



## **Agenda**

City Council Work Session Meeting  
Oelwein City Hall, 20 Second Avenue SW, Oelwein, Iowa  
6:30 PM

October 12, 2026  
Oelwein, Iowa

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**Mayor:** Brett DeVore

**Mayor Pro Tem:** Matt Weber

**Council Members:** Tony Cannon, Anthony Ricchio, Lynda Payne, Jason Gearhart, Renee Cantrell

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### **Pledge of Allegiance**

### **Discussions**

- [1.](#) Presentation from Joe Pena from TP Anderson on the Fiscal Year 2026 Financial Audit.

### **Adjournment**

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In compliance with the Americans with Disabilities Act, those requiring accommodation for Council meetings should notify the City Clerk's Office at least 24 hours prior to the meeting at 319-283-5440



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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

To the Management Team and City Council of the  
City of Oelwein, Iowa

**City of Oelwein  
Audit Communication**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information for the City of Oelwein, Iowa as of and for the year ended June 30, 2026. We have issued our report thereon dated October 12, 2026. Professional standards require that we advise you of certain matters related to our audit.

|                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>1. Our Responsibilities in Relation to the Financial Statement Audit</b>          | <ul style="list-style-type: none"><li>➤ <b>Plan and perform the audit.</b> Our responsibility, as prescribed by professional standards, is to plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement due to fraud or error. An audit of financial statements also includes consideration of internal control as it relates to financial reporting objectives only, and not for the purpose of providing assurance over internal control.</li><li>➤ <b>Form and express an opinion.</b> As communicated in our engagement letter dated June 1, 2026, our responsibility is to form and express opinions about whether the financial statements prepared by management, with your oversight, are fairly presented, in all material respects, in accordance with the cash basis of accounting described in Note 1. We are also responsible for expressing an opinion on the City's compliance with requirements applicable to its major federal program.</li><li>➤ <b>Communicate significant matters to you.</b> We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process.</li></ul> |
| <b>2. Management's Responsibilities in Relation to the Financial Statement Audit</b> | <ul style="list-style-type: none"><li>➤ <b>Financial statements.</b> Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1 and for determining that the cash basis is acceptable in the circumstances. This includes the design, implementation and maintenance of internal control relevant to preparing financial statements free from material misstatement, whether due to fraud or error. Management is also responsible for evaluating whether conditions or events raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date.</li><li>➤ <b>Federal awards.</b> Management is responsible for compliance with federal statutes, regulations and the terms and conditions of federal awards applicable to the City's federal programs, and for establishing and maintaining effective internal control over that compliance.</li></ul>                                                                                                                                                                                                                                                                                              |
| <b>3. Audit Opinion</b>                                                              | The City received unmodified opinions on its cash basis financial statements. We concluded that the financial statements 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 as of June 30, 2026, and the respective changes in cash basis financial position for the year then ended.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |



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|                                               | The City also received an unmodified opinion on compliance for its major federal program, Highway Planning and Construction (Assistance Listing Number 20.205).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>4. Significant Accounting Policies</b>     | <p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. There were two new accounting standard changes adopted during the year:</p> <ul style="list-style-type: none"><li>➤ <b>GASB 103, Financial Reporting Model Improvements.</b> During FY26, the City considered the presentation concepts in GASB Statement No. 103 to the extent applicable to its cash-basis special purpose framework financial statements. The City incorporated applicable presentation concepts where meaningful, including terminology for unusual or infrequent items, classification of proprietary fund receipts and disbursements, presentation of budgetary information as other information, and use of the term noncapital subsidies. Implementation did not materially affect the City's reported cash basis financial position.</li></ul> <p><b>GASB 104, Disclosure of Certain Capital Assets.</b> The City evaluated the disclosure requirements applicable to certain lease assets, intangible right-to-use assets, subscription assets and capital assets held for sale. Implementation did not have a material effect on the City's cash-basis financial statements.</p> <p>No other new accounting policies were adopted, and the application of existing policies was not changed during the year. We noted no transactions for which there was a lack of authoritative guidance or consensus.</p> |
| <b>5. Adjustments to Financial Statements</b> | <p>Professional standards require us to accumulate all known and likely adjustments identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.</p> <ul style="list-style-type: none"><li>➤ <b>Corrected adjustments.</b> There was one correcting entry to correct a prior year fund balance account.</li><li>➤ <b>Uncorrected adjustments.</b> There were adjustments identified that did not rise to the dollar amount threshold required to post an adjustment to the financial statements.</li></ul> <p><i>Certain lease receivables were not discounted and disclosed in the financial statements. As the City reports on a cash basis, this is only recorded for disclosure purposes. The total lease amount as of June 30, 2026 totaled \$9,500.</i></p> <p><i>IPERS payments per the State's actuary reports did not properly reconcile to the City's financial records by \$5,367.</i></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>6. Overview of Financial Results</b>       | <p><b>Overview of Financial Results:</b></p> <p>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?" Over time,</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |



