

**CITY OF OELWEIN, IOWA**

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

**JUNE 30, 2024**

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

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City of Oelwein, Iowa

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Brett DeVore	Mayor	December 2025
Matt Weber	Council Member	December 2027
Dave Lenz	Council Member	December 2025
Lynda Payne	Council Member	December 2027
Dave Garrigus	Council Member	December 2025
Karen Seeders	Council Member	December 2025
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, 2024, 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, 2024, 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.

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 seven years ended June 30, 2023, and other auditors previously audited in accordance with standards referred to in the third paragraph of this report, the financial statements for the two years 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 7, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), 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 7 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 Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedules of the City's Proportionate Share of the Net Pension Liability and the Schedules of City Contributions on pages 5 through 11 and 34 through 41, 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 15, 2024 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 15, 2024  
Humboldt, Iowa

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Oelwein, Iowa, provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2024. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2024 FINANCIAL HIGHLIGHTS**

- Receipts of the City's governmental activities increased 13.0%, or approximately \$1,225,000, from fiscal 2023 to fiscal 2024. The increase in receipts was primarily due to loan proceeds of \$1,450,000 received in fiscal year 2024.
- Disbursements in the City's governmental activities increased 10.2%, or approximately \$959,000, in fiscal 2024 from fiscal 2023. The increase in disbursements was largely attributed to increased expenditures for capital projects.
- The City's total cash basis net position increased approximately \$1,332,000 from June 30, 2023 to June 30, 2024. Of this amount, the assets of the governmental activities increased approximately \$401,000, while the assets of the business-type activities increased approximately \$931,000.

### **USING THIS ANNUAL REPORT**

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide financial statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the nonmajor governmental and proprietary funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the City.

### **BASIS OF ACCOUNTING**

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

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

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

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

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

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

### *Fund Financial Statements*

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) Special Revenue Funds, such as Road Use Tax and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Funds and 5) the Permanent Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

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

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from \$8.24 million to \$8.64 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.



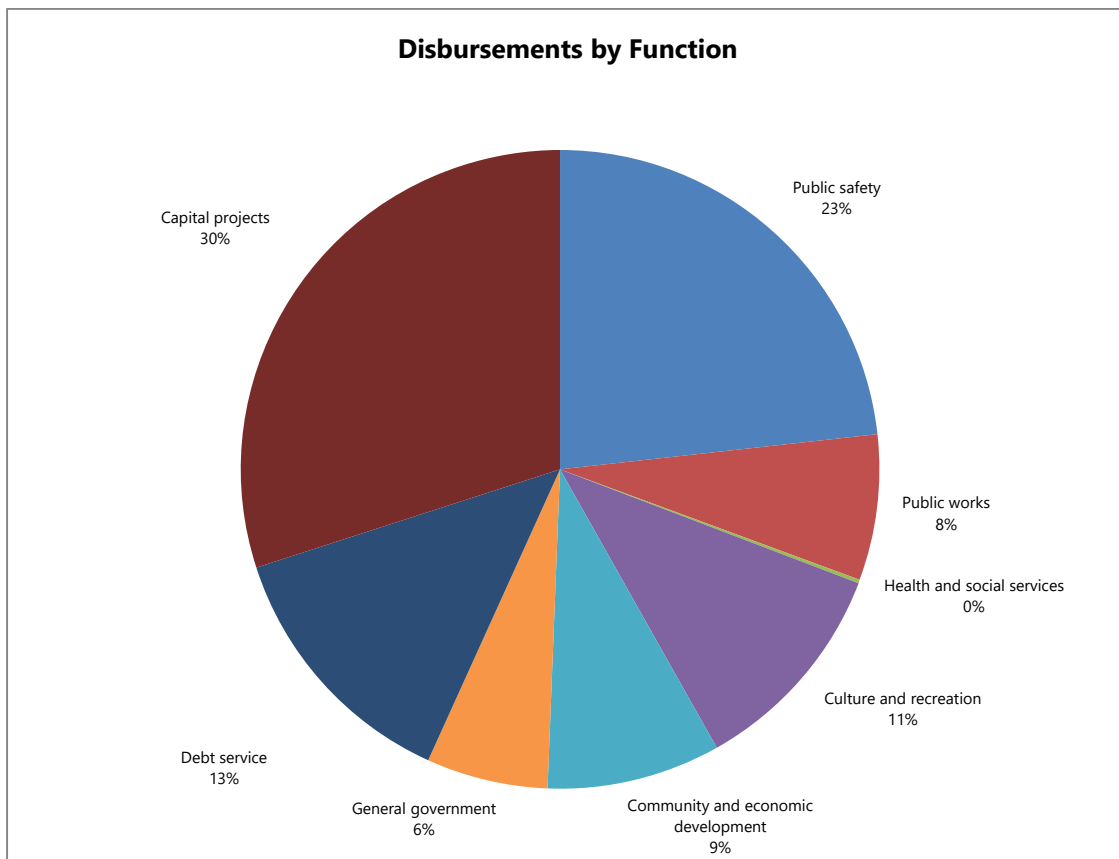
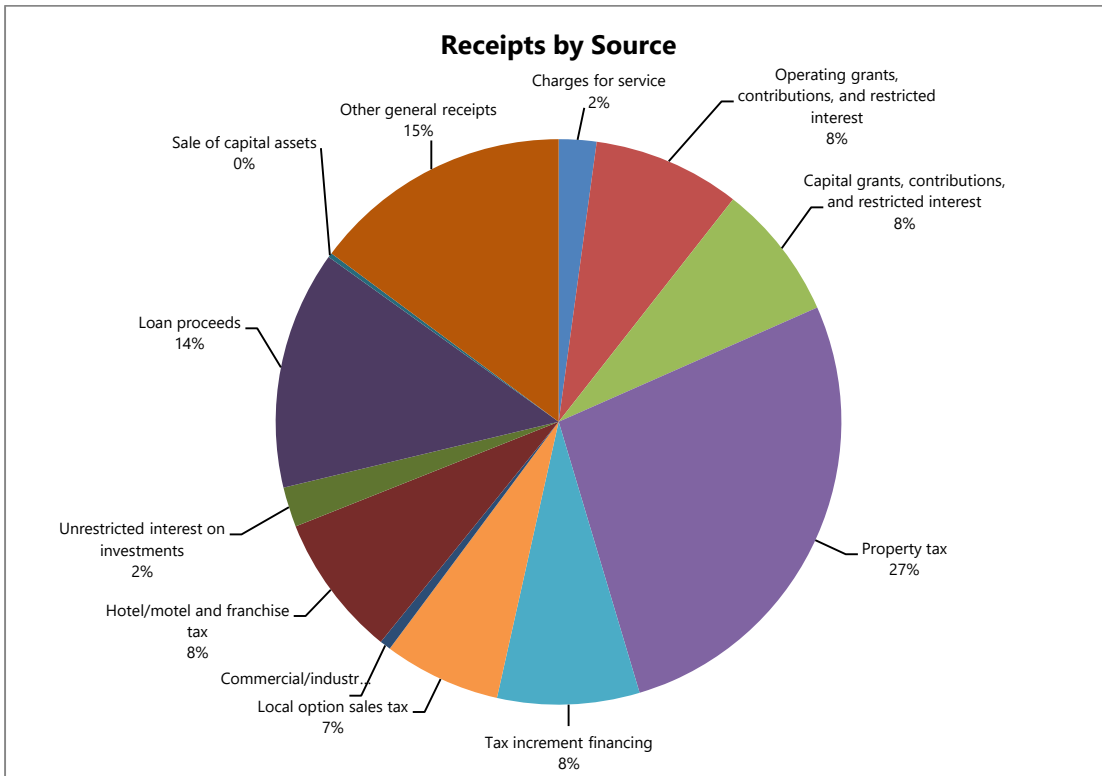
Changes in Cash Basis Net Position of Governmental Activities  
(Expressed in Thousands)

	Year ended June 30,	
	2024	2023
Receipts:		
Program receipts:		
Charges for service	\$ 229	232
Operating grants, contributions, and restricted interest	897	963
Capital grants, contributions, and restricted interest	828	1,227
General receipts:		
Property tax	2,872	2,855
Tax increment financing	864	824
Local option sales tax	710	694
Commercial/industrial property tax replacement	67	-
Hotel/motel and franchise tax	869	1,066
Unrestricted interest on investments	243	99
Loan proceeds	1,450	-
Sale of capital assets	27	6
Other general receipts	1,579	1,444
Total receipts	<u>10,635</u>	<u>9,410</u>
Disbursements:		
Public safety	2,312	2,079
Public works	767	980
Health and social services	18	20
Culture and recreation	1,146	1,140
Community and economic development	1,013	698
General government	639	588
Debt service	1,375	1,458
Capital projects	3,112	2,460
Total disbursements	<u>10,382</u>	<u>9,423</u>
Change in cash basis net position before transfers	253	(13)
Transfers, net	<u>148</u>	<u>602</u>
Change in cash basis net position	401	589
Cash basis net position, beginning of year	<u>8,237</u>	<u>7,648</u>
Cash basis net position, end of year	<u>\$ 8,638</u>	<u>8,237</u>

The City's total receipts for governmental activities increased by 13.0%, or approximately \$1,225,000, from the prior year. The total cost of all programs and services increased by approximately \$959,000, or 10.2%. The increase in receipts was primarily the result of an increase of loan proceeds in the current year compared to the previous year.

