription requires annual payments of \$12,800 over 4 years, with an implicit interest rate of 5.0%. During the year ended June 30, 2026, the City paid \$11,058 of principal and \$1,742 of interest. Future principal and interest payments are as follows:

Year Ending June 30,	SBITA		
	Principal	Interest	Total
2027	\$ 11,610	1,190	12,800
2028	12,190	610	12,800
Total	\$ 23,800	1,800	25,600

(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 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.

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

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 2026, 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, 2026 totaled \$203,408.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2026, the City reported a liability of \$512,441 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025 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, 2025, the City's proportion was 0.022063%, which was a decrease of 0.000299% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2026, the City's pension expense, deferred outflows of resources, and deferred inflows of resources totaled (\$10,660), \$300,142 and \$286,386, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2025 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	3.25 to 16.25% average, including inflation.
(effective June 30, 2017)	Rates vary by membership group.
Long-term investment rate of return	7.00% compounded annually, net of investment
(effective June 30, 2017)	expense, including inflation.
Wage growth	3.25% per annum, based on 2.60% inflation
(effective June 30, 2017)	and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

Mortality rates used in the 2025 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of 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	21.0%	3.33%
International equity	13.0	4.99
Global smart beta equity	5.0	3.87
Core plus fixed income	25.0	2.84
Public credit	3.0	4.21
Cash	1.0	1.24
Private equity	17.0	7.68
Private real assets	9.0	4.62
Private credit	6.0	6.23
Total	<u>100.0%</u>	

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

Sensitivity of 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 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	\$ 1,684,611	512,441	(468,523)

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

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

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

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 four 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 four 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 three years of compensation. The average of these three 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 eight 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 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.

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

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 9.675% of earnable compensation for the year ended June 30, 2026.

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 22.555% for the year ended June 30, 2026.

The City's contributions to MFPRSI for the year ended June 30, 2026 totaled \$190,950.

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, 2026.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2026, the City reported a liability of \$1,333,689 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025 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, 2025, the City's proportion was 0.206575%, which was a decrease of 0.011376% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2026, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$133,344, \$358,133 and (\$98,023), respectively.

Actuarial Assumptions – The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00% per annum.
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, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2022.

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

Mortality rates were based on 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 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 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 best estimates of geometric real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Broad Fixed Income	4.7%
Broad U.S. Equity	7.2
Global Equity	7.2
Broad Non-US Equity	7.3
Managed Futures	5.2
Core Real Estate	6.4
Opportunistic Real Estate	10.0
Global Infrastructure	6.9
Private Credit	9.0
Private Equity	9.9

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 9.675% 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	\$ 2,387,783	1,333,689	461,569

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.

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

(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, 2026, the City contributed \$551,403 and plan members eligible for benefits contributed \$66,897 to the plan. At June 30, 2026, 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 service. At June 30, 2026, there were 35 active and no retired members covered by the benefit terms.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, sick leave, and personal and comp hours for subsequent use or for payment upon termination, retirement or death. Because the City prepares its financial statements on the cash basis of accounting, compensated absences are recognized as disbursements when the leave is paid or used.

In addition, 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 in these accounts may be used by a former employee for certain health care related expenses.

At June 30, 2026, the City's estimated obligation for accumulated vacation and sick leave attributable to services already rendered and more likely than not to be used, paid, or otherwise settled was measured using employees' rates in effect at that date. The estimate includes applicable salary-related payments directly and incrementally associated with the leave.

Type of Benefit	Amount
Vacation	\$ 193,085
Sick Leave	555,721
Personal and Comp	59,936
Total	<u>\$ 808,742</u>

(7) Deficit Balances

At June 30, 2026, the following funds had deficit balances:

Fund:	Amount:
Capital Project – Deer Run Creek Flooding	\$ (189,994)

The City is aware of these deficits and is actively working to eliminate them.

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

(8) Interfund Transfers

The detail of interfund transfers, for the year ended June 30, 2026 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Road Use Tax	\$ 30,000
	Trust & Agency	8,560
	Local Option Sales Tax	227,960
	Hotel/Motel Tax	34,519
	Gas-Electric Franchise	191,905
	Economic Development	65,000
	Enterprise:	
	Water	31,380
	Landfill	36,575
	Sewer	30,930
		<u>656,829</u>
Special Revenue:	Special Revenue:	
Sidewalk Repaired/ Replaced Downtown	Economic Development	<u>125,000</u>
Special Revenue:	Special Revenue:	
Economic Development	Local Option Sales Tax	531,908
	Downtown TIF	<u>75,000</u>
		<u>606,908</u>
Special Revenue:	Special Revenue:	
Downtown Business Grants	Economic Development	<u>75,000</u>
Special Revenue:	General	
Volunteer Fire Department		<u>11,000</u>
Debt Service	Special Revenue:	
	Gas-Electric Franchise	191,655
	East Penn TIF	591,390
	Enterprise:	83,940
	Water	<u>866,985</u>
Capital Projects:	Special Revenue:	
Tri Park Trail Extensions	Hotel/Motel Tax	<u>10,000</u>
Capital Projects:	Special Revenue:	<u></u>