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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 City's total net position decreased \$185,645 during the year from \$11,837,079 to \$11,651,434. When reviewing a cash basis financial statement, the timing of receipts and disbursements as of a certain date in time can really impact the numbers. Due to project timing and other factors, the City's cash balances can fluctuate significantly when comparing balances as of a specific date. Of the \$11.6 million cash position, approximately \$6.4 million is unrestricted at year-end.

**Measuring the Financial Success of a City**

The financial success of a city is reflected in its ability to maintain long-term fiscal stability while effectively managing public resources and providing quality services to residents. Key indicators include maintaining a balanced budget, sustaining diverse and reliable revenue sources, and controlling operating expenditures in line with growth. The City maintains healthy fund balances, engages in responsible debt levels, and ongoing investment in capital assets to further demonstrate its strong financial management. Economic trends—such as employment levels, property value growth, and population stability—also indicate a thriving local economy. Finally, timely financial reporting, clean audit results, and transparent governance strengthen public trust and confirm the city's commitment to sound financial stewardship.

- Proper budgeting represents a key element of internal control over financial reporting. It establishes legal authorization for expenditures, provides a framework for comparison of actual results to budgeted appropriations, and supports management's ability to monitor compliance with fiscal policies. By identifying material variances on a timely basis, budgetary control strengthens accountability, reduces the risk of unauthorized spending, and enhances the reliability of financial reporting.

The City did not exceed its budgeted limits set for the year as noted on **page 29**.

- The City did report a deficit balance in one Capital Project Fund - Dry Run Creek Flooding Capital Projects Fund of \$189,994 at June 30, 2026. Management is pursuing funding sources to eliminate the deficit and has indicated that franchise fee revenues will be used if those efforts are unsuccessful. The City should monitor the timing and availability of funding and implement a plan to eliminate the deficit. Overall, there are no major concerns with deficit fund balances.
- For Proprietary Funds, we tend to look at *operating* net income as a key indicator of financial performance because these funds are intended to be self-supporting through charges for services, similar to private-sector enterprises. Evaluating operating results—



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|                            | <p>specifically operating revenues compared to operating expenses—provides a clear measure of whether the fund is generating sufficient resources from its ongoing operations to cover the full cost of providing services.</p> <p>By focusing on operating net income, the City can assess the sustainability of service rates, the adequacy of cost recovery, and the fund's ability to maintain operations without relying on non-operating revenues, transfers, or one-time capital contributions. A positive operating net income generally indicates that the fund is financially self-sustaining, while a negative result may suggest that rates or cost structures should be re-evaluated.</p> <p>The City reported three proprietary funds with negative operating results: Fuel (\$2,292), Tree (\$16,904) and Wellness Center (\$12,130). The Wellness Center operating deficit was much improved from the previous deficit of approximately \$92,000.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>7. Internal Control</b> | <p>In planning and performing our audit of the financial statements, we considered internal control over financial reporting as a basis for designing audit procedures, but not for the purpose of expressing an opinion on the effectiveness of internal control.</p> <p>There are three different levels of control deficiencies:</p> <ul style="list-style-type: none"><li>➤ <b>Control Deficiency.</b> 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.</li><li>➤ <b>Significant Deficiency.</b> A significant deficiency in internal control is less severe than a material weakness, yet important enough to merit attention by those charged with governance.</li><li>➤ <b>Material Weakness.</b> A material weakness is a deficiency in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.</li></ul> <p>We identified <b>two significant</b> deficiencies in internal control over financial reporting related to segregation of duties and utility billing. We identified <b>no material</b> weaknesses. We also identified <b>one significant</b> deficiency in internal control over compliance for the major federal program related to the City's process for tracking federal award expenditures.</p> <p>Other statutory reporting matters included related party transactions and a deficit fund balance.</p> <p>Please review pages <b>50 through 54</b> of the audit report.</p> <p>Because our audit uses a sampling approach and does not examine every transaction, there is an unavoidable risk that some material misstatements may not</p> |



