

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

**JUNE 30, 2022**

**DRAFT**

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

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City of Oelwein, Iowa

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Brett DeVore	Mayor	December 2023
Matt Weber	Council Member	December 2023
Dave Lenz	Council Member	December 2025
Lynda Payne	Council Member	December 2023
Dave Garrigus	Council Member	December 2025
Karen Seeders	Council Member	December 2025
Tom Stewart	Council Member	December 2023
Dylan Mulfinger	City Administrator	Indefinite
Barb Rigdon	Deputy City Clerk	Indefinite
Patrick Dillion	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, 2022, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements 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, 2022, 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 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.

Emphasis of Matter

The City adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, *Leases*. 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.

In preparing the financial statements, management is required to evaluate whether 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### 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 six years ended June 30, 2022, and other auditors previously audited in accordance with standards referred to in the third paragraph of this report, the financial statements for the four years ended June 30, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 7, 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 auditing standards generally accepted in the United States of America. 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 the annual 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 4 through 11 and 35 through 42, but does not include the basic financial statements and our auditor's report there on. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any assurance on it.

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 10, 2022 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 10, 2022  
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, 2022. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2022 FINANCIAL HIGHLIGHTS**

- Receipts of the City's governmental activities increased 76.9%, or approximately \$6,320,000, from fiscal 2021 to fiscal 2022. The increase in receipts was primarily due to an increase in capital grants and contributions from \$53,000 in fiscal 2021 to approximately \$2.2 million in fiscal 2022, along with loan proceeds increasing from \$68,000 in fiscal 2021 to approximately \$4.53 million in fiscal 2022.
- Disbursements in the City's governmental activities increased 30.8%, or approximately \$2,980,000, in fiscal 2022 from fiscal 2021. The increase in disbursements was largely attributed to increased expenditures for capital projects and debt service payments.
- The City's total cash basis net position increased approximately \$1,601,000 from June 30, 2021 to June 30, 2022. Of this amount, the assets of the governmental activities increased approximately \$2,041,000 and the assets of the business-type activities decreased approximately \$440,000.

### **USING THIS ANNUAL REPORT**

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

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

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

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

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

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

Supplementary Information provides detailed information about the nonmajor governmental and proprietary funds and the City's indebtedness.

### **BASIS OF ACCOUNTING**

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

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

### *Government-wide Financial Statement*

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

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

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

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

### *Fund Financial Statements*

The City has two kinds of funds:

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

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

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

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

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from \$5.9 million to \$7.9 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.



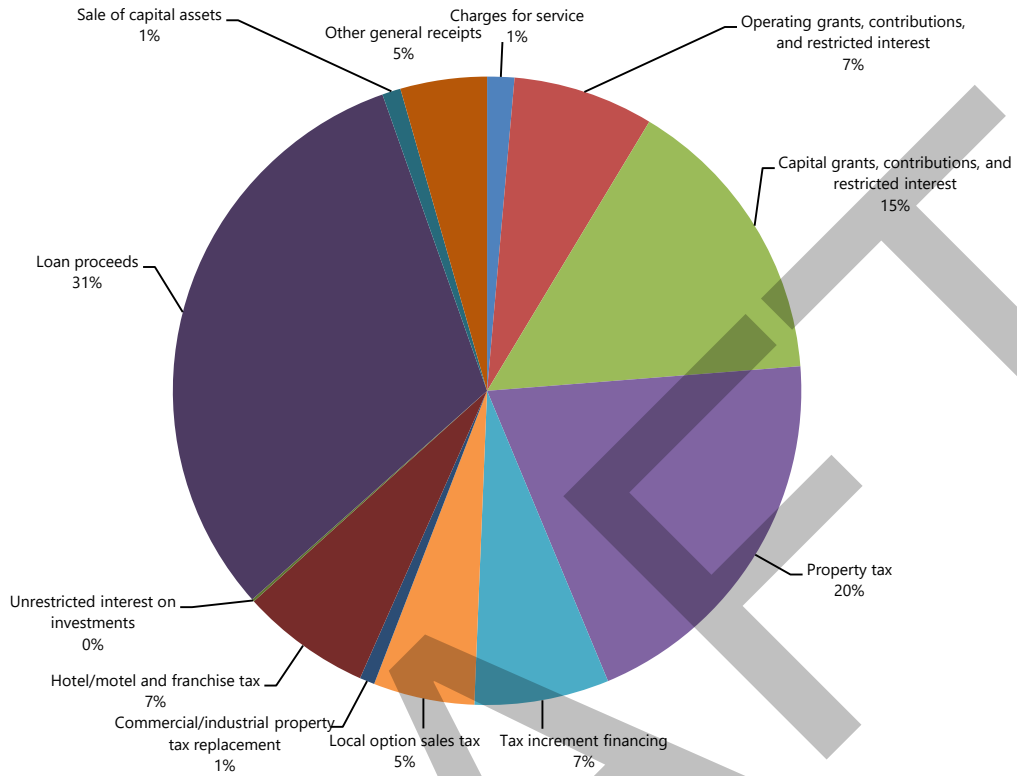
Changes in Cash Basis Net Position of Governmental Activities  
(Expressed in Thousands)

	Year ended June 30,	
	2022	2021
Receipts:		
Program receipts:		
Charges for service	\$ 202	183
Operating grants, contributions, and restricted interest	1,053	1,116
Capital grants, contributions, and restricted interest	2,199	53
General receipts:		
Property tax	2,902	2,899
Tax increment financing	1,007	978
Local option sales tax	757	652
Commercial/industrial property tax replacement	111	114
Hotel/motel and franchise tax	973	892
Unrestricted interest on investments	18	26
Loan proceeds	4,530	68
Sale of capital assets	137	61
Other general receipts	648	1,175
Total receipts	<u>14,537</u>	<u>8,217</u>
Disbursements:		
Public safety	1,773	1,768
Public works	1,076	812
Health and social services	19	20
Culture and recreation	1,017	926
Community and economic development	940	986
General government	528	500
Debt service	3,669	1,578
Capital projects	3,636	3,087
Total disbursements	<u>12,657</u>	<u>9,677</u>
Change in cash basis net position before transfers	1,880	(1,460)
Transfers, net	<u>161</u>	<u>240</u>
Change in cash basis net position	2,041	(1,220)
Cash basis net position, beginning of year	<u>5,875</u>	<u>7,095</u>
Cash basis net position, end of year	<u>\$ 7,916</u>	<u>5,875</u>

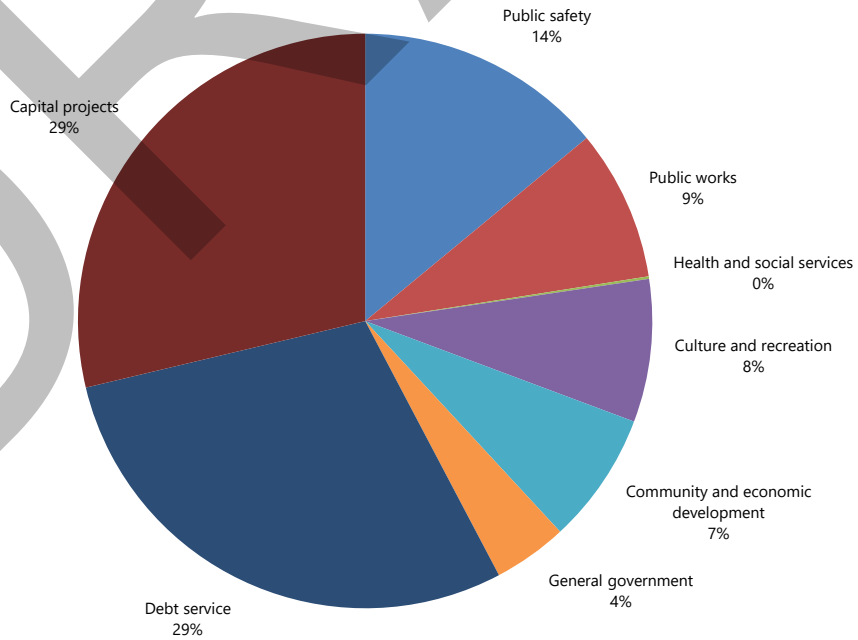
The City's total receipts for governmental activities increased by 76.9%, or approximately \$6,320,000, from the prior year. The total cost of all programs and services increased by approximately \$2,980,000, or 30.8%. The increase in receipts was primarily the result of increased amounts of capital grants, contributions, and loan proceeds in the current year compared to the previous year.