The cost of all governmental activities this year was approximately \$10.4 million compared to approximately \$9.4 million last year. However, as shown in the Statement of Activities and Net Position on page 12, the amount taxpayers ultimately financed for these activities was only \$8.4 million because some of the cost was paid by those directly benefited from the programs (\$229,000) or by other governments and organizations which subsidized certain programs with grants, contributions, and restricted interest (\$1,720,000). The City paid for the remaining

“public benefit” portion of governmental activities with property tax (some of which could only be used for certain programs) and with other receipts, such as interest, local option sales tax, and miscellaneous receipts.



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

	Year ended June 30,	
	2024	2023
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 1,510	1,396
Landfill	612	-
Sewer	1,790	1,711
Other	479	1,378
Operating grants, contributions, and restricted interest	265	-
Capital grants, contributions, and restricted interest	375	-
General receipts:		
Unrestricted interest on investments	88	37
Loan proceeds	589	-
Other general receipts	3	6
Total receipts	<u>5,711</u>	<u>4,528</u>
Disbursements:		
Water	1,358	1,289
Landfill	573	-
Sewer	1,671	1,492
Other	1,030	1,585
Total disbursements	<u>4,632</u>	<u>4,366</u>
Change in cash basis net position before transfers	1,079	162
Transfers, net	<u>(148)</u>	<u>(602)</u>
Change in cash basis net position	931	(440)
Cash basis net position, beginning of year	<u>2,115</u>	<u>2,555</u>
Cash basis net position, end of year	<u>\$ 3,046</u>	<u>2,115</u>

Total business-type activity receipts for the fiscal year were approximately \$5.7 million compared to approximately \$4.5 million last year. The increase is due to higher receipts year-over-year for operating and capital grants as well as loan proceeds.

**INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Oelwein completed the year, its governmental funds reported a combined fund balance of \$8,638,422, an increase of \$401,348 from last year's total of \$8,237,074. The following are the main reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance decreased \$164,608 from the prior year to \$1,239,467. The decrease was due to planned operations of the fund.
- The Special Revenue, Gas-Electric Franchise Fees cash balance increased \$128,676 from the prior year primarily due to capital grants received for capital assets.
- The Special Revenue, Economic Development Fund cash balance decreased \$274,444 from the prior year primarily due to transfers to close out Plaza Park Expansion & Oelwein Housing Teardown.

- The Special Revenue, Trust & Agency Fund cash balance decreased \$36,186 from the prior year primarily due to planned operations of the fund.
- The Debt Service Fund cash balance increased 44,659 to \$304,944. This was due to planned operations of the fund and paying debt according to debt schedules.
- The Capital Projects, Tri-Park Trail Extensions Fund cash balance increased \$206,900 from the prior year to \$1,060,163, as project expenditures decreased from the prior year while receipts remained steady.
- The Capital Projects, Cares Act cash balance decreased \$1,059,160 from the prior year as the City completed planned projects.

**INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Water Fund cash balance increased \$86,555 from the prior year to \$944,935, due to planned operations of the fund.
- The Landfill Fund cash balance increased \$195,476 from the prior year to \$225,011, due to Fayette County Solid Waste returning surplus money to the City.
- The Sewer Fund cash balance increased \$150,954 from the prior year to \$1,458,444, due to planned operations of the fund.

**BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget once. The amendment was approved May 28, 2024 and resulted in increases to various categories of revenues and expenditures. The most significant increases were to budget for additional other financing sources, transfers, and capital projects and enterprise activities expenditures. During the year ended June 30, 2024, disbursements did not exceed the amounts budgeted.

**DEBT ADMINISTRATION**

At June 30, 2024, the City had \$13.9 million in bonds and other long-term debt outstanding, compared to \$14.0 million last year, as shown below.

	Outstanding Debt at Year-End (Expressed in Thousands)	
	Year ended June 30,	
	2024	2023
General obligation bonds	\$ 9,015	8,635
Revenue notes	3,659	4,097
Other long-term debt	1,177	1,228
<b>Total</b>	<b>\$ 13,851</b>	<b>13,960</b>

Outstanding debt decreased \$109,000 due to debt service payments being made as scheduled and new debt issued during the year.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City’s corporate limits. The City’s outstanding general obligation debt of \$9.0 million is below its constitutional debt limit of approximately \$15.5 million. Additional information about the City’s long-term debt is presented in Note 3 to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The City of Oelwein's elected and appointed officials and citizens considered many factors when setting the fiscal year 2024 budget, tax rates and fees charged for various City activities. One of those factors is the economy. Unemployment in the City now stands at 3.0% versus 3.4% a year ago. This compares with the State's unemployment rate of 2.8% and the national rate of 4.1%.

These indicators were taken into account when adopting the budget for fiscal year 2025. Amounts available for appropriation in the operating budget are approximately \$15.1 million, an increase of 17.6% over the final fiscal year 2024 budget. The decrease is due to the City budgeting lower intergovernmental funding and other financing sources receipts in the next fiscal year. Budgeted disbursements decreased approximately \$780,000, or 4.1% over the prior fiscal year. The increase is due to lower budgeted business type expenditures in the next fiscal year. The City has added no major new programs or initiatives to the fiscal year 2025 budget.

If the estimates are realized, the City's cash balance is expected to decrease approximately \$3.1 million by the close of fiscal year 2025.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

## **Basic Financial Statements**

City of Oelwein, Iowa  
Cash Basis Statement of Activities and Net Position  
As of and for the year ended June 30, 2024

	Program Receipts			
	Disbursements	Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety	\$ 2,311,991	55,541	27,723	-
Public works	767,354	6,795	836,216	-
Health and social services	17,989	-	-	-
Culture and recreation	1,146,319	166,381	32,959	10,242
Community and economic development	1,012,984	-	-	437,422
General government	638,918	-	-	-
Debt service	1,374,465	-	-	-
Capital projects	3,111,385	-	-	380,109
Total governmental activities	10,381,405	228,717	896,898	827,773
Business-type activities:				
Water	1,357,915	1,510,084	-	-
Landfill	572,929	611,694	-	-
Sewer	1,671,022	1,790,374	-	375,000
Other business-type activities	1,030,131	479,096	-	-
Total business-type activities	4,631,997	4,391,248	-	375,000
Total functions/programs	\$ 15,013,402	4,619,965	896,898	1,202,773
<b>General Receipts and Transfers:</b>				
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				
<b>Cash Basis Net Position</b>				
Restricted:				
Nonexpendable:				
Cemetery perpetual care				
Expendable:				
Employee benefits				
Debt service				
Other purposes				
Unrestricted				
<b>Total cash basis net position</b>				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Governmental Activities	Business-Type Activities	Total
(2,228,727)	-	(2,228,727)
75,657	-	75,657
(17,989)	-	(17,989)
(936,737)	-	(936,737)
(575,562)	-	(575,562)
(638,918)	-	(638,918)
(1,374,465)	-	(1,374,465)
(2,731,276)	-	(2,731,276)
(8,428,017)	-	(8,428,017)
-	152,169	152,169
-	38,765	38,765
-	494,352	494,352
-	(551,035)	(551,035)
-	134,251	134,251
(8,428,017)	134,251	(8,293,766)
2,387,131	-	2,387,131
485,168	-	485,168
863,729	-	863,729
710,201	-	710,201
868,490	-	868,490
66,829	-	66,829
243,194	87,892	331,086
1,450,000	588,529	2,038,529
1,579,451	268,086	1,847,537
26,684	-	26,684
148,488	(148,488)	-
8,829,365	796,019	9,558,555
401,348	930,270	1,331,618
8,237,074	2,115,772	10,352,846
\$ 8,638,422	3,046,042	11,684,464
\$ 297,551	-	297,551
497,369	-	497,369
304,944	263,157	568,101
6,151,456	142,024	6,293,480
1,387,102	2,640,861	4,027,963
\$ 8,638,422	3,046,042	11,684,464