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|                                               | be detected, even though the audit is properly planned and performed in accordance with professional standards.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>8. Other Required Communication Topics</b> | <p><b>Difficulties and Disagreements with Management.</b> We encountered no significant difficulties in dealing with management in performing and completing our audit, and we had no disagreements with management on financial accounting, reporting or auditing matters that could be significant to the financial statements or our report.</p> <ul style="list-style-type: none"><li>➤ <b>Significant Accounting Estimates.</b> Accounting estimates are an integral part of financial statement preparation and are based on management's knowledge and experience about past and current events and assumptions about future events. The most sensitive estimate affecting the financial statements was the actuarially determined net pension liability disclosed in the notes. The liability is not recognized in the cash-basis financial statements. We concluded that the related disclosures were reasonable in relation to the financial statements as a whole.</li><li>➤ <b>Other Accountants.</b> We did not consult with any other accountants during the course of our audit.</li><li>➤ <b>Independence.</b> The audit team and others in our firm, as appropriate, complied with all relevant ethical requirements regarding independence.</li><li>➤ <b>Conclusion.</b> The FY26 audit resulted in unmodified opinions on the cash basis financial statements and on compliance for the City's major federal program. The City's overall cash basis net position increased significantly, supported by positive results in both governmental and business-type activities. The audit identified no material weaknesses, but it did identify three significant deficiencies across financial reporting and federal compliance, along with statutory matters requiring continued attention. Overall the City has demonstrated strong financial controls and maintains a favorable cash financial position.</li></ul> |

This letter is intended solely for the use of management and the City Council, and is not intended to be, and should not be, used by anyone other than these specified parties.

*TP Anderson & Company, PC*

TP Anderson & Company, PC  
Certified Public Accountants

**CITY OF OELWEIN, IOWA**

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

**JUNE 30, 2026**

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

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## City of Oelwein, Iowa

## Officials

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



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

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oelwein, Iowa, as of and for the year ended June 30, 2026, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oelwein, as of June 30, 2026, and the respective changes in its cash basis financial position for the year then ended, in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

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

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

#### Supplementary Information

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

#### Other Information

Management is responsible for the other information included in this report. The other information comprises the Budgetary Comparison Information, the Schedules of the City's Proportionate Share of the Net Pension Liability and the Schedules of City Contributions on pages 29 through 36, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