The cost of all governmental activities this year was approximately \$12.7 million compared to approximately \$9.7 million last year. However, as shown in the Statement of Activities and Net Position on pages 11, the amount taxpayers ultimately financed for these activities was only \$9.2 million because some of the cost was paid by those directly benefited from the programs (\$201,963) or by other governments and organizations which subsidized certain programs with grants, contributions, and restricted interest (\$3,252,374). The City paid for the remaining "public benefit" portion of governmental activities with property tax (some of which could only be used for certain programs) and with other receipts, such as interest, local option sales tax, and miscellaneous receipts.

## Receipts by Source



## Disbursements by Function



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

	Year ended June 30,	
	2022	2021
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 1,271	1,119
Sewer	1,656	1,499
Other	1,173	1,238
Capital grants, contributions, and restricted interest	45	-
General receipts:		
Unrestricted interest on investments	6	10
Bond proceeds	-	178
Other general receipts	4	5
Total receipts	<u>4,155</u>	<u>4,049</u>
Disbursements:		
Water	1,183	966
Sewer	1,586	1,508
Other	1,665	1,256
Total disbursements	<u>4,434</u>	<u>3,730</u>
Change in cash basis net position before transfers	(279)	319
Transfers, net	<u>(161)</u>	<u>(240)</u>
Change in cash basis net position	(440)	79
Cash basis net position, beginning of year	<u>2,728</u>	<u>2,649</u>
Cash basis net position, end of year	<u>\$ 2,288</u>	<u>2,728</u>

Total business-type activity receipts for the fiscal year were approximately \$4.15 million compared to approximately \$4.05 million last year. The increase is due to higher receipts year-over-year for charges for services.

**INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Oelwein completed the year, its governmental funds reported a combined fund balance of \$7,915,507, an increase of \$2,041,114 from last year's total of \$5,874,393. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$127,237 from the prior year to \$1,103,332. The increase was due to planned operations of the fund.
- The Debt Service Fund cash balance increased \$206,878 to \$336,682. This was due to planned operations of the fund and paying debt according to debt schedules.
- The Capital Projects, 2022 GO Bond Construction fund was a new fund addition in fiscal 2022, and reported an ending cash balance of \$465,030.

**INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Water Fund cash balance decreased \$18,524 from the prior year to \$459,328, due primarily to planned operations of the fund and an increase in debt service payments during the year.

- The Sewer Fund cash balance increased \$105,604 from the prior year to \$1,035,353, due primarily 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 23, 2022 and resulted in increases to various categories of revenues and expenditures. The most significant increase was to budget for additional intergovernmental and other financing sources, and capital project and enterprise activities expenditures. During the year ended June 30, 2022, disbursements for public works, debt service, and capital projects exceeded budgeted limits.

## DEBT ADMINISTRATION

At June 30, 2022, the City had \$16.1 million in bonds and other long-term debt outstanding, compared to \$15.9 million last year, as shown below.

	Outstanding Debt at Year-End (Expressed in Thousands)	
	Year ended June 30,	
	2022	2021
General obligation bonds	\$ 9,750	8,915
Revenue notes	5,101	5,674
Other long-term debt	1,263	1,297
Total	\$ 16,114	15,886

Debt increased slightly due to the net effect of \$4.5 million in new debt being issued, offset by scheduled payments of \$4.3 million 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 \$9.75 million is below its constitutional debt limit of approximately \$15.7 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 2023 budget, tax rates and fees charged for various City activities. One of those factors is the economy. Unemployment in the City now stands at 2.5% versus 5.1% a year ago. This compares with the State's unemployment rate of 2.6% and the national rate of 3.7%.

These indicators were taken into account when adopting the budget for fiscal year 2023. Amounts available for appropriation in the operating budget are approximately \$12.5 million, a decrease of 26.4% over the final fiscal year 2022 budget. The decrease is due to the City budgeting less from intergovernmental funding, along with lower funding from other financing sources in the next fiscal year. Budgeted disbursements decreased approximately \$640,000, or 4.1% over the prior fiscal year. The decrease is due to lower budgeted debt service payments in fiscal 2023. The City has added no major new programs or initiatives to the fiscal year 2023 budget.

If the estimates are realized, the City's cash balance is expected to decrease approximately \$2.6 million by the close of fiscal year 2023.

**CONTACTING THE CITY’S FINANCIAL MANAGEMENT**

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

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**Basic Financial Statements**

City of Oelwein, Iowa  
Cash Basis Statement of Activities and Net Position  
As of and for the year ended June 30, 2022

	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	\$ 1,772,506	55,811	164,377	-
Public works	1,075,947	12,013	830,685	79,129
Health and social services	19,125	-	-	-
Culture and recreation	1,016,809	134,139	45,451	258,750
Community and economic development	939,763	-	12,472	200,000
General government	527,547	-	-	-
Debt service	3,669,319	-	-	-
Capital projects	3,635,625	-	-	1,661,510
Total governmental activities	<u>12,656,641</u>	<u>201,963</u>	<u>1,052,985</u>	<u>2,199,389</u>
Business-type activities:				
Water	1,183,190	1,271,056	-	-
Sewer	1,585,508	1,655,877	-	-
Other business-type activities	1,665,222	1,172,700	-	44,776
Total business-type activities	<u>4,433,920</u>	<u>4,099,633</u>	<u>-</u>	<u>44,776</u>
Total functions/programs	<u>\$ 17,090,561</u>	<u>4,301,596</u>	<u>1,052,985</u>	<u>2,244,165</u>
<b>General Receipts and Transfers:</b>				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Commercial/industrial property tax replacement				
Hotel/motel and franchise tax				
Unrestricted interest on investments				
Loan proceeds				
Miscellaneous				
Sale of capital assets				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position, beginning of year				
Cash basis net position, end of year				
<b>Cash Basis Net Position</b>				
Restricted:				
Nonexpendable:				
Cemetery perpetual care				
Expendable:				
Streets				
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
(1,552,318)	-	(1,552,318)
(154,120)	-	(154,120)
(19,125)	-	(19,125)
(578,469)	-	(578,469)
(727,291)	-	(727,291)
(527,547)	-	(527,547)
(3,669,319)	-	(3,669,319)
(1,974,115)	-	(1,974,115)
<u>(9,202,304)</u>	<u>-</u>	<u>(9,202,304)</u>
-	87,866	87,866
-	70,369	70,369
-	(447,746)	(447,746)
-	(289,511)	(289,511)
<u>(9,202,304)</u>	<u>(289,511)</u>	<u>(9,491,815)</u>
2,379,089	-	2,379,089
522,804	-	522,804
1,006,886	-	1,006,886
757,202	-	757,202
111,382	-	111,382
972,998	-	972,998
18,010	5,660	23,670
4,529,805	-	4,529,805
647,752	4,496	652,248
136,696	-	136,696
160,794	(160,794)	-
<u>11,243,418</u>	<u>(150,638)</u>	<u>11,092,780</u>
2,041,114	(440,149)	1,600,965
5,874,393	2,727,842	8,602,235
<u>\$ 7,915,507</u>	<u>2,287,693</u>	<u>10,203,200</u>
\$ 292,811	-	292,811
-	-	-
-	-	-
336,682	227,383	564,065
6,155,970	141,515	6,297,485
1,130,039	1,918,795	3,048,834
<u>\$ 7,915,507</u>	<u>2,287,693</u>	<u>10,203,200</u>