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, 2024

	Special Revenue				Debt Service
	General	Gas-Electric Franchise Fees	Economic Development	Trust & Agency	
<b>Receipts:</b>					
Property tax	\$ 1,390,358	-	-	931,741	473,755
Local option sales tax	-	-	-	-	-
Tax increment financing	-	-	-	-	-
Other city tax	74,426	760,526	-	26,263	11,413
Licenses and permits	80,332	-	-	-	-
Use of money and property	122,140	14,959	20,401	13,867	14,863
Intergovernmental	60,682	165,609	-	-	-
Charges for service	228,717	-	-	-	-
Special assessments	-	-	-	-	-
Miscellaneous	818,222	-	774	4,516	-
<b>Total receipts</b>	<u>2,774,877</u>	<u>941,094</u>	<u>21,175</u>	<u>976,387</u>	<u>500,031</u>
<b>Disbursements:</b>					
Operating:					
Public safety	1,737,627	-	-	542,486	-
Public works	69,826	-	-	131,153	-
Health and social services	-	-	-	-	-
Culture and recreation	898,780	-	-	205,925	-
Community and economic dev.	100,000	-	313,442	35,474	-
General government	527,762	-	-	97,535	-
Debt service	-	-	-	-	1,374,465
Capital projects	-	306,231	44,119	-	-
<b>Total disbursements</b>	<u>3,333,995</u>	<u>306,231</u>	<u>357,561</u>	<u>1,012,573</u>	<u>1,374,465</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(559,118)</u>	<u>634,863</u>	<u>(336,386)</u>	<u>(36,186)</u>	<u>(874,434)</u>
<b>Other financing sources (uses):</b>					
Loan proceeds	-	-	-	-	-
Sale of capital assets	-	-	26,684	-	-
Transfers in	630,510	30,500	590,725	-	919,093
Transfers out	(236,000)	(536,687)	(555,467)	-	-
<b>Net other financing sources (uses)</b>	<u>394,510</u>	<u>(506,187)</u>	<u>61,942</u>	<u>-</u>	<u>919,093</u>
Change in cash balances	(164,608)	128,676	(274,444)	(36,186)	44,659
Cash balances, beginning of year	<u>1,404,075</u>	<u>224,712</u>	<u>871,811</u>	<u>533,555</u>	<u>260,285</u>
Cash balances, end of year	<u>\$ 1,239,467</u>	<u>353,388</u>	<u>597,367</u>	<u>497,369</u>	<u>304,944</u>
<b>Cash Basis Fund Balances</b>					
Nonspendable	\$ -	-	-	-	-
Restricted for:					
Employee benefits	-	-	-	497,369	-
Debt service	-	-	-	-	304,944
Other purposes	-	-	597,367	-	-
Committed	-	353,388	-	-	-
Unassigned	<u>1,239,467</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total cash basis fund balances</b>	<u>\$ 1,239,467</u>	<u>353,388</u>	<u>597,367</u>	<u>497,369</u>	<u>304,944</u>

See notes to financial statements.

Capital Projects			
Tri-Park Trail			
Extensions	Cares Act	Nonmajor	Total
-	-	64,699	2,860,553
-	-	710,201	710,201
-	-	863,729	863,729
-	-	74,437	947,065
-	-	-	80,332
26,577	6,517	81,833	301,157
-	349,609	1,148,771	1,724,671
-	-	-	228,717
-	-	51,538	51,538
175,100	-	391,006	1,389,618
<u>201,677</u>	<u>356,126</u>	<u>3,386,214</u>	<u>9,157,581</u>
-	-	31,878	2,311,991
-	-	566,375	767,354
-	-	17,989	17,989
-	-	41,614	1,146,319
-	-	564,068	1,012,984
-	-	13,621	638,918
-	-	-	1,374,465
4,777	1,415,286	1,340,972	3,111,385
<u>4,777</u>	<u>1,415,286</u>	<u>2,576,517</u>	<u>10,381,405</u>
<u>196,900</u>	<u>(1,059,160)</u>	<u>809,697</u>	<u>(1,223,824)</u>
-	-	1,450,000	1,450,000
-	-	-	26,684
10,000	-	978,836	3,159,664
-	-	(1,683,022)	(3,011,176)
<u>10,000</u>	<u>-</u>	<u>745,814</u>	<u>1,625,172</u>
206,900	(1,059,160)	1,555,511	401,348
<u>853,263</u>	<u>859,064</u>	<u>3,230,309</u>	<u>8,237,074</u>
<u>1,060,163</u>	<u>(200,096)</u>	<u>4,785,820</u>	<u>8,638,422</u>
-	-	297,551	297,551
-	-	-	497,369
-	-	-	304,944
1,060,163	-	4,493,926	6,151,456
-	-	116,318	469,706
-	(200,096)	(121,975)	917,396
<u>1,060,163</u>	<u>(200,096)</u>	<u>4,785,820</u>	<u>8,638,422</u>

## City of Oelwein, Iowa

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

As of and for the year ended June 30, 2024

	Enterprise				Total
	Water	Landfill	Sewer	Nonmajor	
Operating receipts:					
Charges for service	\$ 1,510,084	611,694	1,790,374	479,096	4,391,248
Refunds	-	193,391	-	71,528	264,919
Miscellaneous	-	-	-	3,167	3,167
Total operating receipts	1,510,084	805,085	1,790,374	553,791	4,659,334
Operating disbursements:					
Business-type activities	944,117	572,929	861,936	482,253	2,861,235
Excess (deficiency) of operating receipts over (under) operating disbursements	565,967	232,156	928,438	71,538	1,798,099
Non-operating receipts (disbursements):					
Interest on investments	36,194	-	51,602	96	87,892
Sewer grant	-	-	-	375,000	375,000
Debt service	(339,252)	-	(691,793)	-	(1,031,045)
Capital projects	(74,546)	-	(117,293)	(547,878)	(739,717)
Net non-operating receipts (disbursements)	(377,604)	-	(757,484)	(172,782)	(1,307,870)
Excess (deficiency) of receipts over (under) disbursements	188,363	232,156	170,954	(101,244)	490,229
Loan proceeds	-	-	-	588,529	588,529
Transfers in	-	-	-	21,485	21,485
Transfers out	(101,808)	(36,680)	(20,000)	(11,485)	(169,973)
Net transfers in (out)	(101,808)	(36,680)	(20,000)	598,529	440,041
Change in cash balances	86,555	195,476	150,954	497,285	930,270
Cash balances, beginning of year	858,380	29,535	1,307,490	(79,633)	2,115,772
Cash balances, end of year	\$ 944,935	225,011	1,458,444	417,652	3,046,042
<b>Cash Basis Fund Balances</b>					
Restricted for:					
Debt service	\$ 145,795	-	117,362	-	263,157
Other purposes	-	-	-	142,024	142,024
Unrestricted	799,140	225,011	1,341,082	275,628	2,640,861
Total cash basis fund balances	\$ 944,935	\$ 225,011	\$ 1,458,444	417,652	3,046,042

See notes to financial statements.

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

**(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, 2024

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 Economic Development Fund accounts for receipts and disbursements intended to foster and support economic growth and enhance quality of life in

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

the City.

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

The Gas-Electric Franchise Fees is used to account for franchise fee receipts and disbursements for capital purchases.

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 CARES Act Fund accounts for receipts and disbursements intended for the use of the federal dollars to be used in accordance with grant terms and conditions.

The City reports the following major proprietary funds:

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

The Landfill Fund accounts for operation and maintenance of the landfill.

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

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the 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.

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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

D. Property Taxes and Governmental Cash Basis Fund Balances

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

Property tax revenues recognized in 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, 2022 assessed property valuations; is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects tax asking contained in the budget certified to the City Council in April 2024.

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, 2024, disbursements did not exceed the amounts budgeted.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2024 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

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

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

**(3) Bonds and Notes Payable**

A summary of changes in bonds and notes payable for the year ended June 30, 2024 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Governmental activities:					
Urban Renewal Tax Increment	\$ 2,550,000	-	460,000	2,090,000	470,000
General Obligation Bonds	6,085,000	1,450,000	610,000	6,925,000	765,000
Other long-term debt	1,228,305	-	51,392	1,176,913	51,904
Governmental activities total	<u>\$ 9,863,305</u>	<u>1,450,000</u>	<u>1,121,392</u>	<u>10,191,913</u>	<u>1,286,904</u>
Business type activities:					
Water Revenue Notes	\$ 1,846,137	295,650	380,787	1,761,000	399,000
Sewer Revenues Notes	2,251,000	292,879	646,000	1,897,879	709,000
Business type activities total	<u>\$ 4,097,137</u>	<u>588,529</u>	<u>1,026,787</u>	<u>3,658,879</u>	<u>1,108,000</u>

General Obligation Debt

A summary of the City’s June 30, 2024 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
2025	3.40%	\$ 470,000	77,740	1.65%	\$ 75,000	7,068
2026	3.60%	485,000	61,760	2.00%	75,000	5,830
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
2030-2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
Total		<u>\$ 2,090,000</u>	<u>207,200</u>		<u>\$ 360,000</u>	<u>23,488</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
2025	2.00%	\$ 220,000	33,100	2.125%	\$ 345,000	75,875
2026	2.00%	225,000	28,700	2.125%	355,000	68,544
2027	2.00%	235,000	24,200	2.125%	360,000	61,000



CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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
2030-2034	2.00%	490,000	19,900	2.125-2.5%	1,500,000	106,968
2035		-	-	2.50%	155,000	3,875
Total		<u>\$ 1,655,000</u>	<u>140,100</u>		<u>\$ 3,460,000</u>	<u>415,100</u>

Year Ending June 30,	Bridge Improvements			Totals		
	Issued May 28, 2024					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2025	4.00%	\$ 125,000	54,133	\$ 1,235,000	247,916	1,482,916
2026	4.00%	125,000	53,000	1,265,000	217,834	1,482,834
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
2030-2034	4.00%	795,000	97,800	2,785,000	224,668	3,009,668
2035		-	-	155,000	3,875	158,875
Total		<u>\$ 1,450,000</u>	<u>332,133</u>	<u>\$ 9,015,000</u>	<u>1,119,021</u>	<u>10,134,021</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, 2024, the City paid \$460,000 of principal and \$92,000 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, 2024, the City paid \$60,000 of principal and \$8,058 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, 2024, the City paid \$210,000 of principal and \$37,300 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, 2024, the City paid \$340,000 of principal and \$83,136 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 constructing bridge and related infrastructure improvements. Principal and interest payments will commence in the next fiscal year.