October 12, 2026  
Humboldt, Iowa

## **Basic Financial Statements**

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

|                                            |               | Program Receipts    |                                                          |                                                        |
|--------------------------------------------|---------------|---------------------|----------------------------------------------------------|--------------------------------------------------------|
|                                            | Disbursements | Charges for Service | Operating Grants, Contributions, and Restricted Interest | Capital Grants, Contributions, and Restricted Interest |
| <b>Functions/Programs:</b>                 |               |                     |                                                          |                                                        |
| Governmental activities:                   |               |                     |                                                          |                                                        |
| Public safety                              | \$ 2,095,960  | 64,191              | 37,147                                                   | -                                                      |
| Public works                               | 1,011,004     | 145,422             | 833,411                                                  | -                                                      |
| Health and social services                 | 18,091        | -                   | -                                                        | -                                                      |
| Culture and recreation                     | 1,129,060     | 171,827             | 33,186                                                   | 9,000                                                  |
| Community and economic development         | 1,258,333     | -                   | -                                                        | 228,569                                                |
| General government                         | 672,135       | -                   | -                                                        | -                                                      |
| Debt service                               | 1,569,573     | -                   | -                                                        | -                                                      |
| Capital projects                           | 2,255,922     | -                   | -                                                        | 513,884                                                |
| Total governmental activities              | 10,010,078    | 381,440             | 903,744                                                  | 751,453                                                |
| Business-type activities:                  |               |                     |                                                          |                                                        |
| Water                                      | 1,496,929     | 2,007,781           | -                                                        | -                                                      |
| Water Infrastructure                       | 162,153       | 43                  | -                                                        | 1,627                                                  |
| Sewer                                      | 1,893,881     | 2,258,301           | -                                                        | -                                                      |
| Sewer Infrastructure                       | -             | 12                  | -                                                        | -                                                      |
| Other business-type activities             | 1,179,438     | 1,080,277           | -                                                        | -                                                      |
| Total business-type activities             | 4,732,401     | 5,346,414           | -                                                        | 1,627                                                  |
| Total functions/programs                   | \$ 14,742,479 | 5,727,854           | 903,744                                                  | 753,080                                                |
| <b>General Receipts and Transfers:</b>     |               |                     |                                                          |                                                        |
| Property and other city tax levied for:    |               |                     |                                                          |                                                        |
| General purposes                           |               |                     |                                                          |                                                        |
| Debt service                               |               |                     |                                                          |                                                        |
| Tax increment financing                    |               |                     |                                                          |                                                        |
| Local option sales tax                     |               |                     |                                                          |                                                        |
| Hotel/motel and franchise tax              |               |                     |                                                          |                                                        |
| Property tax replacement                   |               |                     |                                                          |                                                        |
| Unrestricted interest on investments       |               |                     |                                                          |                                                        |
| Loan proceeds                              |               |                     |                                                          |                                                        |
| Miscellaneous                              |               |                     |                                                          |                                                        |
| Sale of capital assets                     |               |                     |                                                          |                                                        |
| Transfers                                  |               |                     |                                                          |                                                        |
| Total general receipts and transfers       |               |                     |                                                          |                                                        |
| Change in cash basis net position          |               |                     |                                                          |                                                        |
| Cash basis net position, beginning of year |               |                     |                                                          |                                                        |
| Cash basis net position, end of year       |               |                     |                                                          |                                                        |
| <b>Cash Basis Net Position</b>             |               |                     |                                                          |                                                        |
| Restricted:                                |               |                     |                                                          |                                                        |
| Nonexpendable:                             |               |                     |                                                          |                                                        |
| Cemetery perpetual care                    |               |                     |                                                          |                                                        |
| Expendable:                                |               |                     |                                                          |                                                        |
| Employee benefits                          |               |                     |                                                          |                                                        |
| Debt service                               |               |                     |                                                          |                                                        |
| Other purposes                             |               |                     |                                                          |                                                        |
| Unrestricted                               |               |                     |                                                          |                                                        |
| <b>Total cash basis net position</b>       |               |                     |                                                          |                                                        |

| Net (Disbursements) Receipts and<br>Changes in Cash Basis Net Position |                             |             |
|------------------------------------------------------------------------|-----------------------------|-------------|
| Governmental<br>Activities                                             | Business-Type<br>Activities | Total       |
| (1,994,622)                                                            | -                           | (1,994,622) |
| (32,171)                                                               | -                           | (32,171)    |
| (18,091)                                                               | -                           | (18,091)    |
| (915,047)                                                              | -                           | (915,047)   |
| (1,029,764)                                                            | -                           | (1,029,764) |
| (672,135)                                                              | -                           | (672,135)   |
| (1,569,573)                                                            | -                           | (1,569,573) |
| (1,742,038)                                                            | -                           | (1,742,038) |
| (7,973,441)                                                            | -                           | (7,973,441) |
| -                                                                      | 510,852                     | 510,852     |
| -                                                                      | (160,483)                   | (160,483)   |
| -                                                                      | 364,420                     | 364,420     |
| -                                                                      | 12                          | 12          |
| -                                                                      | (99,161)                    | (99,161)    |
| -                                                                      | 615,640                     | 615,640     |
| (7,973,441)                                                            | 615,640                     | (7,357,801) |
| 2,775,739                                                              | -                           | 2,775,739   |
| 658,337                                                                | -                           | 658,337     |
| 1,033,235                                                              | -                           | 1,033,235   |
| 764,129                                                                | -                           | 764,129     |
| 901,987                                                                | -                           | 901,987     |
| 22,276                                                                 | -                           | 22,276      |
| 250,673                                                                | 137,328                     | 388,001     |
| -                                                                      | 5,000                       | 5,000       |
| 613,333                                                                | 3,216                       | 616,549     |
| 6,903                                                                  | -                           | 6,903       |
| (428,986)                                                              | 428,986                     | -           |
| 6,597,626                                                              | 574,530                     | 7,172,156   |
| (1,375,815)                                                            | 1,190,170                   | (185,645)   |
| 7,968,709                                                              | 3,868,370                   | 11,837,079  |
| \$ 6,592,894                                                           | 5,058,540                   | 11,651,434  |
| \$ 301,642                                                             | -                           | 301,642     |
| 799,812                                                                | -                           | 799,812     |
| 346,615                                                                | 314,335                     | 660,950     |
| 3,352,733                                                              | 166,761                     | 3,519,494   |
| 1,792,092                                                              | 4,577,444                   | 6,369,536   |
| \$ 6,592,894                                                           | 5,058,540                   | 11,651,434  |