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, 2022

	General	Debt Service	Capital Projects		Total
			2022 GO Bond Construction	Nonmajor	
<b>Receipts:</b>					
Property tax	\$ 1,487,790	511,439	-	1,014,046	3,013,275
Tax increment financing	-	-	-	1,006,886	1,006,886
Other city tax	80,409	11,366	-	1,638,425	1,730,200
Licenses and permits	87,653	-	-	-	87,653
Use of money and property	67,697	883	590	4,826	73,996
Intergovernmental	209,828	-	902,487	2,140,059	3,252,374
Charges for service	201,963	-	-	-	201,963
Special assessments	-	-	-	86,057	86,057
Miscellaneous	56,970	-	-	361,086	418,056
Total receipts	<u>2,192,310</u>	<u>523,688</u>	<u>903,077</u>	<u>6,251,385</u>	<u>9,870,460</u>
<b>Disbursements:</b>					
<b>Operating:</b>					
Public safety	1,243,537	-	-	528,969	1,772,506
Public works	86,133	-	-	989,814	1,075,947
Health and social services	-	-	-	19,125	19,125
Culture and recreation	803,336	-	-	213,473	1,016,809
Community and economic dev.	-	-	-	939,763	939,763
General government	426,667	-	-	100,880	527,547
Debt service	-	3,669,319	-	-	3,669,319
Capital projects	137,555	-	1,385,087	2,112,983	3,635,625
Total disbursements	<u>2,697,228</u>	<u>3,669,319</u>	<u>1,385,087</u>	<u>4,905,007</u>	<u>12,656,641</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(504,918)</u>	<u>(3,145,631)</u>	<u>(482,010)</u>	<u>1,346,378</u>	<u>(2,786,181)</u>
<b>Other financing sources (uses):</b>					
Sale of capital assets	-	-	-	136,696	136,696
Loan proceeds	-	-	4,120,000	409,805	4,529,805
Transfers in	643,158	3,275,437	-	1,829,467	5,748,062
Transfers out	(11,000)	-	(3,172,960)	(2,403,308)	(5,587,268)
Net other financing sources (uses)	<u>632,158</u>	<u>3,275,437</u>	<u>947,040</u>	<u>(27,340)</u>	<u>4,827,295</u>
Change in cash balances	127,237	129,804	465,030	1,319,038	2,041,114
Cash balances, beginning of year	976,095	206,878	-	4,691,420	5,874,393
Cash balances, end of year	<u>\$ 1,103,332</u>	<u>336,682</u>	<u>465,030</u>	<u>6,010,458</u>	<u>7,915,507</u>
<b>Cash Basis Fund Balances</b>					
Nonspendable	\$ -	-	-	292,811	292,811
<b>Restricted for:</b>					
Streets	-	-	-	-	-
Employee benefits	-	-	-	-	-
Debt service	-	336,682	-	-	336,682
Other purposes	-	-	465,030	5,690,940	6,155,970
Committed	-	-	-	217,993	217,993
Unassigned	1,103,332	-	-	(191,286)	912,046
Total cash basis fund balances	<u>\$ 1,103,332</u>	<u>336,682</u>	<u>465,030</u>	<u>6,010,458</u>	<u>7,915,507</u>

See notes to financial statements.

## 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, 2022

	Enterprise			Total
	Water	Sewer	Nonmajor	
<b>Operating receipts:</b>				
Charges for service	\$ 1,271,056	1,655,877	1,172,700	4,099,633
Intergovernmental	-	-	44,776	44,776
Miscellaneous	-	-	4,496	4,496
Total operating receipts	<u>1,271,056</u>	<u>1,655,877</u>	<u>1,221,972</u>	<u>4,148,905</u>
<b>Operating disbursements:</b>				
Business-type activities	<u>833,024</u>	<u>815,417</u>	<u>1,045,762</u>	<u>2,694,203</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>438,032</u>	<u>840,460</u>	<u>176,210</u>	<u>1,454,702</u>
<b>Non-operating receipts (disbursements):</b>				
Interest on investments	(2,256)	3,335	4,581	5,660
Loan proceeds	-	-	-	-
Debt service	(328,896)	(680,800)	-	(1,009,696)
Capital projects	(21,270)	(89,291)	(619,460)	(730,021)
Net non-operating receipts (disbursements)	<u>(352,422)</u>	<u>(766,756)</u>	<u>(614,879)</u>	<u>(1,734,057)</u>
Excess (deficiency) of receipts over (under) disbursements	<u>85,610</u>	<u>73,704</u>	<u>(438,669)</u>	<u>(279,355)</u>
Transfers in		51,900	2,174	54,074
Transfers out	(104,134)	(20,000)	(90,734)	(214,868)
Net transfers in (out)	<u>(104,134)</u>	<u>31,900</u>	<u>(88,560)</u>	<u>(160,794)</u>
Change in cash balances	(18,524)	105,604	(527,229)	(440,149)
Cash balances, beginning of year	<u>477,852</u>	<u>929,749</u>	<u>1,320,241</u>	<u>2,727,842</u>
Cash balances, end of year	<u>\$ 459,328</u>	<u>1,035,353</u>	<u>793,012</u>	<u>2,287,693</u>
<b>Cash Basis Fund Balances</b>				
Restricted for:				
Debt service	\$ 128,039	99,344	-	227,383
Other purposes	-	-	141,515	141,515
Unrestricted	<u>331,289</u>	<u>936,009</u>	<u>651,497</u>	<u>1,918,795</u>
Total cash basis fund balances	<u>\$ 459,328</u>	<u>\$ 1,035,353</u>	<u>793,012</u>	<u>2,287,693</u>

See notes to financial statements.

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

**(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, 2022

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.

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.

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Capital Projects:

The 2022 G.O. Bond Construction Fund accounts for receipts and disbursements intended for general infrastructure improvements for the City.

The City reports the following major proprietary funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Property Taxes and Governmental Cash Basis Fund Balances

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

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, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects tax asking contained in the budget certified to the City Council in March 2021.

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

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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

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

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

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

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2022, disbursements exceeded the amounts budgeted in the Public Works, Debt Service, and Capital Projects functions.

F. Subsequent Events

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through October 10, 2022, the date the financial statements were available to be issued.

The City entered into a contract with Bryan Construction, Inc. in September 2022 for the Residential and Commercial Building Demolition Project, in the amount of \$235,146.

The City received approximately \$441,000 of American Rescue Plan Act (ARPA) grant funds during the year ended June 30, 2022. Subsequent to year-end, the City received another \$441,000 of APRA grant funds. The City plans to use the funds for a sewer project in the next fiscal year. The project costs estimate to be approximately \$1.8 million, which will also be partially funded with CDBG funds.

(2) **Cash and Pooled Investments**

The City's deposits in banks at June 30, 2022 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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

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

**(3) Bonds, Notes and Leases Payable**

A summary of changes in bonds and notes payable for the year ended June 30, 2022 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
<b>Governmental activities:</b>					
Urban Renewal Tax Increment	\$ 5,845,000	-	2,845,000	3,000,000	450,000
General Obligation Bonds	3,070,000	4,120,000	440,000	6,750,000	665,000
Other long-term debt	1,297,598	-	34,474	1,263,124	34,819
Governmental activities total	<u>\$ 10,212,598</u>	<u>4,120,000</u>	<u>3,319,474</u>	<u>11,013,124</u>	<u>1,149,819</u>
<b>Business type activities:</b>					
Water Revenue Notes	\$ 2,183,514	407,592	368,969	2,222,137	379,000
Sewer Revenues Notes	3,490,000	-	611,000	2,879,000	595,000
Business type activities total	<u>\$ 5,673,514</u>	<u>407,592</u>	<u>979,969</u>	<u>5,101,137</u>	<u>974,000</u>

General Obligation Debt

A summary of the City’s June 30, 2022 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
2023	2.80%	\$ 450,000	104,600	1.40%	\$ 135,000	9,948
2024	3.10%	460,000	92,000	1.40%	60,000	8,058
2025	3.40%	470,000	77,740	1.65%	75,000	7,068
2026	3.60%	485,000	61,760	1.65%	75,000	5,830
2027-2031	3.80-4.00%	1,135,000	67,700	2.00-2.10%	210,000	10,590
2032-2036		-	-		-	-
Total		<u>\$ 3,000,000</u>	<u>403,800</u>		<u>\$ 555,000</u>	<u>41,494</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
2023	2.00%	\$ 210,000	41,500	2.125%	\$ 320,000	102,136
2024	2.00%	210,000	37,300	2.125%	340,000	83,100

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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
2027-2031	2.00%	1,040,000	74,900	2.125%	1,890,000	226,694
2032-2036	2.00%	170,000	3,400	2.25-2.50%	870,000	43,988
Total		<u>\$ 2,075,000</u>	<u>218,900</u>		<u>\$ 4,120,000</u>	<u>600,337</u>

Year Ending June 30,	Totals		
	Principal	Interest	Totals
2023	\$ 1,115,000	258,184	1,373,184
2024	1,070,000	220,458	1,290,458
2025	1,110,000	193,783	1,303,783
2026	1,140,000	164,834	1,304,834
2027-2031	4,275,000	379,884	4,654,884
2032-2036	1,040,000	47,388	1,087,388
Total	<u>\$ 9,750,000</u>	<u>1,264,529</u>	<u>11,014,529</u>

On September 1, 2011, the City issued \$2,885,000 of general obligation and refunding bonds with an interest rate ranging from 2.0-2.9% per annum. The bonds were issued for expenses related to the acquisition of equipment for the police, street and public works departments. During the year ended June 30, 2022, the City retired the outstanding amount due with a \$100,000 principal payment and \$2,900 of interest on the bonds.