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

Revenue Notes

A summary of the City's June 30, 2024 revenue notes payable is as follows:

Year Ending June 30,	Sewer Issued June 27, 2005			Water Issued Sept. 15, 2010		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	1.75%	\$ 567,000	20,143	3.0%	\$ 106,000	6,480
2026	1.75%	584,000	10,220	3.0%	110,000	3,300
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030-2034	-	-	-	-	-	-
2035-2038	-	-	-	-	-	-
<b>Total</b>		<b>\$ 1,151,000</b>	<b>30,363</b>		<b>\$ 216,000</b>	<b>9,780</b>

Year Ending June 30,	Sewer Issued Nov. 9, 2012			Water Issued Sept. 22, 2016		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	1.75%	\$ 47,000	7,070	1.85%	\$ 80,000	4,920
2026	1.75%	48,000	6,248	2.15%	80,000	3,440
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	-	-	-
2030-2034	1.75%	159,000	5,600	-	-	-
2035-2038	-	-	-	-	-	-
<b>Total</b>		<b>\$ 404,000</b>	<b>32,551</b>		<b>\$ 240,000</b>	<b>10,080</b>

Year Ending June 30,	Sewer Issued Apr 13, 2018			Water Issued Apr. 13, 2018		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	2.0%	\$ 50,000	1,000	2.0%	\$ 68,000	18,952
2026	-	-	-	2.0%	69,000	17,762
2027	-	-	-	2.0%	71,000	16,555
2028	-	-	-	2.0%	72,000	15,312
2029	-	-	-	2.0%	73,000	14,053
2030-2034	-	-	-	2.0%	389,000	50,523
2035-2038	-	-	-	2.0%	271,000	15,068
<b>Total</b>		<b>\$ 50,000</b>	<b>1,000</b>		<b>\$ 1,013,000</b>	<b>148,225</b>

Year Ending June 30,	Water Issued May 28, 2021			Sewer Issued Dec. 22, 2023		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	1.75%	\$ 145,000	5,110	1.75%	\$ 79,000	19,915
2026	1.75%	147,000	2,573	1.75%	79,000	18,533
2027	-	-	-	1.75%	114,000	15,155
2028	-	-	-	1.75%	20,879	14,790
2029	-	-	-	-	-	-
2030-2034	-	-	-	-	-	-
2035-2038	-	-	-	-	-	-
<b>Total</b>		<b>\$ 292,000</b>	<b>7,683</b>		<b>\$ 292,879</b>	<b>68,393</b>

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

Year Ending June 30,	Totals		
	Principal	Interest	Totals
2025	\$ 1,142,000	83,590	1,228,590
2026	1,117,000	62,076	1,179,076
2027	314,000	38,838	352,838
2028	142,879	34,652	177,531
2029	124,000	14,728	138,728
2030-2034	548,000	56,123	604,123
2035-2038	271,000	15,068	286,068
Total	\$ 3,658,879	305,075	3,963,954

On September 15, 2010, the City issued \$1,700,000 of water revenue notes to provide for the construction and improvements to the water system. The notes bear interest at 3.00%, per annum, and are payable through 2026. During the year ended June 30, 2024, the City paid principal of \$103,000 and interest of \$5,583.

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 2.00%, per annum, and are payable through 2027. During the year ended June 30, 2024, the City paid principal of \$75,000 and interest of \$6,308.

On April 13, 2018, the City issued \$1,462,000 of water 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 2038. During the year ended June 30, 2024, the City paid principal of \$63,000 and interest of \$18,830.

On May 28, 2021, the City issued \$709,000 of water 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, 2024, the City paid principal of \$139,788 and interest of \$4,869.

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 \$1,933,767. For the current year, principal and interest paid and total customer net receipts were \$380,788 and \$565,967, 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, 2024 the City paid principal of \$551,000 and interest of \$29,785.

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, 2024, the City paid principal of \$46,000 and interest of \$7,875.

On April 13, 2018, the City issued \$338,000 of sewer revenue notes to provide for the construction and improvements to the sanitary sewer system. The notes bear interest at 2.00%, per annum, and are payable

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through 2029. During the year ended June 30, 2024, the City paid principal of \$49,000 and interest of \$1,733.

On December 22, 2023, the City issued \$1,138,000 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 2034. During the year, the City received \$292,879 in proceeds. During the year ended June 30, 2024, the City paid interest of \$677.

The City has pledged future sewer customer receipts, net of specific operating disbursements to repay \$11,330,000 in revenue bonds issued in June 2005, November 2012, April 2018 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 2034. The total principal and interest remaining to be paid on the notes is \$2,079,893. For the current year, principal and interest paid and total customer net receipts were \$686,069 and \$928,438, 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 generate sewer and water net revenues sufficient to 110% of the current year principal and interest installment. The Series 2021 Water Revenue bond requires the system generate water net revenue sufficient to 120% of the current year principal and interest installment until the Series 2016D bonds have been paid.

Other Long-Term Debt

The City has entered into three loan agreements with the United States Department of Agriculture (USDA) in April 2008, September 2015 and October 2019 to administer an Intermediary Relending Program (IRP) with a maximum limit of \$500,000 for each loan.

The IRP loans are used to help finance businesses in the City that will create permanent employment, diversification of the local economy, or increase the local tax base of the City. Community development projects are also eligible for IRP loans. The total principal and interest remaining to be paid on the notes is \$1,315,976.

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 \$273,189. A summary of the City's June 30, 2024 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
2025	18,466	2,759	17,053	4,173	16,385	4,838	51,904	11,770
2026	18,650	2,575	17,223	4,002	16,549	4,674	52,422	11,251

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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
2030-2034	98,999	7,127	91,423	14,702	87,843	18,270	278,265	40,099
2035-2039	82,710	2,347	96,086	10,039	92,324	13,790	271,120	26,175
2040-2044	-	-	100,987	5,137	97,034	9,080	198,021	14,218
2045-2049	-	-	41,754	627	101,983	4,130	143,737	4,757
2050	-	-	-	-	21,011	210	21,011	210
	<u>\$ 275,902</u>	<u>21,406</u>	<u>417,235</u>	<u>49,643</u>	<u>483,774</u>	<u>68,013</u>	<u>1,176,913</u>	<u>139,062</u>

**(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](http://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.

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

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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 2024, 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, 2024 totaled \$193,469.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the City reported a liability of \$916,054 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 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, 2023, the City’s proportion was 0.020295%, which was an increase of 0.019820% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City’s pension expense, deferred outflows of resources, and deferred inflows of resources totaled \$77,840, \$717,125 and \$558,569, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2023 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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The long-term expected rate of return on IPER’s 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%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
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 that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City’s proportionate share of the net pension liability	\$ 1,947,736	916,054	51,488

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](http://www.ipers.org).

***Municipal Fire and Police Retirement System of Iowa (MFPRSI)***

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

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

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

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

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

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

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

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



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

Contributions – Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2024.

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 22.98% for the year ended June 30, 2024.

The City's contributions to MFPRSI for the year ended June 30, 2024 totaled \$188,015.

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, 2024.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the City reported a liability of \$1,362,208 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 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, 2023, the City's proportion was 0.217536%, which was an increase of 0.015751% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$194,682, \$714,377 and \$516,702, respectively.

Actuarial Assumptions – The total pension liability in the June 30, 2023 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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2022.

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.

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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	4.9%
Broad U.S. Equity	7.1
Global Equity	7.2
Broad Non-US Equity	7.4
Managed Futures	5.2
Core Real Estate	6.8
Opportunistic Real Estate	11.1
Global Infrastructure	6.9
Private Credit	10.1
Private Equity	12.1

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

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City’s proportionate share of the net pension liability	\$ 2,385,675	1,362,208	514,979

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](http://www.mfprsi.org).