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

Airport Grant	Economic Development	<u>39,000</u>
Capital Projects: 10 th Street Paving	Special Revenue: Road Use Tax Special Assessments	 200,000 <u>45,294</u> <u>245,294</u>
Enterprise: Water	Special Revenue: East Penn TIF	 <u>590,298</u>
Enterprise: Water Infrastructure	Enterprise: Water	 <u>1,010,297</u>
Enterprise: Wellness Center	Special Revenue: Trust & Agency	 21,513
	Enterprise: Water Sewer	 3,090 <u>2,538</u> <u>27,141</u>
Enterprise: Sewer Infrastructure	Enterprise: Sewer	 <u>420,000</u>
Enterprise: Sewer Main Construction	Enterprise: Sewer	 <u>39,112</u>
		<u><u>\$ 4,722,864</u></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) Related Party Transactions

The City had business transactions between the City and City officials totaling \$10,165 during the year ended June 30, 2026.

(11) Contracts/Commitments

In 2016, the City agreed to contribute \$350,000 to the Oelwein Community School District over a period of

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

ten years for the College and Career Ready Program. The amount remaining on this commitment is \$35,000 at June 30, 2026.

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, 2026 were \$210,338. 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 Kluesner Sanitation LLC 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, 2026 were \$399,264. This agreement extends through March 31, 2028.

The City and the Oelwein Community School District entered into a 28E agreement associated with the Wellness Center on July 1, 2024. The School District will have direct supervision of the facility and its staff. This agreement extends through July 1, 2034.

The City has contracted with RSPN for information technology (IT) services on February 1, 2024. Total payments by the City under this agreement for the year ended June 30, 2026 were \$53,700. This agreement extends through February 1, 2029.

(12) Litigation

The City is subject to pending litigation where the estimate of damages and probability of loss, if any, is undeterminable as of June 30, 2026.

(13) Contingent Liability

The City provides a partially self-funded health insurance program for its employees. The underlying insurance policies have annual deductibles of \$6,000 for a single coverage and \$12,000 for family coverage. Under the program, participating employees are responsible for \$1,000 to \$3,000 of the applicable deductible, and the City is responsible for the remaining deductible costs.

At June 30, 2026, the City's maximum potential obligation for deductible costs not yet reported or paid was approximately \$238,965. Accordingly, this amount represents the City's maximum exposure under the program and does not necessarily represent claims that will ultimately be incurred. Subsequent to June 30, 2026, and through the date of the independent auditor's report, the City was notified of claims totaling \$4,702 related to this obligation.

(14) Development Agreements

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, 2026, the City rebated \$47,901 of incremental property tax to the developer. At June 30, 2026 the remaining balance to be paid on the agreement was approximately \$127,226.

Hy-Vee Dollar Fresh - The City agreed to pay an amount not to exceed \$400,000 subject to annual appropriation by the City Council. The agreement requires up to ten annual payments, provided the developer

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

is in compliance with the terms of the agreement. During the year ended June 30, 2026, the City rebated \$10,341 of incremental property tax to the developer. At June 30, 2026 the remaining balance to be paid on the agreement was approximately \$374,384.

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, 2026, the City rebated \$29,656 of incremental property tax to the developer. At June 30, 2026 the remaining balance to be paid on the agreement was approximately \$184,897.

ICE Manufacturing - The City agreed to pay an amount not to exceed \$106,750 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, 2026, the City rebated \$16,090 of incremental property tax to the developer. At June 30, 2026 the remaining balance to be paid on the agreement was approximately \$66,913.

BR Development LLC - The City agreed to pay an amount not to exceed \$300,000 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, 2026, the City rebated \$58,225 of incremental property tax to the developer. At June 30, 2026 the remaining balance to be paid on the agreement was approximately \$184,777.

(15) 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, 2026, the City abated \$162,213 of property tax under the urban renewal and economic development projects.

(16) Subsequent Events

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through the date of the independent auditor's report, which is the date the financial statements were available to be issued.

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2026

The City entered into a construction contract for the Airport T-Hangar Taxiway Rehabilitation project in the amount of \$1,005,000. The project is expected to commence in the next fiscal year and be funded with up to \$955,000 from a Federal Aviation Administration grant, with the remaining costs funded by the City's franchise fees.

The City also entered into a construction contract for the 2026 Water System Improvements project in the amount of \$1,650,000. The project is expected to commence in the next fiscal year and be funded with up to \$500,000 from a Community Development Block Grant (CDBG) grant, with the remaining project costs funded through water utility operations.