On May 1, 2014, the City issued \$3,455,000 of urban renewal general obligation bonds with an interest rate ranging from 2.0-4.0% per annum. The bonds were issued for expenses related for the acquisition of a police station. During the year ended June 30, 2022, the City retired the outstanding amount due with a \$2,405,000 principal payment and \$87,325 of interest on the bonds.

On February 16, 2016, the City issued \$4,300,000 of urban renewal general obligation bonds with an interest rate ranging from 2.0-4.0% per annum. The bonds were issued for expenses related to making an urban renewal economic development grant to Oelwein Chamber and Area Development Inc. in connection with the acquisition of East Penn Manufacturing real estate. During the year ended June 30, 2022, the City paid \$440,000 of principal and \$115,600 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, 2022, the City paid \$135,000 of principal and \$11,703 of interest on the bonds.

On February 25, 2020, the City issued \$2,385,000 of general obligation bonds with an interest rate of 2.0% per annum. The bonds were issued for expenses related to improvements to streets, the acquisition of emergency communication equipment for the police department, the acquisition of equipment for the fire department, improvements and adding trails to the City's system of trails, and improvements and upgrading equipment at the Municipal Swimming Pool. During the year ended June 30, 2021, the City paid \$205,000 of principal and \$45,600 of interest on the bonds.



CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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. Principal and interest payments will commence in FY 2023.

Revenue Notes

A summary of the City's June 30, 2022 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
2023	3.0%	\$ 535,000	39,148	3.0%	\$ 100,000	12,570
2024	3.0%	551,000	29,785	3.0%	103,000	9,570
2025	3.0%	567,000	20,143	3.0%	106,000	6,480
2026	3.0%	584,000	10,220	3.0%	110,000	3,300
2027-2031	-	-	-	-	-	-
2032-2036	-	-	-	-	-	-
2037-2038	-	-	-	-	-	-
Total		\$ 2,237,000	99,296		\$ 419,000	31,920

Year Ending June 30,	Sewer Issued Nov. 9, 2012			Water Issued Sept. 22, 2016		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2023	2.0%	\$ 45,000	8,663	1.55%	\$ 75,000	7,470
2024	2.0%	46,000	7,875	1.85%	75,000	6,308
2025	2.0%	47,000	7,070	1.85%	80,000	4,920
2026	2.0%	48,000	6,248	2.15%	80,000	3,440
2027-2031	2.0%	255,000	18,288	2.15%	80,000	1,720
2032-2036	2.0%	54,000	945	-	-	-
2037-2038	-	-	-	-	-	-
Total		\$ 495,000	49,489		\$ 390,000	23,858

Year Ending June 30,	Sewer Issued Apr 13, 2018			Water Issued Apr. 13, 2018		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2023	2.0%	\$ 15,000	4,655	2.0%	\$ 65,000	21,245
2024	2.0%	16,000	4,393	2.0%	66,000	20,108
2025	2.0%	16,000	4,113	2.0%	68,000	18,953
2026	2.0%	16,000	3,833	2.0%	69,000	8,881
2027-2031	2.0%	87,000	14,770	2.0%	367,000	70,158
2032-2036	2.0%	30,000	3,745	2.0%	405,000	36,768

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

2037-2038	-	-	2.0%	95,969	4,585
Total	\$ 180,000	35,509		\$ 1,135,969	180,698

Year Ending June 30,	Water			Totals		
	Issued May 28, 2021					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2023	1.75%	\$ 139,000	10,019	\$ 974,000	103,769	1,077,769
2024	1.75%	142,000	7,595	999,000	85,633	1,084,633
2025	1.75%	145,000	5,110	1,029,000	66,788	1,095,788
2026	1.75%	147,000	2,573	1,054,000	38,494	1,092,494
2027-2031		-	-	789,000	104,935	893,935
2032-2036		-	-	489,000	41,458	530,458
2037-2038		-	-	95,969	4,585	100,554
Total		\$ 573,000	25,297	\$ 5,429,969	445,662	5,875,631

The City has pledged future water customer receipts, net of specific operating disbursements to repay \$3,546,000 in revenue bonds issued in September 2010, September 2016, April 2018, and May 2021. Proceeds from the notes provided financing for the improvements to the water distribution system. The notes are payable solely from water customer net receipts and are payable through 2038. The total principal and interest remaining to be paid on the notes is \$2,779,742. For the current year, principal and interest paid and total customer net receipts were \$438,033 and \$414,195, respectively.

The City has pledged future sewer customer receipts, net of specific operating disbursements to repay \$10,192,000 in revenue bonds issued in June 2005, November 2012 and April 2018. Proceeds from the notes provided financing for the construction and improvements to the sewer treatment system. The notes are payable solely from sewer customer net receipts and are payable through 2035. The total principal and interest remaining to be paid on the notes is \$3,096,294. For the current year, principal and interest paid and total customer net receipts were \$672,075 and \$840,465, 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.

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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 \$1,427,103.

For the current year, principal and interest paid to the USDA by the City were \$47,389 and payments received from businesses to the City were \$279,040. A summary of the City's June 30, 2022 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
2023	18,102	3,123	16,717	4,508	-	5,000	34,819	12,631
2024	18,283	2,942	16,884	4,341	16,223	5,000	51,390	12,283
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
2027-2031	96,086	10,039	88,734	17,388	85,260	20,854	270,080	48,281
2032-2036	100,988	5,337	93,260	12,865	89,609	16,505	283,857	34,707
2037-2041	41,714	696	98,018	8,107	94,180	11,934	233,912	20,737
2042-2046	-	-	102,947	3,108	98,984	7,130	201,931	10,238
2047-2050	-	-	-	-	82,810	2,080	82,810	2,080
	\$ 312,289	27,472	450,836	58,492	500,000	78,015	1,263,125	163,978

**(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.

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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 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 2022, 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, 2022 totaled \$150,850.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the City reported a liability of \$29,613 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 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, 2021, the City's proportion was 0.021123%, which was an increase of 0.000099% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City's pension expense, deferred outflows of resources, and deferred inflows of resources totaled (\$102,958), \$194,891 and \$1,248,538, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase	3.25 to 16.25% average, including inflation.

CITY OF OELWEIN, IOWA  
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(effective June 30, 2017)	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, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Health Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43 %
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
	<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.

CITY OF OELWEIN, IOWA  
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JUNE 30, 2022

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 1,048,098	29,613	(823,943)

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).

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

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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.

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, 2022.

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 26.18% for the year ended June 30, 2022.

The City's contributions to MFPRSI for the year ended June 30, 2022 totaled \$178,422.

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, 2022.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the City reported a liability of \$464,327 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021 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, 2021, the City's proportion was 0.206759%, which was a decrease of 0.000039% from its proportion measured as of June 30, 2020.

CITY OF OELWEIN, IOWA  
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For the year ended June 30, 2022, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$12,849, \$278,967 and \$988,678, respectively.

Actuarial Assumptions – The total pension liability in the June 30, 2021 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, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2007 through June 30, 2017.

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

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

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

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

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



CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 1,374,042	464,327	(290,683)

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 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, 2022, the City contributed \$551,427 and plan members eligible for benefits contributed \$63,698 to the plan. At June 30, 2022, 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, 2022, there were 32 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, 2022, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 113,076
Sick Leave	680,088
Total	\$ 793,165

This liability has been computed based on rates of pay in effect at July 1, 2022.

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

**(7) Deficit Balances**

At June 30, 2022, the following funds had deficit balances:

Capital Projects:

Airport Grant	\$ (16,820)
West Water Tower	(174,466)

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

**(8) Interfund Transfers**

The detail of interfund transfers, for the year ended June 30, 2022 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Road Use Tax	\$ 20,000
	Emergency	45,891
	Local Option Sales Tax	225,345
	Hotel-Motel Tax	32,672
	Gas-Electric Franchise	187,590
	Economic Development	55,000
	Enterprise:	
	Water	20,000
	Landfill	36,660
	Sewer	20,000
		643,158
Special Revenue: Economic Development	Special Revenue:	
	Local Option Sales Tax	525,804
	Downtown TIF	75,000
	CDBG Housing Rehab	555
		601,359
Special Revenue: Downtown Business Grants	Special Revenue: Economic Development	150,000
Special Revenue: Volunteer Fire Department	General	11,000
Debt Service	Special Revenue:	
	Gas-Electric Franchise	254,340
	East Penn	664,003
		918,343

CITY OF OELWEIN, IOWA  
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JUNE 30, 2022

Enterprise: Water Bond Sinking	Enterprise: Water	416,479
Enterprise: Sewer Bond Sinking	Enterprise: Sewer Sewer Infrastructure	628,920 51,900 <u>680,820</u>
Capital Projects: Oelwein Housing Teardown	Special Revenue: Economic Development	24,900
	Capital Projects: 2022 GO Bond	150,000 <u>174,900</u>
Capital Projects: Airport Grant	Special Revenue: Economic Development	<u>43,906</u>
Capital Projects: Tri Park Trail Extension	Special Revenue: Hotel-Motel Tax	10,000
	Capital Projects: 2022 GO Bond	250,000 <u>260,000</u>
Enterprise: 42 Well Rehab	Enterprise: Water Infrastructure Fee	<u>2,174</u>
Capital Projects: 10 <sup>th</sup> Street Paving	Special Revenue: Special Assessments	88,859
	Capital Projects: 2022 GO Bond	500,000 <u>588,589</u>
		<u>\$ 4,490,996</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.