**(5) Other Postemployment Benefits (OPEB)**

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees, and their spouses. Group insurance benefits are

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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, 2023, the City contributed \$570,344 and plan members eligible for benefits contributed \$70,794 to the plan. At June 30, 2024, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2024, there were 34 active and no retired members covered by the benefit terms.

**(6) Compensated Absences**

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

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

The City’s approximate liability for earned vacation and sick leave payable at June 30, 2024, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 157,065
Sick Leave	784,522
Total	<u>\$ 941,587</u>

This liability has been computed based on rates of pay in effect at July 1, 2024.

**(7) Deficit Balances**

At June 30, 2024, the following funds had deficit balances:

Fund:	Amount:
	\$ (24,512)
Capital Project - Airport Grant	(97,463)
Capital Project – Industrial Park 3 <sup>rd</sup> Addition	(200,096)
Capital Project – Cares Act	(2,463)
Proprietary – Wellness Center	

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

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**(8) Interfund Transfers**

The detail of interfund transfers, for the year ended June 30, 2024 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Road Use Tax	\$ 20,000
	Emergency	40,117
	Local Option Sales Tax	221,025
	Hotel/Motel Tax	35,583
	Gas-Electric Franchise	182,105
	Economic Development	55,000
	Enterprise:	
	Water	20,000
	Landfill	36,680
	Sewer	20,000
		<u>630,510</u>
Special Revenue: Gas-Electric Franchise	Special Revenue: HMGP 4483 Grant	<u>30,500</u>
Special Revenue: Economic Development	Special Revenue: Local Option Sales Tax Downtown TIF	<u>515,725</u> <u>75,000</u> <u>590,725</u>
Special Revenue: Downtown Business Grants	Special Revenue: Economic Development	<u>75,000</u>
Special Revenue: Volunteer Fire Department	General	<u>11,000</u>
Debt Service	Special Revenue: Gas-Electric Franchise Ind Park TIF	254,582 582,703
	Enterprise: Water	<u>81,808</u> <u>919,093</u>
Capital Projects: Oelwein Housing Teardown	Special Revenue: Economic Development	<u>56,423</u>
Capital Projects: Airport Grant	Special Revenue: Economic Development	<u>60,000</u>

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Capital Projects: Tri-Park Trail Extensions	Special Revenue: Hotel/Motel	<u>10,000</u>
Capital Projects: Plaza Park Expansion	Special Revenue: Economic Development	<u>299,044</u>
Capital Projects: 10 <sup>th</sup> Street Paving	General	225,000
	Special Revenue: Road Use Tax	100,000
	Gas-Electric Franchise	100,000
	Special Assessments	<u>52,369</u>
		<u>477,369</u>
Enterprise: West Water Tower	Enterprise: Water Infrastructure	<u>11,459</u>
Enterprise: Wellness Center	Special Revenue: Economic Development	<u>10,000</u>
Enterprise: Reed Bed Exp	Enterprise: Sewer Infrastructure	<u>26</u>
		<u>\$ 3,181,149</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 \$138,227 during the year ended June 30, 2024.

**(11) Contracts/Commitments**

In 2016, the City agreed to contribute \$350,000 to the Oelwein Community School District over a period of ten years for the College and Career Ready Program. The amount remaining on this commitment is \$105,000 at June 30, 2024.

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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, 2024 were \$197,313. 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, 2024 were \$373,165. This agreement extends through March 31, 2028.

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

The City has contracted with RSPN for information technology (IT) services on February 1, 2024. Total payments by the City under this agreement for the year ended June 30, 2024 were \$75,124. 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, 2024.

**(13) 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, 2024, the City rebated \$47,818 of incremental property tax to the developer. At June 30, 2024 the remaining balance to be paid on the agreement was approximately \$222,008.

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 is in compliance with the terms of the agreement. During the year ended June 30, 2024, the City rebated \$5,142 of incremental property tax to the developer. At June 30, 2024 the remaining balance to be paid on the agreement was approximately \$394,858.

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, 2024, the City rebated \$26,087 of incremental property tax to the developer. At June 30, 2024 the remaining balance to be paid on the agreement was approximately \$243,559.

Performance Rehab - The City agreed to pay an amount not to exceed \$30,000 subject to annual appropriation by the City Council. The agreement requires up to five annual payments, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2024, the City rebated \$2,074 of incremental property tax to the developer. At June 30, 2024 the remaining balance to be paid on the agreement was approximately \$13,502.

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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, 2024, the City rebated \$4,747 of incremental property tax to the developer. At June 30, 2024 the remaining balance to be paid on the agreement was approximately \$98,767.

**(14) 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, 2024, the City abated \$85,868 of property tax under the urban renewal and economic development projects.

**(15) 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.

During the year, July 2023, the City entered into a contract with Shift Companies for the Reed Bed Expansion and EQ Liner Replacement project for the amount of \$1,347,000. The City funded this project with a sewer revenue note and has paid \$490,305 of costs to-date on the project. Subsequent to year end, the City paid an additional \$638,276 with an expected completion date in FY25.

During the year, April 2024, the City entered into a contract with Heartland Asphalt for the 2024 Street Improvement project for the amount of \$629,517. The City plans to fund this project with cash reserves and has not paid on the project to-date. Subsequent to year end, the City paid \$581,629 towards this project and expects a completion date in FY25.

During the year, the City received \$1,450,000 in general obligation bond proceeds. They plan to use the proceeds to pay the costs of constructing the bridge and related infrastructure improvements. The City plans to bid out the project in winter of FY25 with a completion date expected in FY26/27.

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

Effective July 1, 2024, the City has entered into a 28E agreement with the Oelwein Community School District to provide direct supervision of the Wellness Center and its staff. The City will reimburse the school district monthly for certain operational costs that will not exceed the City's annual fiscal budget. The duration of this agreement extends for an initial period of ten years with renewal options thereafter in five-year intervals.



## **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, 2024

	Governmental Funds Actual	Proprietary Funds Actual	Total
Receipts:			
Property tax	\$ 2,860,553	-	2,860,553
Tax increment financing	863,729	-	863,729
Other city tax	1,657,266	-	1,657,266
Licenses and permits	80,332	-	80,332
Use of money and property	301,157	87,892	389,049
Intergovernmental	1,724,671	639,919	2,364,590
Charges for service	228,717	4,391,248	4,619,965
Special assessments	51,538	-	51,538
Miscellaneous	1,389,618	3,167	1,392,785
Total receipts	<u>9,157,581</u>	<u>5,122,226</u>	<u>14,279,807</u>
Disbursements:			
Public safety	2,311,991	-	2,311,991
Public works	767,354	-	767,354
Health and social services	17,989	-	17,989
Culture and recreation	1,146,319	-	1,146,319
Community and economic development	1,012,984	-	1,012,984
General government	638,918	-	638,918
Debt service	1,374,465	-	1,374,465
Capital projects	3,111,385	-	3,111,385
Business-type activities	-	4,631,997	4,631,997
Total disbursements	<u>10,381,405</u>	<u>4,631,997</u>	<u>15,013,402</u>
Excess (deficiency) of receipts over (under) disbursements	(1,223,824)	490,229	(733,595)
Other financing sources (uses), net	<u>1,625,172</u>	<u>440,041</u>	<u>2,065,213</u>
Excess of receipts and other financing sources over disbursements and other financing sources	401,348	930,270	1,331,618
Balances, beginning of year	<u>8,237,074</u>	<u>2,115,772</u>	<u>10,352,846</u>
Balances, end of year	<u>\$ 8,638,422</u>	<u>3,046,042</u>	<u>11,684,464</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Total
		Variance
2,662,735	2,662,735	197,818
876,000	876,000	(12,271)
1,593,364	1,593,364	63,902
87,800	87,800	(7,468)
138,570	418,570	(29,521)
4,614,936	4,830,936	(2,466,346)
4,963,803	5,546,803	(926,838)
20,000	20,000	31,538
74,000	116,000	1,276,785
15,031,208	16,152,208	(1,872,401)
2,184,677	2,381,677	69,686
931,185	931,185	163,831
30,000	30,000	12,011
1,169,260	1,169,260	22,941
1,121,425	1,311,425	298,441
542,850	647,850	8,932
1,382,975	1,382,975	8,510
2,672,045	4,392,045	1,280,660
6,481,619	6,734,619	2,102,622
16,516,036	18,981,036	3,967,634
(1,484,828)	(2,828,828)	2,095,233
9,000	2,135,000	(69,787)
(1,475,828)	(693,828)	2,025,446
7,806,164	7,806,164	2,546,682
6,330,336	7,112,336	4,572,128

City of Oelwein, Iowa

Notes to Other Information – Budgetary Reporting

June 30, 2024

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 \$2,465,000. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2024, 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