OTHER INFORMATION

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, 2026

	Governmental Funds Actual	Proprietary Funds Actual	Total
Receipts:			
Property tax	\$ 3,376,273	-	3,376,273
Tax increment financing	1,033,235	-	1,033,235
Other city tax	1,746,195	-	1,746,195
Licenses and permits	109,119	-	109,119
Use of money and property	310,329	137,328	447,657
Intergovernmental	1,655,197	1,627	1,656,824
Charges for service	381,440	5,346,414	5,727,854
Special assessments	45,924	-	45,924
Miscellaneous	398,634	3,216	401,850
Total receipts	9,056,346	5,488,585	14,544,931
Disbursements:			
Public safety	2,095,960	-	2,095,960
Public works	1,011,004	-	1,011,004
Health and social services	18,091	-	18,091
Culture and recreation	1,129,060	-	1,129,060
Community and economic development	1,258,333	-	1,258,333
General government	672,135	-	672,135
Debt service	1,569,573	-	1,569,573
Capital projects	2,255,922	-	2,255,922
Business-type activities	-	4,732,401	4,732,401
Total disbursements	10,010,078	4,732,401	14,742,479
Excess (deficiency) of receipts over (under) disbursements	(953,732)	756,184	(197,548)
Other financing sources (uses), net	(422,083)	433,986	11,903
Change in cash balances	(1,375,815)	1,190,170	(185,645)
Balances, beginning of year	7,968,709	3,868,370	11,837,079
Balances, end of year	\$ 6,592,894	5,058,540	11,651,434

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Total Variance
3,181,423	3,181,423	194,850
1,107,000	1,107,000	(73,765)
1,718,634	1,718,634	27,561
94,300	94,300	14,819
392,925	642,925	(195,268)
3,057,354	3,261,541	(1,604,717)
5,987,600	6,019,600	(291,746)
55,000	55,000	(9,076)
74,600	183,033	218,817
15,668,836	16,263,456	(1,718,525)
2,289,908	2,333,908	237,948
949,645	1,117,645	106,641
20,000	20,000	1,909
1,138,424	1,146,044	16,984
1,206,765	1,551,265	292,932
699,700	744,700	72,565
1,569,574	1,571,574	2,001
2,500,630	2,966,830	710,908
6,443,318	6,758,318	2,025,917
16,817,964	18,210,284	3,467,805
(1,149,128)	(1,946,828)	1,749,280
29,200	29,200	(17,297)
(1,119,928)	(1,917,628)	1,731,983
9,393,962	9,393,962	2,443,117
8,274,034	7,476,334	4,175,100

City of Oelwein, Iowa

Notes to Other Information – Budgetary Reporting

June 30, 2026

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 the 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, the Special Revenue Funds, the Debt Service Fund, the 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 \$1,392,320. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2026, disbursements did not exceed the amounts budgeted.

City of Oelwein

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

Iowa Public Employees' Retirement System

For the Last Ten Years*

(In Thousands)

Other Information

	2026	2025	2024	2023	2022
City's proportion of the net pension liability	0.02206%	0.02236%	0.02030%	0.00189%	0.02112%
City's proportionate share of the net pension liability	\$ 512	\$ 814	916	749	30
City's covered-employee payroll	\$ 2,008	\$ 2,049	1,782	1,598	1,714
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	25.50%	39.73%	51.40%	46.87%	1.75%
IPERS' net position as a percentage of the total pension liability	95.27%	92.30%	90.13%	91.40%	100.81%

* 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

2021	2020	2019	2018	2017
0.02088%	0.02024%	0.01847%	0.01973%	0.01969%
1,467	1,172	1,169	1,302	1,228
1,657	1,541	1,388	1,460	1,400
88.53%	76.05%	84.22%	89.18%	87.71%
82.90%	85.45%	83.62%	82.21%	81.82%

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

	2026	2025	2024	2023
Statutorily required contribution	\$ 203,408	189,529	193,469	168,178
Contribution in relation to the statutorily required contribution	(203,408)	(189,529)	(193,469)	(168,178)
Contribution deficiency (excess)	\$ -	-	-	-
Commission's covered-employee payroll	\$ 2,154,744	2,007,724	2,049,462	1,781,542
Contribution as a percentage of covered-employee payroll	9.44%	9.44%	9.44%	9.44%

See accompanying independent auditor's report.

2022	2021	2020	2019	2018	2017
150,850	161,839	156,410	145,440	123,962	130,333
(150,850)	(161,839)	(156,410)	(145,440)	(123,962)	(130,333)
-	-	-	-	-	-
1,597,989	1,714,401	1,656,886	1,540,678	1,388,152	1,459,501
9.44%	9.44%	9.44%	9.44%	8.93%	8.93%

City of Oelwein

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

Municipal Fire and Police Retirement System of Iowa

For the Last Ten Years*

Other Information

	2026	2025	2024	2023	2022
City's proportion of the net pension liability	0.20658%	0.21795%	0.21754%	0.20179%	0.20676%
City's proportionate share of the net pension liability	\$ 1,333,689	\$ 1,440,182	\$ 1,221,618	1,133,165	464,327
City's covered-employee payroll	\$ 814,428	\$ 818,168	\$ 788,811	681,520	671,871
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	163.76%	176.03%	154.87%	166.27%	69.11%
MFPRSI's net position as a percentage of the total pension liability	84.41%	83.37%	83.53%	84.62%	93.62%

* 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

2021	2020	2019	2018	2017
0.20680%	0.20860%	0.20292%	0.22644%	0.22114%
1,649,421	1,368,276	1,208,210	1,328,038	1,382,721
657,003	631,467	589,817	641,429	599,281
251.05%	216.68%	204.84%	207.04%	230.73%
76.47%	79.94%	81.07%	80.60%	78.20%

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

	2026	2025	2024	2023
Statutorily required contribution	\$ 190,950	184,549	188,015	188,526
Contribution in relation to the statutorily required contribution	(190,950)	(184,549)	(188,015)	(188,526)
Contribution deficiency (excess)	\$ -	-	-	-
City's covered-employee payroll	\$ 846,597	814,428	818,168	788,811
Contribution as a percentage of covered-employee payroll	22.56%	22.66%	22.98%	23.90%

See accompanying independent auditor's report.