## City of Oelwein, Iowa

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

As of and for the year ended June 30, 2026

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

See notes to financial statements.

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

City of Oelwein, Iowa  
Statement of Cash Receipts, Disbursements,  
and Changes in Cash Balances  
Proprietary Funds  
As of and for the year ended June 30, 2026

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

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

Item 1.

JUNE 30, 2026

**(1) Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

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

**Jointly Governed Organizations**

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

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

Item 1.

JUNE 30, 2026

B. Basis of Presentation

Government-wide Financial Statement – The Cash Basis Statement of Activities and Net Position reports information on all the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

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

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

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

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

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

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

The City reports the following major governmental funds:

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

Special Revenue:

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

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

Item 1.

JUNE 30, 2026

disbursements received and paid for employee's pension and benefit costs.

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

Capital Projects:

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

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

The City reports the following major proprietary funds:

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

Item 1.

JUNE 30, 2026

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

D. Property Taxes and Governmental Cash Basis Fund Balances

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

Property tax revenues recognized in the governmental funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2024 assessed property valuations; is for the tax accrual period July 1, 2025 through June 30, 2026 and reflects tax asking contained in the budget certified to the City Council in April 2025.

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

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

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

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

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

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2026, disbursements did not exceed the amounts budgeted.

**(2) Cash and Pooled Investments**

The City's deposits in banks at June 30, 2026 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

Item 1.

JUNE 30, 2026

commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

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

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

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

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

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

General Obligation Debt

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

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

  

| Year<br>Ending<br>June 30, | Capital Improvements<br>Issued Feb. 25, 2020 |           |          | Capital Improvements<br>Issued Apr. 12, 2022 |           |          |
|----------------------------|----------------------------------------------|-----------|----------|----------------------------------------------|-----------|----------|
|                            | Interest<br>Rates                            | Principal | Interest | Interest<br>Rates                            | Principal | Interest |

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

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

On February 16, 2016, the City issued \$4,300,000 of urban renewal general obligation bonds with an interest rate ranging from 2.0-4.0% per annum. The bonds were issued for expenses related to making an urban renewal economic development grant to Oelwein Chamber and Area Development Inc. in connection with the acquisition of East Penn Manufacturing real estate. During the year ended June 30, 2026, the City paid \$485,000 of principal and \$61,760 of interest on the bonds.

On September 22, 2016, the City issued \$1,100,000 of general obligation bonds with an interest rate ranging from 1.0-2.1% per annum. The bonds were issued for expenses related to finance the construction of street, sanitary sewer, sewage treatment and waterworks improvement and acquisition of equipment for the City's Street department. During the year ended June 30, 2026, the City paid \$75,000 of principal and \$5,830 of interest on the bonds.

On February 25, 2020, the City issued \$2,385,000 of general obligation bonds with an interest rate of 2.0% per annum. The bonds were issued for expenses related to improvements to streets, the acquisition of emergency communication equipment for the police department, the acquisition of equipment for the fire department, improvements and adding trails to the City's system of trails, and improvements and upgrading equipment at the Municipal Swimming Pool. During the year ended June 30, 2026, the City paid \$225,000 of principal and \$28,700 of interest on the bonds.