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

**(10) 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 \$175,000 at June 30, 2022.

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, 2022 were \$213,812. This agreement is perpetual unless otherwise terminated or dissolved. The City is assessed a fee based on tonnage received at the landfill. The fee is adjusted annually.

The City has contracted with Black Hawk Waste Disposal for the collection and hauling of residential solid waste. The City bills and collects the fees for this service according to the rates prescribed in the agreement. Total payments by the City under this agreement for the year ended June 30, 2022 were \$339,829. This agreement extends through April 1, 2023.

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

**(11) Development Agreement**

Forsyth Management Company, LLC - The City agreed to pay an amount not to exceed \$750,000 subject to annual appropriation by the City Council. The agreement requires up to ten annual payments, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2022, the City rebated \$50,271 of incremental property tax to the developer. At June 30, 2022 the remaining balance to be paid on the agreement was approximately \$319,487.

Dean's Honda/Steil's Studio of Dance - The City agreed to pay an amount not to exceed \$130,000 subject to annual appropriation by the City Council. The agreement requires up to seven annual payments, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2022, the City rebated \$16,192 of incremental property tax to the developer. At June 30, 2022 the remaining balance to be paid on the agreement was approximately \$43,597.

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, 2022, the City rebated \$36,512 of incremental property tax to the developer. At June 30, 2022 the remaining balance to be paid on the agreement was approximately \$297,780.

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, 2022, the City rebated \$3,963 of incremental property tax to the developer. At June 30, 2022 the remaining balance to be paid on the agreement was approximately \$17,703.

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

**(12) 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, 2022, the City abated \$300,657 of property tax under the urban renewal and economic development projects.

**Other Information**

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City of Oelwein, Iowa

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

Other Information

Year ended June 30, 2022

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Property tax	\$ 3,013,275	-
Tax increment financing	1,006,886	-
Other city tax	1,730,200	-
Licenses and permits	87,653	-
Use of money and property	73,996	5,660
Intergovernmental	3,252,374	44,776
Charges for service	201,963	4,099,633
Special assessments	86,057	-
Miscellaneous	418,056	4,496
Total receipts	<u>9,870,460</u>	<u>4,154,565</u>
Disbursements:		
Public safety	1,772,506	-
Public works	1,075,947	-
Health and social services	19,125	-
Culture and recreation	1,016,809	-
Community and economic development	939,763	-
General government	527,547	-
Debt service	3,669,319	1,009,696
Capital projects	3,636,178	730,021
Business-type activities	-	2,694,203
Total disbursements	<u>12,657,194</u>	<u>4,433,920</u>
Excess (deficiency) of receipts over (under) disbursements	(2,786,734)	(279,355)
Other financing sources (uses), net	<u>4,827,848</u>	<u>(160,794)</u>
Excess of receipts and other financing sources over disbursements and other financing sources	2,041,114	(440,149)
Balances, beginning of year	<u>5,874,393</u>	<u>2,727,842</u>
Balances, end of year	<u>\$ 7,915,507</u>	<u>2,287,693</u>

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
3,013,275	2,883,573	2,883,573	129,702
1,006,886	1,041,699	1,076,699	(69,813)
1,730,200	1,412,663	1,412,663	317,537
87,653	75,000	75,000	12,653
79,656	113,160	113,160	(33,504)
3,297,150	1,835,158	3,319,658	(22,508)
4,301,596	4,183,690	4,183,690	117,906
86,057	-	87,000	(943)
422,552	105,950	198,950	223,602
14,025,025	11,650,893	13,350,393	674,632
1,772,506	1,860,967	2,171,167	398,661
1,075,947	818,215	853,215	(222,732)
19,125	31,000	31,000	11,875
1,016,809	1,004,945	1,072,126	55,317
939,763	1,029,893	1,326,594	386,831
527,547	520,050	570,050	42,503
4,679,015	1,395,364	1,473,364	(3,205,651)
4,366,199	1,407,630	2,892,130	(1,474,069)
2,694,203	5,151,644	6,015,644	3,321,441
17,091,114	13,219,708	16,405,290	(685,824)
(3,066,089)	(1,568,815)	(3,054,897)	(11,192)
4,667,054	904,000	2,450,000	2,217,054
1,600,965	(664,815)	(604,897)	2,205,862
8,602,235	7,946,333	7,946,333	655,902
10,203,200	7,281,518	7,341,436	2,861,764



City of Oelwein, Iowa

Notes to Other Information – Budgetary Reporting

June 30, 2022

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, the Debt Service Fund, Capital Projects Funds, the Permanent Fund, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$3,185,582. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2022, disbursements exceeded budgeted limits.

City of Oelwein, Iowa

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

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

Other Information

	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability	0.021123%	0.0208775%	0.020244%	0.018470%	0.019729%	0.019687%	0.020411%
City's proportionate share of the net pension liability	\$ 29,613	\$ 1,466,589	\$ 1,172,289	\$ 1,168,796	\$ 1,302,445	\$ 1,227,741	\$ 1,008,417
City's covered payroll	\$1,714,403	\$1,656,886	\$ 1,540,678	\$ 1,388,152	\$ 1,459,501	\$ 1,400,014	\$ 1,398,359
City's proportionate share of the net pension liability as a percentage of its covered payroll	1.73%	88.51%	76.09%	84.20%	89.24%	87.69%	72.11%
IPERS' net position as a percentage of the total pension liability	87.32%	82.90%	85.45%	83.62%	82.21%	81.82%	85.19%

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

See accompanying independent auditor's report.

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

Other Information

	2022	2021	2020	2019
Statutorily required contribution	150,850	161,839	156,410	145,440
Contribution in relation to the statutorily required contribution	(150,850)	(161,839)	(156,410)	(145,440)
Contribution deficiency (excess)	-	-	-	-
Commission's covered-employee payroll	1,597,989	1,714,401	1,656,886	1,540,678
Contribution as a percentage of covered-employee payroll	9.44%	9.44%	9.44%	9.44%

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See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
123,962	130,333	124,971	124,873	125,439	114,057
(123,962)	(130,333)	(124,971)	(124,873)	(125,439)	(114,057)
-	-	-	-	-	-
1,388,152	1,459,501	1,400,014	1,398,359	1,404,691	1,315,534
8.93%	8.93%	8.93%	8.93%	8.93%	8.67%

City of Oelwein, Iowa

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

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

Other Information

	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability	0.206759%	0.206798%	0.208602%	0.202923%	0.226444%	0.221144%	0.230028%
City's proportionate share of the net pension liability	\$ 464,327	\$ 1,649,421	\$ 1,368,276	\$ 1,208,210	\$ 1,328,038	\$ 1,382,721	\$ 1,080,705
City's covered payroll	\$ 671,871	\$ 657,003	\$ 631,467	\$ 589,817	\$ 641,429	\$ 599,281	\$ 603,240
City's proportionate share of the net pension liability as a percentage of its covered payroll	69.11%	251.05%	216.68%	204.84%	207.04%	230.73%	179.15%
MFPRSI's net position as a percentage of the total pension liability	93.62%	76.47%	79.94%	81.07%	80.60%	78.20%	83.04%

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

See accompanying independent auditor's report.