2022	2021	2020	2019	2018	2017
178,422	170,050	160,375	164,308	151,465	166,258
(178,422)	(170,050)	(160,375)	(164,308)	(151,465)	(166,258)
-	-	-	-	-	-
681,520	671,871	657,003	631,467	589,817	641,429
26.18%	25.31%	24.41%	26.02%	25.68%	25.92%

City of Oelwein, Iowa

Notes to Other Information – Pension Liability

Year Ended June 30, 2026

IPERS

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

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%.

City of Oelwein, Iowa

Notes to Other Information – Pension Liability

Year Ended June 30, 2026

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.

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.

Supplementary Information

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, 2026

	Special Revenue	Capital Projects	Permanent Cemetery Perpetual Care	Total
Receipts:				
Property tax	\$ 16,837	-	-	16,837
Local option sales tax	764,129	-	-	764,129
Tax increment financing	1,033,235	-	-	1,033,235
Other city tax	881,166	-	-	881,166
Use of money and property	38,138	-	1	38,139
Intergovernmental	1,070,980	39,683	-	1,110,663
Special assessments	45,924	-	-	45,924
Miscellaneous	203,020	-	1,630	204,650
Total receipts	<u>4,053,429</u>	<u>39,683</u>	<u>1,631</u>	<u>4,094,743</u>
Disbursements:				
Public safety	23,429	-	-	23,429
Public works	691,417	-	-	691,417
Health and social services	18,091	-	-	18,091
Culture and recreation	48,964	-	-	48,964
Community and economic development	1,225,775	-	-	1,225,775
General government	15,486	-	-	15,486
Capital projects	191,504	201,511	-	393,015
Total disbursements	<u>2,214,666</u>	<u>201,511</u>	<u>-</u>	<u>2,416,177</u>
Excess of receipts over disbursements	<u>1,838,763</u>	<u>(161,828)</u>	<u>1,631</u>	<u>1,678,566</u>
Other financing sources (uses):				
Sale of capital assets	6,903	-	-	6,903
Transfers in	817,908	284,294	-	1,102,202
Transfers out	<u>(3,023,929)</u>	<u>-</u>	<u>-</u>	<u>(3,023,929)</u>
Net other financing sources (uses)	<u>(2,199,118)</u>	<u>284,294</u>	<u>-</u>	<u>(1,914,824)</u>
Change in cash balance	(360,355)	122,466	1,631	(236,258)
Cash balances, beginning of year, as previously presented	2,460,992	(81,358)	300,011	2,679,645
Change within financial reporting entity	<u>309,436</u>	<u>232,157</u>	<u>-</u>	<u>541,593</u>
Cash balances, end of year	<u>\$ 2,410,073</u>	<u>273,265</u>	<u>301,642</u>	<u>2,984,980</u>
Cash Basis Fund Balances				
Nonspendable	\$ -	-	301,642	301,642
Restricted for other purposes	1,901,783	463,259	-	2,365,042
Committed	508,290	-	-	508,290
Unassigned	<u>-</u>	<u>(189,994)</u>	<u>-</u>	<u>(189,994)</u>
Total cash basis fund balances	<u>\$ 2,410,073</u>	<u>273,265</u>	<u>301,642</u>	<u>2,984,980</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, 2026

	Special Revenue								
	County Emergency Management	Road Use Tax	Flex Spending	Sidewalks Repaired/ Replaced	Local Option Sales Tax	Hotel-Motel Tax	Gas-Electric Franchise Fees	Library Bequest	Downtown TIF
Receipts:									
Property tax	\$ 16,837	-	-	-	-	-	-	-	-
Local option sales tax	-	-	-	-	764,129	-	-	-	-
Tax increment financing	-	-	-	-	-	-	-	-	167,623
Other city tax	412	-	-	-	-	71,229	809,525	-	-
Use of money and property	-	-	-	-	-	-	-	11,283	-
Intergovernmental	-	833,411	-	-	-	-	35,000	-	-
Special assessments	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	18,091	-	-	-	-	10,353	-
Total receipts	17,249	833,411	18,091	-	764,129	71,229	844,525	21,636	167,623
Disbursements:									
Public safety	16,129	-	-	-	-	-	-	-	-
Public works	-	691,417	-	-	-	-	-	-	-
Health and social services	-	-	18,091	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	29,755	-	3,606	-
Community and economic development	-	-	-	-	-	-	-	-	-
General government	-	15,486	-	-	-	-	-	-	-
Capital projects	-	30,500	-	-	-	-	147,500	13,504	-
Total disbursements	16,129	737,403	18,091	-	-	29,755	147,500	17,110	-
Excess (deficiency) of receipts over (under) disbursements	1,120	96,008	-	-	764,129	41,474	697,025	4,526	167,623
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	125,000	-	-	-	-	-
Transfers out	-	(230,000)	-	-	(759,868)	(44,519)	(383,560)	-	(75,000)
Net other financing sources (uses)	-	(230,000)	-	125,000	(759,868)	(44,519)	(383,560)	-	(75,000)
Change in cash balance	1,120	(133,992)	-	125,000	4,261	(3,045)	313,465	4,526	92,623
Cash balances, beginning of year	5,679	577,648	1,416	-	52,525	39,761	-	375,334	185,411
Change within financial reporting entity	-	-	-	-	-	-	76,955	-	-
Cash balances, end of year	\$ 6,799	443,656	1,416	125,000	56,786	36,716	390,420	379,860	278,034
Cash Basis Fund Balances									
Restricted for other purposes	\$ 6,799	443,656	-	125,000	56,786	36,716	-	379,860	278,034
Committed	-	-	1,416	-	-	-	390,420	-	-
Total cash basis fund balances	\$ 6,799	443,656	1,416	125,000	56,786	36,716	390,420	379,860	278,034