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

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

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Revenue Notes

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

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

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

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

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

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

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

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

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

The City has pledged future water customer receipts, net of specific operating disbursements to repay \$4,546,000 in revenue bonds issued in September 2010, September 2016, April 2018 and May 2021. Proceeds from the notes provided financing for the improvements to the water distribution system. The notes are payable solely from water customer net receipts and are payable through 2038. The total principal and interest remaining to be paid on the notes is \$1,068,320. For the current year, principal and interest paid and total customer net receipts were \$427,546 and \$1,018,213, respectively.

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

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

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

The City has pledged future sewer customer receipts, net of specific operating disbursements to repay \$10,992,000 in revenue bonds issued in June 2005, November 2012 and December 2023. Proceeds from the notes provided financing for the construction and improvements to the sewer treatment system. The notes are payable solely from sewer customer net receipts and are payable through 2032. The total principal and interest remaining to be paid on the notes is \$670,001. For the current year, principal and interest paid and total customer net receipts were \$826,473 and \$1,334,450, respectively.

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

- (a) The bonds/notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the fund.
- (b) Sufficient monthly transfers shall be made to separate water and sewer revenue note sinking accounts within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- (c) Additional monthly transfers shall be made to a water reserve account within the Enterprise Funds until a specific minimum balance has been accumulated in the account. This account is restricted for the purpose of paying for any additional improvements, extensions or repairs to the system.
- (d) The notes require the system to generate sewer and water net revenues sufficient to 110% of the

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

Other Long-Term Debt

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

The IRP loans are used to help finance businesses in the City that will create permanent employment, diversification of the local economy, or increase the local tax base of the City. Community development projects are also eligible for IRP loans. The total principal and interest remaining to be paid on the notes is \$1,188,564.

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

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

Lease Agreements

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

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

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Information Technology Subscription

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

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

**(4) Pension Plan**

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

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

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

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

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

In fiscal year 2026, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%.

The City’s contributions to IPERS for the year ended June 30, 2026 totaled \$203,408.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2026, the City reported a liability of \$512,441 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2025, the City’s proportion was 0.022063%, which was a decrease of 0.000299% from its proportion measured as of June 30, 2024.

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

There were no non-employer contributing entities to IPERS.

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

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

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

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

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

| Asset Class              | Asset Allocation | Long-Term Expected Real Rate of Return |
|--------------------------|------------------|----------------------------------------|
| Domestic equity          | 21.0%            | 3.33%                                  |
| International equity     | 13.0             | 4.99                                   |
| Global smart beta equity | 5.0              | 3.87                                   |
| Core plus fixed income   | 25.0             | 2.84                                   |
| Public credit            | 3.0              | 4.21                                   |
| Cash                     | 1.0              | 1.24                                   |
| Private equity           | 17.0             | 7.68                                   |
| Private real assets      | 9.0              | 4.62                                   |
| Private credit           | 6.0              | 6.23                                   |
| Total                    | 100.0%           |                                        |

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

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

|                                                         | 1%<br>Decrease<br>(6.00%) | Discount<br>Rate<br>(7.00%) | 1%<br>Increase<br>(8.00%) |
|---------------------------------------------------------|---------------------------|-----------------------------|---------------------------|
| City's proportionate share of the net pension liability | \$ 1,684,611              | 512,441                     | (468,523)                 |

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

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

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

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

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

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

CITY OF OELWEIN, IOWA  
NOTES TO FINANCIAL STATEMENTS

Item 1.

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

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

Contributions – Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.675% of earnable compensation for the year ended June 30, 2026.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa, the City's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 22.555% for the year ended June 30, 2026.

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

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

There were no state appropriations to MFPRSI during the year ended June 30, 2026.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2026, the City reported a liability of \$1,333,689 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2025, the City's proportion was 0.206575%, which was a decrease of 0.011376% from its proportion measured as of June 30, 2024.

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

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

|                           |                                                        |
|---------------------------|--------------------------------------------------------|
| Rate of inflation         | 3.00% per annum.                                       |
| Rates of salary increase  | 3.75 to 15.11% average, including inflation.           |
| Investment rate of return | 7.50%, net of investment expense, including inflation. |

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2022.