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

Other Information

	2022	2021	2020	2019
Statutorily required contribution	178,422	170,050	160,375	164,308
Contribution in relation to the statutorily required contribution	(178,422)	(170,050)	(160,375)	(164,308)
Contribution deficiency (excess)	-	-	-	-
City's covered-employee payroll	681,520	671,871	657,003	631,467
Contribution as a percentage of covered-employee payroll	26.18%	25.31%	24.41%	26.02%

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See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
151,465	166,258	166,420	183,445	180,503	151,744
(151,465)	(166,258)	(166,420)	(183,445)	(180,503)	(151,744)
-	-	-	-	-	-
589,817	641,429	599,281	603,240	599,280	580,950
25.68%	25.92%	27.77%	30.41%	30.12%	26.12%

**IPERS**

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

**MFPRSI**

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

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

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



City of Oelwein, Iowa

Notes to Other Information – Pension Liability

Year Ended June 30, 2022

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

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

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

**Supplementary Information**

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## City of Oelwein, Iowa

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

As of and for the year ended June 30, 2022

	Special Revenue	Capital Projects	Permanent Cemetery Perpetual Care	Total
<b>Receipts:</b>				
Property tax	\$ 1,014,046	-	-	1,014,046
Tax increment financing	1,006,886	-	-	1,006,886
Other city tax	1,638,425	-	-	1,638,425
Use of money and property	7,301	2,564	(5,039)	4,826
Intergovernmental	849,157	1,290,902	-	2,140,059
Special assessments	86,057	-	-	86,057
Miscellaneous	358,506	-	2,580	361,086
Total receipts	<u>4,960,378</u>	<u>1,293,466</u>	<u>(2,459)</u>	<u>6,251,385</u>
<b>Disbursements:</b>				
Public safety	528,969	-	-	528,969
Public works	989,814	-	-	989,814
Health and social services	19,125	-	-	19,125
Culture and recreation	213,473	-	-	213,473
Community and economic development	939,763	-	-	939,763
General government	100,880	-	-	100,880
Capital projects	692,956	1,420,580	-	2,113,536
Total disbursements	<u>3,484,980</u>	<u>1,420,580</u>	<u>-</u>	<u>4,905,560</u>
Excess of receipts over disbursements	<u>1,475,398</u>	<u>(127,114)</u>	<u>(2,459)</u>	<u>1,345,825</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets	136,696	-	-	136,696
Loan proceeds	-	409,805	-	409,805
Transfers in	761,804	1,067,663	-	1,829,467
Transfers out	(2,402,755)	-	-	(2,402,755)
Net other financing sources (uses)	<u>(1,504,255)</u>	<u>1,477,468</u>	<u>-</u>	<u>(26,787)</u>
Change in cash balance	(28,857)	1,350,354	(2,459)	1,319,038
Cash balances, beginning of year	<u>3,514,177</u>	<u>881,973</u>	<u>295,270</u>	<u>4,691,420</u>
Cash balances, end of year	<u>\$ 3,485,320</u>	<u>2,232,327</u>	<u>292,811</u>	<u>6,010,458</u>
<b>Cash Basis Fund Balances</b>				
Nonspendable	\$ -	-	292,811	292,811
Restricted for other purposes	3,267,327	2,423,613	-	5,690,940
Committed	217,993	-	-	217,993
Unassigned	-	(191,286)	-	(191,286)
Total cash basis fund balances	<u>\$ 3,485,320</u>	<u>2,232,327</u>	<u>292,811</u>	<u>6,010,458</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, 2022

	Special Revenue									
	County Emergency Management		Employee Road Use Tax	Employee Benefits	Flex Spending	Emergency	Local Option Sales Tax	Hotel-Motel Tax	Gas-Electric Franchise Fees	Library Bequest
<b>Receipts:</b>										
Property tax	\$ 15,027	-	954,298	-	44,721	-	-	-	-	-
Tax increment financing	-	-	-	-	-	-	-	-	-	197,682
Other city tax	389	-	25,012	-	1,170	757,200	66,677	787,977	-	-
Use of money and property	-	-	1,146	-	-	762	125	1,098	847	-
Intergovernmental	-	830,685	-	-	-	-	-	12,472	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	3,670	19,125	-	-	-	-	-	6,418
Total receipts	15,416	830,685	984,126	19,125	45,891	757,962	66,802	801,547	7,265	197,682
<b>Disbursements:</b>										
Public safety	21,041	-	504,928	-	-	-	-	-	-	-
Public works	-	839,586	150,228	-	-	-	-	-	-	-
Health and social services	-	-	-	19,125	-	-	-	-	-	-
Culture and recreation	-	960	159,909	-	-	-	44,502	-	1,652	-
Community and economic development	-	-	24,070	-	-	-	-	-	-	3,964
General government	-	11,780	89,100	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-	674,654	7,852	-
Total disbursements	21,041	852,326	928,235	19,125	-	-	44,502	674,654	9,504	3,964
Excess (deficiency) of receipts over (under) disbursements	(5,625)	(21,641)	55,891	-	45,891	757,962	22,300	126,893	(2,239)	193,718
<b>Other financing sources (uses):</b>										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	(20,000)	-	-	(45,891)	(751,149)	(42,672)	(441,930)	-	(75,000)
Net other financing sources (uses)	-	(20,000)	-	-	(45,891)	(751,149)	(42,672)	(441,930)	-	(75,000)
Change in cash balance	(5,625)	(41,641)	55,891	-	-	6,813	(20,372)	(315,037)	(2,239)	118,718
Cash balances, beginning of year	7,596	740,226	506,068	1,437	-	50,167	45,342	402,693	375,533	96,032
Cash balances, end of year	\$ 1,971	698,585	561,959	1,437	-	56,980	24,970	87,656	373,294	214,750
<b>Cash Basis Fund Balances</b>										
Restricted for other purposes	\$ 1,971	698,585	561,959	-	-	56,980	24,970	-	373,294	214,750
Committed	-	-	-	1,437	-	-	-	87,656	-	-
Total cash basis fund balances	\$ 1,971	698,585	561,959	1,437	-	56,980	24,970	87,656	373,294	214,750

See accompanying independent auditor's report.

Special Revenue											
Industrial Park TIF	East Penn TIF	DARE	Trees Forever	First Time Home Buyer Program	Economic Development	IRP Revolving Loan	Downtown Business Grant	Volunteer Fire Department	Forfeited Assets	Special Assessments	Total
-	-	-	-	-	-	-	-	-	-	-	1,014,046
102,975	706,229	-	-	-	-	-	-	-	-	-	1,006,886
-	-	-	-	-	-	-	-	-	-	-	1,638,425
-	1,581	-	-	285	971	165	169	-	-	152	7,301
-	-	-	6,000	-	-	-	-	-	-	-	849,157
-	-	-	-	-	-	-	-	-	-	86,057	86,057
-	-	2,625	-	50	363	281,671	-	43,162	1,422	-	358,506
102,975	707,810	2,625	6,000	335	1,334	281,836	169	43,162	1,422	86,209	4,960,378
-	-	204	-	-	-	-	-	-	2,796	-	528,969
-	-	-	-	-	-	-	-	-	-	-	989,814
-	-	-	-	-	-	-	-	-	-	-	19,125
-	-	-	6,450	-	-	-	-	-	-	-	213,473
102,975	-	-	-	-	268,432	379,047	103,597	57,678	-	-	939,763
-	-	-	-	-	-	-	-	-	-	-	100,880
-	-	-	-	-	10,450	-	-	-	-	-	692,956
102,975	-	204	6,450	-	278,882	379,047	103,597	57,678	2,796	-	3,484,980
-	707,810	2,421	(450)	335	(277,548)	(97,211)	(103,428)	(14,516)	(1,374)	86,209	1,475,398
-	-	-	-	-	136,696	-	-	-	-	-	136,696
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	600,804	-	150,000	11,000	-	-	761,804
-	(664,003)	-	-	-	(273,251)	-	-	-	-	(88,859)	(2,402,755)
-	(664,003)	-	-	-	464,249	-	150,000	11,000	-	(88,859)	(1,504,255)
-	43,807	2,421	(450)	335	186,701	(97,211)	46,572	(3,516)	(1,374)	(2,650)	(28,857)
-	182,627	2,738	19,906	126,129	489,780	329,315	108,920	23,191	3,810	2,667	3,514,177
-	226,434	5,159	19,456	126,464	676,481	232,104	155,492	19,675	2,436	17	3,485,320
-	226,434	5,159	19,456	-	676,481	232,104	155,492	19,675	-	17	3,267,327
-	-	-	-	126,464	-	-	-	-	2,436	-	217,993
-	226,434	5,159	19,456	126,464	676,481	232,104	155,492	19,675	2,436	17	3,485,320