	2024	2023	2022	2021	2020
City's proportion of the net pension liability	0.02030%	0.00189%	0.02112%	0.02088%	0.02024%
City's proportionate share of the net pension liability	\$ 916	\$ 749	30	1,467	1,172
City's covered-employee payroll	\$ 1,782	\$ 1,598	1,714	1,657	1,541
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	51.40%	46.87%	1.75%	88.53%	76.05%
IPERS' net position as a percentage of the total pension liability	90.13%	91.40%	100.81%	82.90%	85.45%

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

See accompanying independent auditor's report

2019	2018	2017	2016	2015
0.01847%	0.01973%	0.01969%	0.02041%	0.02101%
1,169	1,302	1,228	1,008	850
1,388	1,460	1,400	1,398	1,405
84.22%	89.18%	87.71%	72.10%	60.50%
83.62%	82.21%	81.82%	85.19%	87.61%

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

	2024	2023	2022	2021
Statutorily required contribution	193,469	168,178	150,850	161,839
Contribution in relation to the statutorily required contribution	(193,469)	(168,178)	(150,850)	(161,839)
Contribution deficiency (excess)	-	-	-	-
Commission's covered-employee payroll	2,049,462	1,781,542	1,597,989	1,714,401
Contribution as a percentage of covered-employee payroll	9.44%	9.44%	9.44%	9.44%

See accompanying independent auditor's report.

2020	2019	2018	2017	2016	2015	2014
156,410	145,440	123,962	130,333	124,971	124,873	125,439
(156,410)	(145,440)	(123,962)	(130,333)	(124,971)	(124,873)	(125,439)
-	-	-	-	-	-	-
1,656,886	1,540,678	1,388,152	1,459,501	1,400,014	1,398,359	1,404,691
9.44%	9.44%	8.93%	8.93%	8.93%	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 Nine Years\*

Other Information

	2024	2023	2022	2021	2020
City's proportion of the net pension liability	0.00218%	0.20179%	0.20676%	0.20680%	0.20860%
City's proportionate share of the net pension liability	\$ 1,221,618	\$ 1,133,165	464,327	1,649,421	1,368,276
City's covered-employee payroll	\$ 788,811	\$ 681,520	671,871	657,003	631,467
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	154.87%	166.27%	69.11%	251.05%	216.68%
MFPRSI's net position as a percentage of the total pension liability	83.53%	84.62%	93.62%	76.47%	79.94%

\* 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

2019	2018	2017	2016
0.20292%	0.22644%	0.22114%	0.23003%
1,208,210	1,328,038	1,382,721	1,080,705
589,817	641,429	599,281	603,240
204.84%	207.04%	230.73%	179.15%
81.07%	80.60%	78.20%	83.04%

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

	2024	2023	2022	2021
Statutorily required contribution	188,015	188,526	178,422	170,050
Contribution in relation to the statutorily required contribution	(188,015)	(188,526)	(178,422)	(170,050)
Contribution deficiency (excess)	-	-	-	-
City's covered-employee payroll	818,168	788,811	681,520	671,871
Contribution as a percentage of covered-employee payroll	22.98%	23.90%	26.18%	25.31%

See accompanying independent auditor's report.

2020	2019	2018	2017	2016	2015
160,375	164,308	151,465	166,258	166,420	183,445
(160,375)	(164,308)	(151,465)	(166,258)	(166,420)	(183,445)
-	-	-	-	-	-
657,003	631,467	589,817	641,429	599,281	603,240
24.41%	26.02%	25.68%	25.92%	27.77%	30.41%

City of Oelwein, Iowa

Notes to Other Information – Pension Liability

Year Ended June 30, 2023

**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, 2023

**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, 2024

	Special Revenue	Capital Projects	Permanent Cemetery Perpetual Care	Total
<b>Receipts:</b>				
Property tax	\$ 64,699	-	-	64,699
Local option sales tax	710,201	-	-	710,201
Tax increment financing	863,729	-	-	863,729
Other city tax	74,437	-	-	74,437
Use of money and property	55,289	26,544	-	81,833
Intergovernmental	846,458	302,313	-	1,148,771
Special assessments	51,538	-	-	51,538
Miscellaneous	326,787	61,700	2,519	391,006
Total receipts	<u>2,993,138</u>	<u>390,557</u>	<u>2,519</u>	<u>3,386,214</u>
<b>Disbursements:</b>				
Public safety	31,878	-	-	31,878
Public works	566,375	-	-	566,375
Health and social services	17,989	-	-	17,989
Culture and recreation	41,614	-	-	41,614
Community and economic development	564,068	-	-	564,068
General government	13,621	-	-	13,621
Capital projects	56,737	1,284,235	-	1,340,972
Total disbursements	<u>1,292,282</u>	<u>1,284,235</u>	<u>-</u>	<u>2,576,517</u>
Excess of receipts over disbursements	<u>1,700,856</u>	<u>(893,678)</u>	<u>2,519</u>	<u>809,697</u>
<b>Other financing sources (uses):</b>				
Loan proceeds	-	1,450,000	-	1,450,000
Transfers in	86,000	892,836	-	978,836
Transfers out	(1,652,522)	(30,500)	-	(1,683,022)
Net other financing sources (uses)	<u>(1,566,522)</u>	<u>2,312,336</u>	<u>-</u>	<u>745,814</u>
Change in cash balance	134,334	1,418,658	2,519	1,555,511
Cash balances, beginning of year	<u>1,945,478</u>	<u>989,799</u>	<u>295,032</u>	<u>3,230,309</u>
Cash balances, end of year	<u>\$ 2,079,812</u>	<u>2,408,457</u>	<u>297,551</u>	<u>4,785,820</u>
<b>Cash Basis Fund Balances</b>				
Nonspendable	\$ -	-	297,551	297,551
Restricted for other purposes	1,963,494	2,530,432	-	4,493,926
Committed	116,318	-	-	116,318
Unassigned	-	(121,975)	-	(121,975)
Total cash basis fund balances	<u>\$ 2,079,812</u>	<u>2,408,457</u>	<u>297,551</u>	<u>4,785,820</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, 2024

	Special Revenue							
	County Emergency Management	Road Use Tax	Flex Spending	Emergency	Local Option Sales Tax	Hotel-Motel Tax	Library Bequest	Downtown TIF
<b>Receipts:</b>								
Property tax	\$ 22,828	-	-	41,871	-	-	-	-
Local option sales tax	-	-	-	-	710,201	-	-	-
Tax increment financing	-	-	-	-	-	-	-	82,291
Other city tax	644	-	-	1,175	-	72,618	-	-
Use of money and property	-	-	-	-	10,010	1,040	10,523	-
Intergovernmental	-	836,216	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Miscellaneous	-	-	17,989	-	-	-	6,248	-
Total receipts	<u>23,472</u>	<u>836,216</u>	<u>17,989</u>	<u>43,046</u>	<u>720,211</u>	<u>73,658</u>	<u>16,771</u>	<u>82,291</u>
<b>Disbursements:</b>								
Public safety	21,883	-	-	-	-	-	-	-
Public works	-	566,375	-	-	-	-	-	-
Health and social services	-	-	17,989	-	-	-	-	-
Culture and recreation	-	834	-	-	-	20,604	2,864	-
Community and economic development	-	-	-	-	-	-	-	2,074
General government	-	13,621	-	-	-	-	-	-
Capital projects	-	49,237	-	-	-	-	7,500	-
Total disbursements	<u>21,883</u>	<u>630,067</u>	<u>17,989</u>	<u>-</u>	<u>-</u>	<u>20,604</u>	<u>10,364</u>	<u>2,074</u>
Excess (deficiency) of receipts over (under) disbursements	1,589	206,149	-	43,046	720,211	53,054	6,407	80,217
<b>Other financing sources (uses):</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(120,000)	-	(40,117)	(736,751)	(45,583)	-	(75,000)
Net other financing sources (uses)	<u>-</u>	<u>(120,000)</u>	<u>-</u>	<u>(40,117)</u>	<u>(736,751)</u>	<u>(45,583)</u>	<u>-</u>	<u>(75,000)</u>
Change in cash balance	1,589	86,149	-	2,929	(16,540)	7,471	6,407	5,217
Cash balances, beginning of year	2,606	507,104	1,437	-	63,900	12,935	375,906	95,042
Cash balances, end of year	<u>\$ 4,195</u>	<u>593,253</u>	<u>1,437</u>	<u>2,929</u>	<u>47,360</u>	<u>20,406</u>	<u>382,313</u>	<u>100,259</u>
<b>Cash Basis Fund Balances</b>								
Restricted for other purposes	\$ 4,195	593,253	-	2,929	47,360	20,406	382,313	100,259
Committed	-	-	1,437	-	-	-	-	-
Total cash basis fund balances	<u>\$ 4,195</u>	<u>593,253</u>	<u>1,437</u>	<u>2,929</u>	<u>47,360</u>	<u>20,406</u>	<u>382,313</u>	<u>100,259</u>

See accompanying independent auditor's report.