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

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

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

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed contributions will be made at 9.675% of covered payroll and the City's contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the MFPRSI's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on MFPRSI's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

|                                                            | 1%<br>Decrease<br>(6.50%) | Discount<br>Rate<br>(7.50%) | 1%<br>Increase<br>(8.50%) |
|------------------------------------------------------------|---------------------------|-----------------------------|---------------------------|
| City's proportionate share of<br>the net pension liability | \$ 2,387,783              | 1,333,689                   | 461,569                   |

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

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

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees, and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2026, the City contributed \$551,403 and plan members eligible for benefits contributed \$66,897 to the plan. At June 30, 2026, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of service. At June 30, 2026, there were 35 active and no retired members covered by the benefit terms.

**(6) Compensated Absences**

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

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

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

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

**(7) Deficit Balances**

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

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

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

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**(8) Interfund Transfers**

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

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

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

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

**(9) Risk Management**

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

**(10) Related Party Transactions**

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

**(11) Contracts/Commitments**

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

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

The City has contracted with Fayette County Solid Waste Management Commission for solid waste disposal. Total payments by the City under this agreement for the year ended June 30, 2026 were \$210,338. This agreement is perpetual unless otherwise terminated or dissolved. The City is assessed a fee based on tonnage received at the landfill. The fee is adjusted annually.

The City has contracted with Kluesner Sanitation LLC for the collection and hauling of residential solid waste. The City bills and collects the fees for this service according to the rates prescribed in the agreement. Total payments by the City under this agreement for the year ended June 30, 2026 were \$399,264. This agreement extends through March 31, 2028.

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

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

**(12) Litigation**

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

**(13) Contingent Liability**

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

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

**(14) Development Agreements**

Forsyth Management Company, LLC - The City agreed to pay an amount not to exceed \$750,000 subject to annual appropriation by the City Council. The agreement requires up to ten annual payments, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2026, the City rebated \$47,901 of incremental property tax to the developer. At June 30, 2026 the remaining balance to be paid on the agreement was approximately \$127,226.

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

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

Boulders Inn/Cornerstone Inn - The City agreed to pay an amount not to exceed \$395,000 subject to annual appropriation by the City Council. The agreement requires up to ten annual payments, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2026, the City rebated \$29,656 of incremental property tax to the developer. At June 30, 2026 the remaining balance to be paid on the agreement was approximately \$184,897.

ICE Manufacturing - The City agreed to pay an amount not to exceed \$106,750 subject to annual appropriation by the City Council. The agreement requires up to ten annual payments, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2026, the City rebated \$16,090 of incremental property tax to the developer. At June 30, 2026 the remaining balance to be paid on the agreement was approximately \$66,913.

BR Development LLC - The City agreed to pay an amount not to exceed \$300,000 subject to annual appropriation by the City Council. The agreement requires up to ten annual payments, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2026, the City rebated \$58,225 of incremental property tax to the developer. At June 30, 2026 the remaining balance to be paid on the agreement was approximately \$184,777.

**(15) Tax Abatements**

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

City Tax Abatements

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

For the year ended June 30, 2026, the City abated \$162,213 of property tax under the urban renewal and economic development projects.

**(16) Subsequent Events**

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

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

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

## OTHER INFORMATION

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

Other Information

Year ended June 30, 2026

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

See accompanying independent auditor's report.

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

## City of Oelwein, Iowa

## Notes to Other Information – Budgetary Reporting

June 30, 2026

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Funds, the Permanent Fund, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$1,392,320. The budget amendment is reflected in the final budgeted amounts.

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

## City of Oelwein

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

## Iowa Public Employees' Retirement System

For the Last Ten Years\*

(In Thousands)

## Other Information

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

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

See accompanying independent auditor's report

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

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

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

See accompanying independent auditor's report.

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

City of Oelwein  
Schedule of the City's Proportionate Share of the Net Pension Liability  
Municipal Fire and Police Retirement System of Iowa  
For the Last Ten Years\*

Other Information

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

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

See accompanying independent auditor's report

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

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

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

See accompanying independent auditor's report.

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

## Notes to Other Information – Pension Liability

Year Ended June 30, 2026

**IPERS**Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

## Notes to Other Information – Pension Liability

Year Ended June 30, 2026

**MFPRSI***Changes of benefit terms:*

There were no significant changes of benefit terms.

*Changes of assumptions:*

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

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

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

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

## **Supplementary Information**

City of Oelwein, Iowa  
Schedule of Cash Receipts, Disbursements,  
and Changes in Cash Balances  
Nonmajor Governmental Funds  
As of and for the year ended June 30, 2026

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

See accompanying independent auditor's report.