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, 2022

	Capital Projects				
	2020 GO Bond	Oelwein Housing Teardown	Airport Grant	Tri-Park Trail Extensions	Plaza Park Expansion
<b>Receipts:</b>					
Use of money and property	293	-	-	1,026	-
Intergovernmental	-	-	79,129	252,750	200,000
<b>Total receipts</b>	<b>293</b>	<b>-</b>	<b>79,129</b>	<b>253,776</b>	<b>200,000</b>
<b>Disbursements:</b>					
Community and economic development	-	-	-	-	-
Capital projects	71,284	28,100	40,524	307,783	19,310
<b>Total disbursements</b>	<b>71,284</b>	<b>28,100</b>	<b>40,524</b>	<b>307,783</b>	<b>19,310</b>
Excess (deficiency) of receipts over (under) disbursements	(70,991)	(28,100)	38,605	(54,007)	180,690
<b>Other financing sources (uses):</b>					
Sale of capital assets	-	-	-	-	-
Loan proceeds	-	-	-	-	-
Transfers in	-	174,900	43,906	260,000	-
Transfers out	-	-	-	-	-
<b>Net other financing sources</b>	<b>-</b>	<b>174,900</b>	<b>43,906</b>	<b>260,000</b>	<b>-</b>
Change in cash balance	(70,991)	146,800	82,511	205,993	180,690
Cash balances, beginning of year	163,983	-	(99,330)	592,807	-
Cash balances, end of year	92,991	146,800	(16,820)	798,801	180,690
<b>Cash Basis Fund Balances</b>					
Restricted for other purposes	92,991	146,800	-	798,801	180,690
Unassigned	-	-	(16,820)	-	-
<b>Total cash basis fund balances</b>	<b>92,991</b>	<b>146,800</b>	<b>(16,820)</b>	<b>798,801</b>	<b>180,690</b>

See accompanying independent auditor's report.

Capital Projects					
Industrial Park 3rd Addition	Cares Act NE Sewer Repl	West Water Tower	10th Street Paving	Railroad Viaduct	Total
337	819	-	15	74	2,564
-	441,093	317,930	-	-	1,290,902
337	441,912	317,930	15	74	1,293,466
-	-	-	-	-	-
-	-	921,344	15,410	16,825	1,420,580
-	-	921,344	15,410	16,825	1,420,580
337	441,912	(603,414)	(15,395)	(16,751)	(127,114)
-	-	-	-	-	-
-	-	409,805	-	-	409,805
-	-	-	588,857	-	1,067,663
-	-	-	-	-	-
-	-	409,805	588,857	-	1,477,468
337	441,912	(193,609)	573,462	(16,751)	1,350,354
148,869	-	19,143	17,162	39,342	881,976
149,205	441,912	(174,466)	590,624	22,590	2,232,330
149,205	441,912	-	590,624	22,590	2,423,613
-	-	(174,466)	-	-	(191,286)
149,205	441,912	(174,466)	590,624	22,590	2,232,327

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, 2022

	42 Well Rehabilitation	Water Infrastructure	Sewer Infrastructure	Customer Deposits
<b>Operating receipts:</b>				
Charges for service	\$ -	137,504	5,952	40,008
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	-
Total operating receipts	-	137,504	5,952	40,008
<b>Operating disbursements:</b>				
Business-type activities	-	-	-	34,711
Excess (deficiency) of operating receipts over (under) operating disbursements	-	137,504	5,952	5,297
<b>Non-operating receipts (disbursements):</b>				
Interest on investments	-	-	-	4,409
Loan proceeds	-	-	-	-
Capital projects	(2,174)	(617,286)	-	-
Net non-operating disbursements	(2,174)	(617,286)	-	4,409
Excess (deficiency) of receipts over (under) disbursements	(2,174)	(479,782)	5,952	9,706
Transfers in	2,174	-	-	-
Transfers out	-	(2,174)	(51,900)	-
Net transfers	2,174	(2,174)	(51,900)	-
Change in cash balance	-	(481,956)	(45,948)	9,706
Cash balances, beginning of year	-	858,294	163,283	131,809
Cash balances, end of year	-	376,338	117,335	141,515
<b>Cash Basis Fund Balances</b>				
Restricted for:				
Other purposes	\$ -	-	-	141,515
Unassigned	-	376,338	117,335	-
Total cash basis fund balances	\$ -	376,338	117,335	141,515

See accompanying independent auditor's report.



Fuel	Landfill	Recycling	Tree	Wellness Center	Sewer Main Construction	Total
55,103	588,750	77,278	96,321	171,784	-	1,172,700
-	-	-	-	44,776	-	44,776
4,496	-	-	-	-	-	4,496
59,599	588,750	77,278	96,321	216,560	-	1,221,972
80,065	555,591	79,670	114,577	181,148	-	1,045,762
(20,466)	33,159	(2,392)	(18,256)	35,412	-	176,210
-	-	-	-	-	172	4,581
-	-	-	-	-	-	-
-	-	-	-	-	-	(619,460)
-	-	-	-	-	172	(614,879)
(20,466)	33,159	(2,392)	(18,256)	35,412	172	(438,669)
-	-	-	-	-	-	2,174
-	(36,660)	-	-	-	-	(90,734)
-	(36,660)	-	-	-	-	(88,560)
(20,466)	(3,501)	(2,392)	(18,256)	35,412	172	(527,229)
27,628	22,115	2,639	38,357	-	76,116	1,320,241
7,162	18,614	247	20,101	35,412	76,288	793,012
-	-	-	-	-	-	141,515
7,162	18,614	247	20,101	35,412	76,288	651,497
7,162	18,614	247	20,101	35,412	76,288	793,012

City of Oelwein, Iowa

Schedule of Receipts by Source and Disbursements by Function  
Governmental Funds

For the Last Ten Years

	2022	2021	2020	2019
<b>Receipts</b>				
Property tax	\$ 3,240,435	3,012,076	2,616,016	2,511,243
Tax increment financing	1,006,886	977,915	789,469	320,501
Other city tax	1,503,041	1,544,391	1,449,548	1,465,729
Licenses and permits	87,653	95,913	79,541	72,679
Use of money and property	75,188	74,074	125,779	124,650
Intergovernmental	3,252,374	1,169,261	1,440,844	1,210,033
Charges for service	201,963	182,760	150,159	190,880
Special assessments	86,057	2,667	-	392
Miscellaneous	415,476	1,028,815	740,341	435,275
	<u>\$ 9,869,073</u>	<u>8,087,872</u>	<u>7,391,697</u>	<u>6,331,382</u>
<b>Disbursements</b>				
Public safety	\$ 1,772,506	1,768,125	1,773,341	1,682,373
Public works	1,075,947	812,270	684,588	755,382
Health and social services	19,125	20,016	19,836	18,117
Culture and recreation	1,016,809	926,349	905,295	929,980
Community and economic development	939,768	986,416	1,148,628	783,959
General government	527,547	500,093	488,132	418,572
Debt service	4,679,015	1,577,912	1,744,359	1,117,626
Capital projects	3,636,179	3,087,107	1,957,005	666,989
	<u>\$ 13,666,896</u>	<u>9,678,288</u>	<u>8,721,184</u>	<u>6,372,998</u>

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
2,446,809	2,622,915	2,550,327	2,433,871	2,265,317	2,225,651
68,956	53,616	69,105	73,362	106,380	92,163
1,179,371	869,807	878,525	1,051,291	1,082,086	975,105
109,853	82,788	53,257	80,539	98,623	86,826
219,825	347,083	143,177	286,659	289,316	283,043
1,641,704	2,820,235	1,011,483	987,685	1,260,775	1,542,206
151,896	190,692	141,082	91,439	95,180	147,190
30,590	41,301	37,582	43,223	60,791	78,338
712,839	324,901	1,105,087	479,997	352,787	407,739
6,561,843	7,353,338	5,989,625	5,528,066	5,611,255	5,838,261
1,544,804	1,598,188	1,602,959	1,645,848	1,740,553	1,990,153
729,542	732,688	695,231	785,430	779,828	753,365
21,603	24,733	27,428	37,232	40,204	41,012
811,850	818,311	780,172	844,486	818,383	765,827
893,869	622,087	1,463,655	918,572	1,198,140	868,849
389,086	374,222	378,446	368,157	373,809	342,228
1,873,831	1,034,354	780,858	893,757	526,908	601,358
1,033,130	2,529,927	4,959,048	3,617,762	123,998	455,840
7,297,715	7,734,510	10,687,797	9,111,244	5,601,823	5,818,632

City of Oelwein, Iowa  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2022

Grantor/Program	Assistance Listings Number	Pass-Through Entity Identifying Number	Program Expenditures
Direct:			
U.S. Department of Agriculture: Community Facilities Loans and Grants	14.850		\$ 264,282
U.S. Department of Transportation: Airport Improvement Program, COVID 19 Airport Program and Infrastructure Investment and Jobs Act Program	20.106		79,129
U.S. Department of Homeland Security: Assistance to Firefighters Grant	97.044		761,905
			<u>\$ 1,105,316</u>
Indirect:			
U.S. Department of Homeland Security: Passed through Iowa Department of Homeland Security and Emergency Management: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-3480-DRIA	\$ 4,699
U.S. Dept of Housing & Urban Development: Passed through Iowa Economic Development Authority: Community Development Block Grants/State's Program and Non-Entitled Grants in Hawaii	14.228	19-WS032	317,930
U.S. Department of Treasury: Passed through Iowa Economic Development Authority: COVID-19 - Coronavirus Relief Fund	21.019	FITC-038	44,776
National Endowment for the Humanities: Passed through Iowa Department of Education: Grants to States	45.310	ARPA 2021-7	5,000
			<u>\$ 372,405</u>
<b>Total Expenditures</b>			<u><u>\$ 1,477,721</u></u>

See accompanying independent auditor's report.