See accompanying independent auditor's report.

Special Revenue										
Industrial Park TIF	East Penn TIF	Trees Forever	First Time Home Buyer Program	Economic Development	IRP Revolving Loan	Downtown Business Grant	Volunteer Fire Department	Forfeited Assets	Special Assessments	Total
-	-	-	-	-	-	-	-	-	-	16,837
-	-	-	-	-	-	-	-	-	-	764,129
162,213	703,399	-	-	-	-	-	-	-	-	1,033,235
-	-	-	-	-	-	-	-	-	-	881,166
-	25,961	-	-	-	894	-	-	-	-	38,138
-	-	9,000	-	193,569	-	-	-	-	-	1,070,980
-	-	-	-	-	-	-	-	-	45,924	45,924
-	-	-	2,947	25,922	144,699	-	-	1,008	-	203,020
162,213	729,360	9,000	2,947	219,491	145,593	-	-	1,008	45,924	4,053,429
-	-	-	-	-	-	-	-	7,300	-	23,429
-	-	-	-	-	-	-	-	-	-	691,417
-	-	-	-	-	-	-	-	-	-	18,091
-	-	15,603	-	-	-	-	-	-	-	48,964
162,213	-	-	50	598,750	256,488	194,500	13,774	-	-	1,225,775
-	-	-	-	-	-	-	-	-	-	15,486
-	-	-	-	-	-	-	-	-	-	191,504
162,213	-	15,603	50	598,750	256,488	194,500	13,774	7,300	-	2,214,666
-	729,360	(6,603)	2,897	(379,259)	(110,895)	(194,500)	(13,774)	(6,292)	45,924	1,838,763
-	-	-	-	6,903	-	-	-	-	-	6,903
-	-	-	-	606,908	-	75,000	11,000	-	-	817,908
-	(1,181,688)	-	-	(304,000)	-	-	-	-	(45,294)	(3,023,929)
-	(1,181,688)	-	-	309,811	-	75,000	11,000	-	(45,294)	(2,199,118)
-	(452,328)	(6,603)	2,897	(69,448)	(110,895)	(119,500)	(2,774)	(6,292)	630	(360,355)
-	536,154	9,351	112,406	-	344,248	196,016	17,600	7,443	-	2,460,992
-	-	-	-	232,481	-	-	-	-	-	309,436
-	83,826	2,748	115,303	163,033	233,353	76,516	14,826	1,151	630	2,410,073
-	83,826	2,748	-	163,033	233,353	76,516	14,826	-	630	1,901,783
-	-	-	115,303	-	-	-	-	1,151	-	508,290
-	83,826	2,748	115,303	163,033	233,353	76,516	14,826	1,151	630	2,410,073

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, 2026

	Capital Projects			
	2020 GO Bond	Oelwein Housing Teardown	Airport Grant	Deer Run Creek Flooding
Receipts:				
Use of money and property	\$ -	-	-	-
Intergovernmental	-	-	39,683	-
Miscellaneous	-	-	-	-
Total receipts	-	-	39,683	-
Disbursements:				
Capital projects	1,456	43,558	71,710	-
Total disbursements	1,456	43,558	71,710	-
Excess (deficiency) of receipts over (under) disbursements	(1,456)	(43,558)	(32,027)	-
Other financing sources (uses):				
Transfers in	-	-	39,000	-
Transfers out	-	-	-	-
Net other financing sources	-	-	39,000	-
Change in cash balance	(1,456)	(43,558)	6,973	-
Cash balances, beginning of year, as previously presented	8,303	44,343	(6,266)	(189,994)
Change within financial reporting entity	-	-	-	-
Cash balances, end of year	\$ 6,847	785	707	(189,994)
Cash Basis Fund Balances				
Restricted for other purposes	\$ 6,847	785	707	-
Unassigned	-	-	-	(189,994)
Total cash basis fund balances	\$ 6,847	785	707	(189,994)

See accompanying independent auditor's report.