Special Revenue											
Industrial Park TIF	East Penn TIF	DARE	Trees Forever	First Time Home Buyer Program	IRP Revolving Loan	Downtown Business Grant	Volunteer Fire Department	Forfeited Assets	Special Assessments	Total	
-	-	-	-	-	-	-	-	-	-	64,699	
-	-	-	-	-	-	-	-	-	-	710,201	
83,794	697,644	-	-	-	-	-	-	-	-	863,729	
-	-	-	-	-	-	-	-	-	-	74,437	
-	24,323	-	-	3,019	623	4,921	-	-	830	55,289	
-	-	-	10,242	-	-	-	-	-	-	846,458	
-	-	-	-	-	-	-	-	-	51,538	51,538	
-	-	-	-	2,706	274,862	-	13,000	11,982	-	326,787	
83,794	721,967	-	10,242	5,725	275,485	4,921	13,000	11,982	52,368	2,993,138	
-	-	4,388	-	-	-	-	-	5,607	-	31,878	
-	-	-	-	-	-	-	-	-	-	566,375	
-	-	-	-	-	-	-	-	-	-	17,989	
-	-	-	17,312	-	-	-	-	-	-	41,614	
83,794	-	-	-	-	301,102	150,000	27,098	-	-	564,068	
-	-	-	-	-	-	-	-	-	-	13,621	
-	-	-	-	-	-	-	-	-	-	56,737	
83,794	-	4,388	17,312	-	301,102	150,000	27,098	5,607	-	1,292,282	
-	721,967	(4,388)	(7,070)	5,725	(25,617)	(145,079)	(14,098)	6,375	52,368	1,700,856	
-	-	-	-	-	-	75,000	11,000	-	-	86,000	
-	(582,703)	-	-	-	-	-	-	-	(52,368)	(1,652,522)	
-	(582,703)	-	-	-	-	75,000	11,000	-	(52,368)	(1,566,522)	
-	139,264	(4,388)	(7,070)	5,725	(25,617)	(70,079)	(3,098)	6,375	-	134,334	
-	270,331	4,388	19,340	100,162	240,020	232,438	17,250	2,619	-	1,945,478	
-	409,595	-	12,270	105,887	214,403	162,359	14,152	8,994	-	2,079,812	
-	409,595	-	12,270	-	214,403	162,359	14,152	-	-	1,963,494	
-	-	-	-	105,887	-	-	-	8,994	-	116,318	
-	409,595	-	12,270	105,887	214,403	162,359	14,152	8,994	-	2,079,812	

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, 2024

	Capital Projects				
	2020 GO Bond	Hazard Mitigation Grant Program	Oelwein Housing Teardown	Airport Grant	Plaza Park Expansion
<b>Receipts:</b>					
Use of money and property	\$ -	-	-	-	-
Intergovernmental	-	30,500	-	-	271,813
Miscellaneous	-	-	36,700	-	-
Total receipts	-	30,500	36,700	-	271,813
<b>Disbursements:</b>					
Capital projects	-	-	133,845	59,602	231,735
Total disbursements	-	-	133,845	59,602	231,735
Excess (deficiency) of receipts over (under) disbursements	-	30,500	(97,145)	(59,602)	40,078
<b>Other financing sources (uses):</b>					
Loan proceeds	-	-	-	-	-
Transfers in	-	-	56,423	60,000	299,044
Transfers out	-	(30,500)	-	-	-
Net other financing sources	-	(30,500)	56,423	60,000	299,044
Change in cash balance	-	-	(40,722)	398	339,122
Cash balances, beginning of year	8,303	-	40,722	(24,910)	(339,122)
Cash balances, end of year	\$ 8,303	-	-	(24,512)	-
<b>Cash Basis Fund Balances</b>					
Restricted for other purposes	\$ 8,303	-	-	-	-
Unassigned	-	-	-	(24,512)	-
Total cash basis fund balances	\$ 8,303	-	-	(24,512)	-

See accompanying independent auditor's report.

Industrial Park 3rd Addition	10th Street Paving	2022 GO Bond Construction	2024 GO Bond Construction	Railroad Viaduct	Total
-	13,985	11,893	-	666	26,544
-	-	-	-	-	302,313
-	-	-	-	25,000	61,700
-	13,985	11,893	-	25,666	390,557
97,463	270,192	420,050	51,718	19,630	1,284,235
97,463	270,192	420,050	51,718	19,630	1,284,235
(97,463)	(256,207)	(408,157)	(51,718)	6,036	(893,678)
-	-	-	1,450,000	-	1,450,000
-	477,369	-	-	-	892,836
-	-	-	-	-	(30,500)
-	477,369	-	1,450,000	-	2,312,336
(97,463)	221,162	(408,157)	1,398,282	6,036	1,418,658
-	639,380	639,937	-	25,489	989,799
(97,463)	860,542	231,780	1,398,282	31,525	2,408,457
-	860,542	231,780	1,398,282	31,525	2,530,432
(97,463)	-	-	-	-	(121,975)
(97,463)	860,542	231,780	1,398,282	31,525	2,408,457

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, 2024

	Water Infrastructure	Sewer Infrastructure	Customer Deposits	Fuel
<b>Operating receipts:</b>				
Charges for service	\$ 6,053	32	30,520	45,503
Refunds	-	-	-	-
Miscellaneous	-	-	-	3,167
Total operating receipts	6,053	32	30,520	48,670
<b>Operating disbursements:</b>				
Business-type activities	-	-	29,727	53,470
Excess (deficiency) of operating receipts over (under) operating disbursements	6,053	32	793	(4,800)
<b>Non-operating receipts (disbursements):</b>				
Interest on investments	-	-	-	-
Sewer grant	-	-	-	-
Capital projects	-	-	-	-
Net non-operating disbursements	-	-	-	-
Excess (deficiency) of receipts over (under) disbursements	6,053	32	793	(4,800)
Loan proceeds	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(11,459)	(26)	-	-
Net transfers	(11,459)	(26)	-	-
Change in cash balance	(5,406)	6	793	(4,800)
Cash balances, beginning of year	5,440	2	141,231	7,132
Cash balances, end of year	\$ 34	8	142,024	2,332
<b>Cash Basis Fund Balances</b>				
Restricted for:				
Other purposes	\$ -	-	142,024	-
Unassigned	34	8	-	2,332
Total cash basis fund balances	\$ 34	8	142,024	2,332

See accompanying independent auditor's report.

Recycling	West Water Tower	Tree	Wellness Center	Sewer Main Construction	Total
76,983	-	98,406	221,599	-	479,096
71,528	-	-	-	-	71,528
-	-	-	-	-	3,167
148,511	-	98,406	221,599	-	553,791
73,873	-	84,324	240,859	-	482,253
74,638	-	14,082	(19,260)	-	71,538
-	-	-	-	96	96
-	-	-	-	375,000	375,000
-	(747)	-	-	(547,131)	(547,878)
-	(747)	-	-	(172,035)	(172,782)
74,638	(747)	14,082	(19,260)	(172,035)	(101,244)
-	295,650	-	-	292,879	588,529
-	11,459	-	10,000	26	21,485
-	-	-	-	-	(11,485)
-	307,109	-	10,000	292,905	598,529
74,638	306,362	14,082	(9,260)	120,870	497,285
4,630	(300,682)	33,132	6,797	22,685	(79,633)
79,268	5,680	47,214	(2,463)	143,555	417,652
-	-	-	-	-	142,024
79,268	5,680	47,214	(2,463)	143,555	275,628
79,268	5,680	47,214	(2,463)	143,555	417,652

City of Oelwein, Iowa  
Schedule of Receipts by Source and Disbursements by Function  
Governmental Funds  
For the Last Ten Years

	2024	2023	2022	2021
<b>Receipts</b>				
Property tax	\$ 2,860,553	2,854,756	3,240,435	3,012,076
Local option sales tax	710,201	-	-	-
Tax increment financing	863,729	823,599	1,006,886	977,915
Other city tax	947,065	1,760,577	1,503,041	1,544,391
Licenses and permits	80,332	90,318	87,653	95,913
Use of money and property	301,157	153,069	75,188	74,074
Intergovernmental	1,724,671	2,190,770	3,252,374	1,169,261
Charges for service	228,717	231,906	201,963	182,760
Special assessments	51,538	55,897	86,057	2,667
Miscellaneous	1,389,618	1,244,173	415,476	1,028,815
	<u>\$ 9,157,581</u>	<u>9,405,065</u>	<u>9,869,073</u>	<u>8,087,872</u>
<b>Disbursements</b>				
Public safety	\$ 2,311,991	2,078,676	1,772,506	1,768,125
Public works	767,354	913,126	1,075,947	812,270
Health and social services	17,989	19,667	19,125	20,016
Culture and recreation	1,146,319	1,140,435	1,016,809	926,349
Community and economic development	1,012,984	697,751	939,768	986,416
General government	638,918	588,245	527,547	500,093
Debt service	1,374,465	1,458,354	4,679,015	1,577,912
Capital projects	3,111,385	2,527,004	3,636,179	3,087,107
	<u>\$ 10,381,405</u>	<u>9,423,258</u>	<u>13,666,896</u>	<u>9,678,288</u>

See accompanying independent auditor's report.