City of Oelwein, Iowa  
Schedule of Cash Receipts, Disbursements,  
and Changes in Cash Balances  
Nonmajor Governmental Special Revenue Funds  
As of and for the year ended June 30, 2026

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

See accompanying independent auditor's report.

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

City of Oelwein, Iowa  
Schedule of Cash Receipts, Disbursements,  
and Changes in Cash Balances  
Nonmajor Governmental Capital Projects Funds  
As of and for the year ended June 30, 2026

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

See accompanying independent auditor's report.

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

City of Oelwein, Iowa  
Schedule of Cash Receipts, Disbursements,  
and Changes in Cash Balances  
Nonmajor Proprietary Funds  
As of and for the year ended June 30, 2026

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

See accompanying independent auditor's report.

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

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

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

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

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

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

See accompanying independent auditor's report.

## City of Oelwein, Iowa

## Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2026

**(1) Basis of Presentation**

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

**(2) Summary of Significant Accounting Policies**

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

**(3) Indirect Cost Rate**

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

See accompanying independent auditor's report.



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

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

To the Honorable Mayor and Members of the City Council:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Oelwein, Iowa, as of and for the year ended June 30, 2026, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 12, 2026. Our report expressed unmodified opinions on the financial statements which were prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters which are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of non-compliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2026 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### **City of Oelwein's Responses to Findings**

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

### **Purpose of This Report**

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

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

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

October 12, 2026  
Humboldt, Iowa



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

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

To the Honorable Mayor and Members of the City Council:

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

**Opinion on Each Major Federal Program**

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

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

**Basis for Opinion on Each Major Federal Program**

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

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

**Responsibilities of Management for Compliance**

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

**Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

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

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

October 12, 2026  
Humboldt, Iowa

Schedule of Findings and Questioned Costs

Year Ended June 30, 2026

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

*Basic Financial Statements*

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

*Federal Awards*

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

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2026

**Part II: Findings Related to the Financial Statements****INTERNAL CONTROL DEFICIENCIES:**

2026-001     Segregation of Duties – Generally, we noted that from time to time one individual has control over each one of the following areas:

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

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

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

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

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

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

Schedule of Findings and Questioned Costs

Year Ended June 30, 2026

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

Conclusion – Response accepted.

2026-002      Utility Billing – The City charges landfill and recycling rates based upon the number of individual recipients per household. This number is obtained when the customer fills out an application for services; however, documentation to support the number per household was inadequate to determine if the amounts that the City was using for utility billing were complete and accurate.

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

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

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

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

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

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

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2026

**Part III: Findings and Questioned Costs for Federal Awards****INSTANCES OF NON-COMPLIANCE:**

None were noted.

**INTERNAL CONTROL DEFICIENCIES:****Assistance Listing Number 20.205: Highway Planning and Construction****Federal Award Year: 2026****Prior Year Finding Number: N/A****U.S. Department of Transportation****Passed through Iowa Department of Transportation**2026-003      Single Audit Process

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

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

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

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

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

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

Conclusion – Response accepted.

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2026

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

- 2026-A Certified Budget – Disbursements during the year ended June 30, 2026 did not exceed the amounts budgeted.
- 2026-B Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- 2026-C Travel Expense – No disbursements of the City’s money for travel expense of spouses of its officials or employees were noted.
- 2026-D Business Transactions – Business transactions between the City and its officials or employees are detailed as follows:

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

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

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

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

Conclusion – Response accepted.

- 2026-E Restricted Donor Activity – No transactions were noted between the City, City officials, City employees and restricted donors in compliance with 68B of the Code of Iowa.
- 2026-F Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- 2026-G Council Minutes – No transactions were found that we believe should have been approved in the City Council meeting minutes but were not. Minutes of City Council proceedings were published as required by Chapter 372.13(6) of the Code of Iowa.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2026

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

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

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

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

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

Conclusion – Response accepted.

2026-K     Annual Urban Renewal Report – The annual urban renewal report was approved and certified to the Iowa Department of Management on or before December 1 as required.

## City of Oelwein, Iowa

## Summary Schedule of Prior Audit Findings

Year ended June 30, 2026

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

## City of Oelwein, Iowa

## Corrective Action Plan

Year ended June 30, 2026

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