10th Street Paving	2022 GO Bond Construction	Railroad Viaduct	Total
-	-	-	-
-	-	-	39,683
-	-	-	-
-	-	-	39,683
50,614	14,544	19,629	201,511
50,614	14,544	19,629	201,511
(50,614)	(14,544)	(19,629)	(161,828)
245,294	-	-	284,294
-	-	-	-
245,294	-	-	284,294
194,680	(14,544)	(19,629)	122,466
-	24,355	37,901	(81,358)
232,157	-	-	232,157
426,837	9,811	18,272	273,265
426,837	9,811	18,272	463,259
-	-	-	(189,994)
426,837	9,811	18,272	273,265

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, 2026

	<i>Formerly Nonmajor Fund</i>	<i>Formerly Nonmajor Fund</i>	Customer Deposits	Fuel
	Water Infrastructure	Sewer Infrastructure		
Operating receipts:				
Charges for service	\$ -	-	33,200	45,918
Miscellaneous	-	-	-	3,216
Total operating receipts	-	-	33,200	49,134
Operating disbursements:				
Business-type activities	-	-	30,720	51,426
Excess (deficiency) of operating receipts over (under) operating disbursements	-	-	2,480	(2,292)
Noncapital subsidies:				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total noncapital subsidies	-	-	-	-
Operating income (loss) and noncapital subsidies	-	-	2,480	(2,292)
Other non-operating receipts (disbursements):				
Interest on investments	-	-	4,354	-
Capital projects	-	-	-	-
Loan proceeds	-	-	-	-
Total other non-operating receipts (disbursements)	-	-	4,354	-
Change in cash balance	-	-	6,834	(2,292)
Cash balances, beginning of year, as previously presented	404,659	417,236	144,916	6,240
Change within financial reporting entity	(404,659)	(417,236)	-	-
Cash balances, end of year	\$ -	-	151,750	3,948
Cash Basis Fund Balances				
Restricted for:				
Other purposes	\$ -	-	151,750	-
Unassigned	-	-	-	3,948
Total cash basis fund balances	\$ -	-	151,750	3,948

See accompanying independent auditor's report.

Landfill	Recycling	West Water Tower	Tree	Wellness Center	Sewer Main Construction	Total
622,656	75,629	-	97,662	205,212	-	1,080,277
-	-	-	-	-	-	3,216
622,656	75,629	-	97,662	205,212	-	1,083,493
612,589	73,995	-	114,566	217,342	-	1,100,638
10,067	1,634	-	(16,904)	(12,130)	-	(17,145)
-	-	-	-	27,141	39,112	66,253
(36,575)	-	-	-	-	-	(36,575)
(36,575)	-	-	-	27,141	39,112	29,678
(26,508)	1,634	-	(16,904)	15,011	39,112	12,533
6,417	1,707	-	-	-	120	12,598
-	-	-	-	-	(78,800)	(78,800)
-	-	-	-	-	5,000	5,000
6,417	1,707	-	-	-	(73,680)	(61,202)
(20,091)	3,341	-	(16,904)	15,011	(34,568)	(48,669)
-	60,937	5,680	74,504	-	-	1,114,172
220,276	-	-	-	-	34,568	(567,051)
200,185	64,278	5,680	57,600	15,011	-	498,452
-	-	-	-	15,011	-	166,761
200,185	64,278	5,680	57,600	-	-	331,691
200,185	64,278	5,680	57,600	15,011	-	498,452

City of Oelwein, Iowa

Schedule of Receipts by Source and Disbursements by Function
Governmental Funds

For the Last Ten Years

	2026	2025	2024	2023
Receipts				
Property tax	\$ 3,376,273	3,337,457	2,860,553	2,854,756
Local option sales tax	764,129	752,017	710,201	-
Tax increment financing	1,033,235	1,008,068	863,729	823,599
Other city tax	982,066	958,104	947,065	1,760,577
Licenses and permits	109,119	96,610	80,332	90,318
Use of money and property	310,329	353,240	301,157	153,069
Intergovernmental	1,655,197	1,633,437	1,724,671	2,190,770
Charges for service	381,440	230,560	228,717	231,906
Special assessments	45,924	34,383	51,538	55,897
Miscellaneous	398,634	883,232	1,389,618	1,244,173
	<u>\$ 9,056,346</u>	<u>9,287,108</u>	<u>9,157,581</u>	<u>9,405,065</u>
Disbursements				
Public safety	\$ 2,095,960	2,174,235	2,311,991	2,078,676
Public works	1,011,004	882,550	767,354	913,126
Health and social services	18,091	16,210	17,989	19,667
Culture and recreation	1,129,060	1,058,209	1,146,319	1,140,435
Community and economic development	1,258,333	969,393	1,012,984	697,751
General government	672,135	627,051	638,918	588,245
Debt service	1,569,573	1,571,436	1,374,465	1,458,354
Capital projects	2,255,922	2,780,556	3,111,385	2,527,004
	<u>\$ 10,010,078</u>	<u>10,079,640</u>	<u>10,381,405</u>	<u>9,423,258</u>

See accompanying independent auditor's report.