## City of Oelwein, Iowa

## Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

**(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, 2022. 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 elected to not use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**(4) Sub-recipients**

The City of Charles City did not pass through any federal funds to sub-recipients for the year ended June 30, 2022.

See Accompanying Independent Auditor's Report.

City of Oelwein, Iowa

Summary Schedule of Prior Audit Findings

Year ended June 30, 2022

Comment Reference	Comment Title	Status	If not corrected, provide reason for finding's recurrence and planned corrective action or other explanation
I-A-21	Segregation of Duties	Not corrected.	The City continually weighs the costs and benefits of additional staff to address this issue.
II-B-21	Utility Billing and Delinquent Accounts	Partially corrected.	The City continually weighs the costs and benefits of changes to a system on the utility billing. The City did adopt a write-off policy.

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City of Oelwein, Iowa

Corrective Action Plan

Year ended June 30, 2022

Comment Number	Comment Title	Corrective Action Plan	Contact Person, Title and Phone	Anticipated Date of Completion
2022-001	Segregation of Duties	The City continues to review procedures to ensure the 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
2022-002	Utility Billing	The City continually weighs the costs and benefits of additional staff to address this issue.	Dylan Mulfinger City Administrator 319-283-5440	On Going
2022-003	Monitoring and Reporting Program Performance	The City has submitted the PPR after being notified by FEMA and will continue to submit on time.	Dylan Mulfinger City Administrator 319-283-5440	Completed
2022-004	Procurement Suspension & Debarment	The City will verify that all vendors and contracts paid with federal awards, are not suspended or disbarred by verifying it on the SAM website.	Dylan Mulfinger City Administrator 319-283-5440	Completed
2022-005	Single Audit Process	The City will establish a process to track the total dollar amount of federal awards spent during each year.	Dylan Mulfinger City Administrator 319-283-5440	June 30, 2023



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, 2022, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 10, 2022. 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 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, as described in the accompanying Schedule of Findings and Questioned Costs as items 2022-001 and 2022-002 that we consider 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, 2022 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 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. 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 10, 2022  
Humboldt, Iowa



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

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

To the Honorable Mayor and Members of the City Council:

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited the City of Oelwein, Iowa's compliance with the types of compliance requirements identified as subject to audit in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2022. The City's major federal programs are identified in the summary of auditor's results section 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, 2022.

**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 (*Government Auditing Standards*), 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 that 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 did identify 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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2022-003, 2022-04 and 2022-005, to be significant deficiencies.

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 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 10, 2022  
Humboldt, Iowa

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City of Oelwein, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

**Part I: Summary of the Independent Auditor's Results**

- (a) Unmodified opinions were issued on the financial statements prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) Significant deficiencies in internal control over major program was disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit disclosed audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program identified for the year was Assistance Listing Number 97.044 – Assistance to Firefighters Grant.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) The City did not qualify as a low-risk auditee.

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

**INTERNAL CONTROL DEFICIENCIES:**

2022-001     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, 2022

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

Conclusion – Response accepted.

2022-002

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 – Making changes to a system on the utility billing is a political nightmare regardless if the change could potentially save residents money. While the current method for landfill charges is outdated, the county is also outdated in how they charge and collect fees. The city is working on making this change when a rate increase will be needed from the county. The city anticipates changing this process by June 2023.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

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

**INSTANCES OF NON-COMPLIANCE:**

None were noted.

**INTERNAL CONTROL DEFICIENCIES:**

**Assistance Listing Number 97.044: Assistance to Firefighters Grant**

**Federal Award Year: 2022**

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

**U.S. Department of Homeland Security**

2022-003     Monitoring and Reporting Program Performance

Criteria – Title 2, U.S. *Code of Federal Regulations* Part 200.329 Monitoring and Reporting Program Performance, the City was required to submit Non-construction performance reports (1) The non-Federal entity must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. “The recipient is responsible for completing and submitting a Programmatic Performance Report (PPR) using FEMA GO”.

Condition – The City’s management did not submit the PPR on a timely basis.

Cause – The City’s management were not aware that they needed to submit the PPR on a quarterly basis.

Effect – The City is not in compliance with Federal regulations pertaining to monitoring and reporting program performance as required by the Uniform Guidance.

Recommendation – The City should submit the PPR on a timely basis.

Corrective Action – The City has submitted the PPR after being notified by FEM and will continue to submit on time.

Conclusion – Response accepted.



City of Oelwein, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

2022-004 Procurement Suspension & Debarment

Criteria – Title 2, U.S. *Code of Federal Regulations* Part 180.300 When a non-federal entity enters into a covered transaction with an entity at a lower tier, the nonfederal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction.

Condition – The City’s management did not verify that the vendor was not suspended or debarred.

Cause –The City’s management were not aware that they needed to verify that the entity was not suspended or debarred.

Effect – The City did not have a process to indicate that the vendor was not suspended or debarred from doing business with federal funds. The City is not in compliance with Federal regulations pertaining to procurement suspension & debarment as required by the Uniform Guidance.

Recommendation – The City should verify that each vendor or contracts paid with federal awards, are not suspended by checking the System for Awards Management (SAM) Exclusion available at SAM.gov.

Corrective Action – The City will verify that all vendors and contracts paid with federal awards, are not suspended or debarred by verifying it on the SAM website.

Conclusion – Response accepted.

2022-005 Single Audit Process

Criteria – Title 2, U.S. *Code of Federal Regulations* §200.501 states that an entity that expends \$750,000 or more during the non-Federal entity’s fiscal year in Federal awards, they must have a single audit or program-specific audit conducted for that year in accordance with the provision in §200.501.

Condition – The City had over \$750,000 in federal expenditures in the current year and did not request an audit in accordance with Uniform Guidance.

Cause –The City’s management did not track expenditures of federal awards for the year ended June 30, 2022 to determine what federal audit requirements applied if any. Were it not for our recommendation that an Audit in accordance with Uniform Guidance was required, it may have been missed.

City of Oelwein, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Effect – The City’s internal control over compliance with federal audit requirements was inadequate.

Recommendation – The City should establish a process to track the dollar amount of federal expenditures that were spent during the year to determine if an audit in accordance with uniform guidance is required.

Corrective Action – The City will establish a process to track the total dollar amount of federal awards spent during each year.

Conclusion – Response accepted.

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City of Oelwein, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

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

2022-A Certified Budget – Disbursements during the year ended June 30, 2022 exceeded the budgeted limits in the public works, debt service and capital projects activities functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – The budget will be amended in the future, if applicable.

Conclusion – Response accepted.

2022-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.

2022-C Travel Expense – No disbursements of the City’s money for travel expense of spouses of its officials or employees were noted.

2022-D Business Transactions – No business transactions between the City and its officials or employees were noted.

2022-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.

2022-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.

2022-G Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

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

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

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

City of Oelwein, Iowa

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Conclusion – Response accepted.

2022-H Deposits and Investments – A resolution naming official depositories of the City had been adopted by City Council as required by Chapter 12.C.2 of the Code of Iowa. However, the City held more funds at one institution than was approved on the resolution.

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

Response – We plan to do a new resolution.

Conclusion – Response accepted.

2022-I Revenue Bonds and Notes – No instances of non-compliance with the revenue bond and note resolutions were noted.

2022-J Financial Condition – The Capital Projects –Airport Grant fund had a deficit balance of \$99,330, June 30, 2022.

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

Response – The city works to ensure that all accounts do not carry a deficit. This can be difficult as the city works on a reimbursement basis for some projects. The problem with a reimbursement basis is that contractors do not finish on time and the city must wait to close out a project and carry the deficit of the project. The Airport Grant had a deficit because the city is working with engineers on the project figuring out the life and is waiting on reimbursements when the project is finished. These deficits will be eliminated in the fiscal 2023 year.

Conclusion – Response accepted.

2022-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.