2020	2019	2018	2017	2016	2015
2,616,016	2,511,243	2,446,809	2,622,915	2,550,327	2,433,871
-	-	-	-	-	-
789,469	320,501	68,956	53,616	69,105	73,362
1,449,548	1,465,729	1,179,371	869,807	878,525	1,051,291
79,541	72,679	109,853	82,788	53,257	80,539
125,779	124,650	219,825	347,083	143,177	286,659
1,440,844	1,210,033	1,641,704	2,820,235	1,011,483	987,685
150,159	190,880	151,896	190,692	141,082	91,439
-	392	30,590	41,301	37,582	43,223
740,341	435,275	712,839	324,901	1,105,087	479,997
7,391,697	6,331,382	6,561,843	7,353,338	5,989,625	5,528,066
1,773,341	1,682,373	1,544,804	1,598,188	1,602,959	1,645,848
684,588	755,382	729,542	732,688	695,231	785,430
19,836	18,117	21,603	24,733	27,428	37,232
905,295	929,980	811,850	818,311	780,172	844,486
1,148,628	783,959	893,869	622,087	1,463,655	918,572
488,132	418,572	389,086	374,222	378,446	368,157
1,744,359	1,117,626	1,873,831	1,034,354	780,858	893,757
1,957,005	666,989	1,033,130	2,529,927	4,959,048	3,617,762
8,721,184	6,372,998	7,297,715	7,734,510	10,687,797	9,111,244



City of Oelwein, Iowa  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2024

Grantor/Program	Assistance Listings Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Transportation:			
Airport Improvement Program, COVID 19 Airport Program and Infrastructure Investment and Jobs Act Program	20.106		\$ 53,618
Total U.S. Department of Transportation:			<u>53,618</u>
U.S. Department of the Treasury:			
COVID-19, Coronavirus State and Local Fiscal Recovery Fund	21.027	FY2024	815,286
Total U.S. Department of the Treasury:			<u>815,286</u>
U.S. Department of Homeland Security:			
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		44,998
Passed through Iowa Department of Homeland Security and Emergency Management:			
BRIC: Building Resilient Infrastructure and Communities	97.047	EMK-2021-BR-041-0007	97,463
Total U.S. Department of Homeland Security			<u>142,461</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 - COVID	14.228	20-CVN-023	51,572
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	22-WS-021	594,616
Total U.S. Department of Housing & Urban Development			<u>646,188</u>
Total:			<u>\$ 1,657,553</u>

See accompanying independent auditor's report.

## City of Oelwein, Iowa

## Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

**(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, 2024. 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 U.S. generally accepted accounting principles. 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 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**(4) Sub-recipients**

The City of Oelwein did not pass through any federal funds to sub-recipients for the year ended June 30, 2024.

See accompanying independent auditor's report.

City of Oelwein, Iowa

Summary Schedule of Prior Audit Findings

Year ended June 30, 2024

Comment Reference	Comment Title	Status	If not corrected, provide reason for finding's recurrence and planned corrective action or other explanation
2023-001	Segregation of Duties	Not corrected.	The City continually weighs the costs and benefits of additional staff to address this issue.
2023-002	Charges for Services	Partially corrected.	The City continually weighs the costs and benefits of changes to a system on the utility billing.
2023-003	Special Tests and Provisions	Completed	

City of Oelwein, Iowa

Corrective Action Plan

Year ended June 30, 2024

Comment Number	Comment Title	Corrective Action Plan	Contact Person, Title and Phone	Anticipated Date of Completion
2024-001	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
2024-002	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
2024-003	Project and Expenditure Report	A policy and procedure will be established to ensure the annual Project and Expenditure Report is submitted with the correct amount prior to the deadline.	Dylan Mulfinger City Administrator 319-283-5440	June 30, 2025



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, 2024, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 15, 2024. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

**Report 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 2024-001 and 2024-002 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, 2024 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 15, 2024  
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 programs for the year ended June 30, 2024. The City's major federal programs are 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, 2024.

**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 programs.

**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 was 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 certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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 2024-003 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 15, 2024  
Humboldt, Iowa

CITY OF OELWEIN, IOWA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024

**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 which were prepared using cash receipts and disbursements method of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles.
- 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 programs:
  - Material weaknesses identified: **No**
  - Significant deficiencies identified: **Yes**
- e) Type of auditor's report issued on compliance for major programs: Unmodified
- f) Any audit findings disclosed that are required to be reported in accordance 2 CFR section 200.516(a):  
**Yes**
- g) Major programs:
  - Assistance Listing Number 21.027 – COVID-19, Coronavirus State and Local Fiscal Recovery Fund
- h) Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**
- i) Auditee qualified as a low-risk auditee: **No**

CITY OF OELWEIN, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

**Part II: Findings Related to the Financial Statements**

**INTERNAL CONTROL DEFICIENCIES:**

2024-001     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, 2024

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

Conclusion – Response accepted.

2024-002

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 – A properly designed system of internal control provides for the prevention or the detection and correction of material misstatements in a timely manner.

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

Effect – This could result in improper utility billing.

Recommendation – The utility rates entered into the system should be properly supported by documentation that is periodically reviewed for changes that may be needed.

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, 2024

**Part III: Findings and Questioned Costs for Federal Awards**

**INSTANCES OF NON-COMPLIANCE:**

None were noted.

**INTERNAL CONTROL DEFICIENCIES:**

**Assistance Listing Number 21.027: COVID-19, Coronavirus State and Local  
Fiscal Recovery Fund**

**Federal Award Year: 2024**

**Prior Year Finding Number: N/A**

**U.S. Department of the Treasury**

2024-003     Project and Expenditure Report

Criteria – The Uniform Guidance, Part 200.303, requires the auditee establish and maintain effective internal control over the federal award which provides reasonable assurance the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms of the federal award. The City is required to submit an annual project and expenditures report.

The Compliance and Reporting Guidance, State and Local Fiscal Recovery Funds, requires the annual report be submitted to the U.S. Treasury by April 30, each year.

Condition – The required report was submitted on time but the expended amount was incorrect.

Cause – City procedures have not been established to ensure the report is submitted with the correct amount.

Effect – The lack of established policies and procedures resulted in the incorrect amount submitted on the required report.

Recommendation – The City should establish a policies and procedures to ensure reports are submitted timely with the correct amount in accordance with the Compliance and Reporting Guidance.

Response and Corrective Action Planned – A policy and procedure will be established to ensure the annual Project and Expenditure Report is submitted with the correct amount prior to the deadline.

Conclusion – Response accepted.

CITY OF OELWEIN, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

**Part IV: Other Findings Related to Required Statutory Reporting**

- 2024-A Certified Budget – Disbursements during the year ended June 30, 2024 did not exceed the amounts budgeted.
- 2024-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.
- 2024-C Travel Expense – No disbursements of the City’s money for travel expense of spouses of its officials or employees were noted.
- 2024-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
Dave Garrigus, Council Member Greg Bryan, Airport Board Member Owners of Bryan Construction	Residential & Commercial building demolition	\$ 114,974
Brandon Dejong, City Employee	Forgivable downtown business grant	20,000
Brett Devore, City Mayor Owner of Cutting Edge	Shirts and other items	3,253

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions listed above do not appear to represent conflicts of interest since total transactions were less than \$6,000 during the fiscal year or they were entered into through competitive bidding in accordance with Chapter 362.5(3)(d) of the Code of Iowa.

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.

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.

- 2024-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.

CITY OF OELWEIN, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

- 2024-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.
- 2024-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.
- 2024-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.
- 2024-I Revenue Bonds and Notes – No instances of non-compliance with the revenue bond and note resolutions were noted.
- 2024-J Financial Condition – The Capital Projects – Airport Grant fund, Industrial Park 3<sup>rd</sup> Addition and Cares Act fund had deficit balances of \$24,512, \$97,463 and \$200,096, respectively at June 30, 2024. The Proprietary – Wellness Center fund had a deficit balance of \$2,463 at June 30, 2024.
- Recommendation – The City should investigate alternatives to eliminate this deficit in order to return these funds to a sound financial position.
- Response – The city works to ensure that all accounts do not carry a deficit. This can be difficult as the city works on a reimbursement basis for some projects. The problem with a reimbursement basis is that contractors do not finish on time and the City must wait to close out a project and carry the deficit of the project.
- Conclusion – Response accepted.
- 2024-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.