2022	2021	2020	2019	2018	2017
3,240,435	3,012,076	2,616,016	2,511,243	2,446,809	2,622,915
-	-	-	-	-	-
1,006,886	977,915	789,469	320,501	68,956	53,616
1,503,041	1,544,391	1,449,548	1,465,729	1,179,371	869,807
87,653	95,913	79,541	72,679	109,853	82,788
75,188	74,074	125,779	124,650	219,825	347,083
3,252,374	1,169,261	1,440,844	1,210,033	1,641,704	2,820,235
201,963	182,760	150,159	190,880	151,896	190,692
86,057	2,667	-	392	30,590	41,301
415,476	1,028,815	740,341	435,275	712,839	324,901
9,869,073	8,087,872	7,391,697	6,331,382	6,561,843	7,353,338
1,772,506	1,768,125	1,773,341	1,682,373	1,544,804	1,598,188
1,075,947	812,270	684,588	755,382	729,542	732,688
19,125	20,016	19,836	18,117	21,603	24,733
1,016,809	926,349	905,295	929,980	811,850	818,311
939,768	986,416	1,148,628	783,959	893,869	622,087
527,547	500,093	488,132	418,572	389,086	374,222
4,679,015	1,577,912	1,744,359	1,117,626	1,873,831	1,034,354
3,636,179	3,087,107	1,957,005	666,989	1,033,130	2,529,927
13,666,896	9,678,288	8,721,184	6,372,998	7,297,715	7,734,510

City of Oelwein, Iowa
Schedule of Expenditures of Federal Awards
Year ended June 30, 2026

Grantor/Program	Assistance Listings Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Transportation:			
Airport Improvement Program, COVID 19 Airports Program and Infrastructure Investment and Jobs Act Program	20.106		\$ 15,369
Airport Improvement Program	20.116		41,554
Airport Infrastructure Grants	20.117		10,388
Passed through Iowa Department of Transportation Highway Planning and Construction	20.205	BRM-5657(614)--8N-33	795,901
Total U.S. Department of Transportation:			<u>863,212</u>
U.S. Department of Agriculture:			
Passed through Iowa Department of Natural Resources Cooperative Forestry Assistance	10.664	Trees for Kids Grant	2,500
Total U.S. Department of Agriculture			<u>2,500</u>
U.S. Department of Housing & Urban Development:			
Passed through Iowa Economic Development Authority: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (\$380,290 provided to subrecipient)	14.228	24-CF-002	380,290
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	25-WS-027	4,886
Total U.S. Department of Housing & Urban Development			<u>385,176</u>
Total:			<u>\$ 1,250,888</u>

See accompanying independent auditor's report.

City of Oelwein, Iowa

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2026

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Oelwein under programs of the federal government for the year ended June 30, 2026. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City.

(2) Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(3) Indirect Cost Rate

The City has not elected to use the de minimis indirect cost rate (10% or 15%, as applicable) as allowed under the Uniform Guidance.

See accompanying independent auditor's report.



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 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, 2026, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 12, 2026. Our report expressed unmodified opinions on the financial statements which were prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2026-001 through 2026-002 to be significant deficiencies.

Report on 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 IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2026 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 Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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 12, 2026
Humboldt, Iowa



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

Independent Auditor's Report on Compliance
for Each Major Program and on Internal Control
over Compliance Required by the Uniform Guidance

To the Honorable Mayor and Members of the City Council:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Oelwein, Iowa's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the City's major federal program for the year ended June 30, 2026. The City's major federal program is identified in Part 1 of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Oelwein complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2026.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgement made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2026-003 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

October 12, 2026
Humboldt, Iowa

City of Oelwein, Iowa
Schedule of Findings and Questioned Costs
Year Ended June 30, 2026

Part I: Summary of the Independent Auditor's Results

Basic Financial Statements

- a) Type of auditor's report issued: **Unmodified** opinions were issued on the financial statements prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.
- b) Internal control over financial reporting:
- Material weaknesses identified: **No**
 - Significant deficiencies identified: **Yes**
- c) Noncompliance material to financial statements noted: **No**

Federal Awards

- d) Internal control over major program:
- Material weaknesses identified: **No**
 - Significant deficiencies identified: **Yes**
- e) Type of auditor's report issued on compliance for major program: **Unmodified**
- f) Any audit findings disclosed that are required to be reported in accordance 2 CFR section 200.516(a):
Yes
- g) Major program:
- **Assistance Listing Number 20.205 – Highway Planning and Construction**
- h) Dollar threshold used to distinguish between Type A and Type B programs: **\$1,000,000**
- i) Auditee qualified as a low-risk auditee: **No**

Schedule of Findings and Questioned Costs

Year Ended June 30, 2026

Part II: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

2026-001 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.

Condition – One individual has control over various functions of the City.

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.

City of Oelwein, Iowa

Schedule of Findings and Questioned Costs

Year Ended June 30, 2026

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

Conclusion – Response accepted.

2026-002 Utility Billing – 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.

Criteria – An effective internal control system provides for internal controls to ensure customers are being billed proper rates in accordance with rate ordinances.

Condition – The City obtains the number of recipients in a household from the customer's application for service. However, the documentation maintained was insufficient to determine whether the household counts used to calculate landfill and recycling charges were complete and accurate.

Cause – The City has not established procedures to verify household counts after the initial application or to maintain adequate support for changes to those counts.

Effect – Landfill and recycling charges may be calculated incorrectly, resulting in customers being underbilled or overbilled.

Recommendation – The City should establish a process to document and periodically verify the household counts used for landfill and recycling billing. Changes to customer accounts should be supported and reviewed before they are entered into the billing system.

Response – The City is currently considering different options to update the landfill and recycling charges.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Oelwein, Iowa
Schedule of Findings and Questioned Costs
Year Ended June 30, 2026

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE:

None were noted.

INTERNAL CONTROL DEFICIENCIES:

Assistance Listing Number 20.205: Highway Planning and Construction
Federal Award Year: 2026
Prior Year Finding Number: N/A
U.S. Department of Transportation
Passed through Iowa Department of Transportation

2026-003 Single Audit Process

Criteria – Under 2 CFR §§200.508 and 200.510, the City is responsible for preparing a complete and accurate Schedule of Expenditures of Federal Awards (SEFA). Under 2 CFR §200.501, a nonfederal entity that expends \$1,000,000 or more in federal awards during its fiscal year must obtain a single audit or program-specific audit.

Condition – The City did not maintain a complete listing of federal awards expended during the year ended June 30, 2026. As a result, the initial information provided for the audit did not accurately identify total federal expenditures.

Cause – The City had not established a formal process to identify and track expenditures by federal award throughout the year or to reconcile those expenditures to its accounting records when preparing the SEFA.

Effect – Without a complete and accurate record of federal expenditures, the City may not identify its single audit requirement on a timely basis, and federal programs may be omitted or misstated on the SEFA. No questioned costs were identified as a result of this finding.

Recommendation – The City should establish procedures to identify each federal award, record its Assistance Listing number and award information, and track related expenditures throughout the year. At year-end, the City should reconcile those records to its accounting records, prepare the SEFA, and determine whether the single audit threshold has been met before audit planning begins.

Response and Corrective Action Planned – The City will work on a formal process for tracking all federal grants.

Conclusion – Response accepted.

City of Oelwein, Iowa
Schedule of Findings and Questioned Costs
Year Ended June 30, 2026

Part IV: Other Findings Related to Required Statutory Reporting

- 2026-A Certified Budget – Disbursements during the year ended June 30, 2026 did not exceed the amounts budgeted.
- 2026-B 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.
- 2026-C Travel Expense – No disbursements of the City’s money for travel expense of spouses of its officials or employees were noted.
- 2026-D Business Transactions –Business transactions between the City and its officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Brett DeVore, City Mayor Owner of Cutting Edge	Shirts and other items	10,165

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with Cutting Edge may appear to represent a conflict of interest since these payments exceeded \$6,000 and were not competitively bid.

Recommendation – The City should be aware of the potential for a conflict of interest when dealing with members of the City Council, its employees, and relatives of council and employees. The City should ensure a competitive bidding process is conducted for all projects over the threshold in accordance with Chapter 362.5(3)(d) of the code of Iowa.

Response – We understand the compliance requirements for related parties and will keep this in mind when future possible conflicts of interest arise.

Conclusion – Response accepted.

- 2026-E 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.
- 2026-F 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.
- 2026-G Council Minutes – No transactions were found that we believe should have been approved in the City Council meeting minutes but were not. Minutes of City Council proceedings were published as required by Chapter 372.13(6) of the Code of Iowa.

City of Oelwein, Iowa
Schedule of Findings and Questioned Costs
Year Ended June 30, 2026

2026-H Deposits and Investments – We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

2026-I Revenue Bonds and Notes – No instances of non-compliance with the revenue bond and note resolutions were noted.

2026-J Financial Condition – The Capital Projects – Dry Run Creek Flooding fund had a deficit balance of \$189,994 at June 30, 2026.

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

Response – The City monitors its funds to ensure account balances do not remain in a deficit position. The City is currently pursuing funding sources to address the deficit; however, if those efforts are unsuccessful, franchise fee revenues will be used to eliminate the deficit.

Conclusion – Response accepted.

2026-K 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.

City of Oelwein, Iowa

Summary Schedule of Prior Audit Findings

Year ended June 30, 2026

Comment Reference	Comment Title	Status	If not corrected, provide reason for finding's recurrence and planned corrective action or other explanation
2025-001	Segregation of Duties	Not corrected.	The City continually weighs the costs and benefits of additional staff to address this issue.
2025-002	Charges for Services	Partially corrected.	The City continually weighs the costs and benefits of changes to a system on the utility billing.
2025-003	Wellness Center	Corrective action taken.	

City of Oelwein, Iowa

Corrective Action Plan

Year ended June 30, 2026

Comment Number	Comment Title	Corrective Action Plan	Contact Person, Title and Phone	Anticipated Date of Completion
2026-001	Segregation of Duties	The City continues to review procedures to ensure the highest segregation of duties while weighing the costs and benefits of additional staff to address this issue.	Dylan Mulfinger City Administrator 319-283-5440	On Going
2026-002	Utility Billing	The City will change the billing process for the landfill and recycle when the rates are updated by the county.	Dylan Mulfinger City Administrator 319-283-5440	On Going
2026-003	Single Audit Process	The City will work on a formal process for tracking all federal grants.	Dylan Mulfinger City Administrator 319-283-5440	June 30, 2027