



Agenda

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

October 23, 2023
Oelwein, Iowa

Mayor: Brett DeVore

Mayor Pro Tem: Lynda Payne

Council Members: Karen Seeders, Tom Stewart, Matt Weber, Dave Garrigus, Dave Lenz

Pledge of Allegiance

Discussions

- [1.](#) Presentation on the Fiscal Year 2022-2023 Audit.

Adjournment

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

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

JUNE 30, 2023

DRAFT

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

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City of Oelwein, Iowa

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Brett DeVore	Mayor	December 2023
Matt Weber	Council Member	December 2023
Dave Lenz	Council Member	December 2025
Lynda Payne	Council Member	December 2023
Dave Garrigus	Council Member	December 2025
Karen Seeders	Council Member	December 2025
Tom Stewart	Council Member	December 2023
Dylan Mulfinger	City Administrator	Indefinite
Barb Rigdon	City Clerk	Indefinite
Lynch Dallas, P.C.	City Attorney	Indefinite

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

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

Report on the 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, 2023, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oelwein, as of June 30, 2023, and the respective changes in its cash basis financial position for the year then ended, in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

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

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. We previously audited, in accordance with the standards referred to in the "Auditors Responsibilities for the Audit of the Financial Statements" section of this report, the financial statements for the six years ended June 30, 2022, and other auditors previously audited in accordance with standards referred to in the third paragraph of this report, the financial statements for the three years ended June 30, 2016 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 7, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 7 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in this report. The other information comprises the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedules of the City's Proportionate Share of the Net Pension Liability and the Schedules of City Contributions on pages 5 through 11 and 34 through 41, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or provide any 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 23, 2023 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 23, 2023
Humboldt, Iowa

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Oelwein, Iowa, provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2023. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2023 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities decreased 35.3%, or approximately \$5,127,000, from fiscal 2022 to fiscal 2023. The decrease in receipts was primarily due to the absence of any loan proceeds received in FY23, compared to receipts of \$4,530,000 in loan proceeds received in fiscal year 2022.
- Disbursements in the City's governmental activities decreased 19.7%, or approximately \$2,313,000, in fiscal 2023 from fiscal 2022. The decrease in disbursements was largely attributed to reduced debt service expenditures for debt paid off in the prior fiscal year.
- The City's total cash basis net position increased approximately \$150,000 from June 30, 2022 to June 30, 2023. Of this amount, the assets of the governmental activities increased approximately \$589,000, while the assets of the business-type activities decreased approximately \$439,000.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

BASIS OF ACCOUNTING

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

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

Fund Financial Statements

The City has two kinds of funds:

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

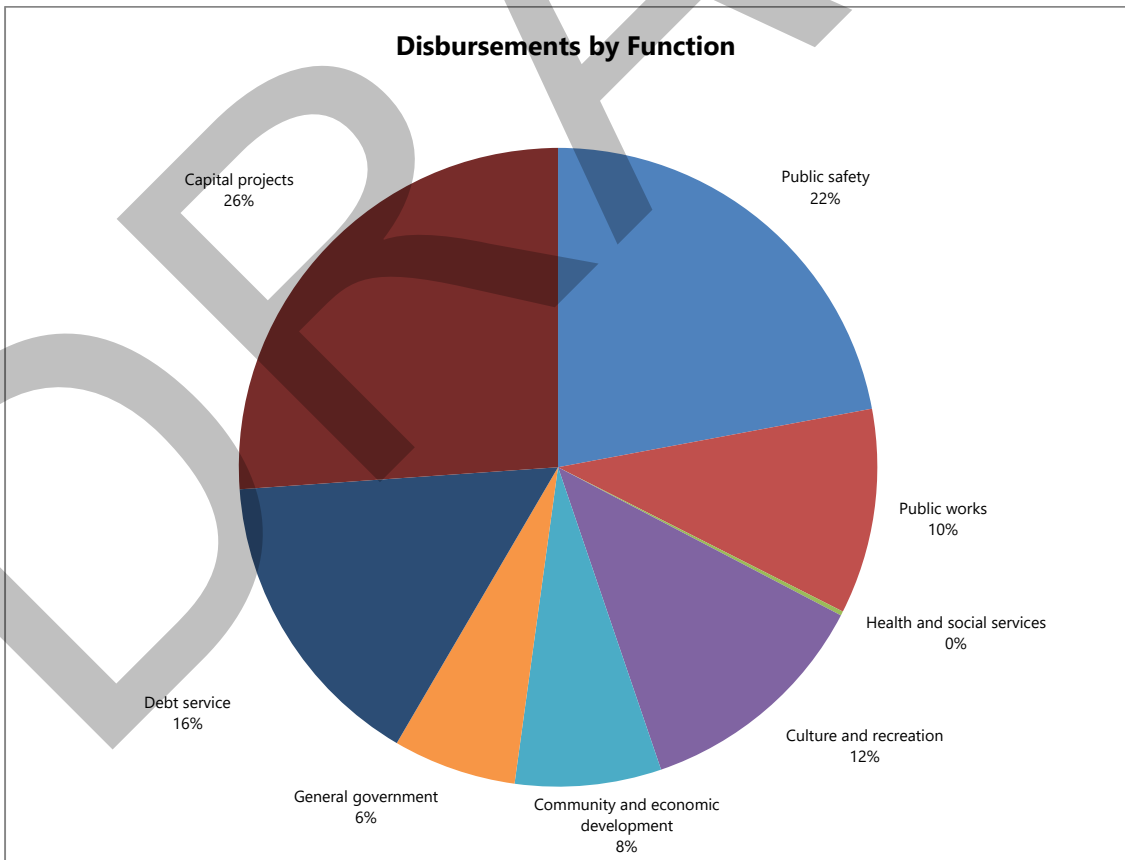
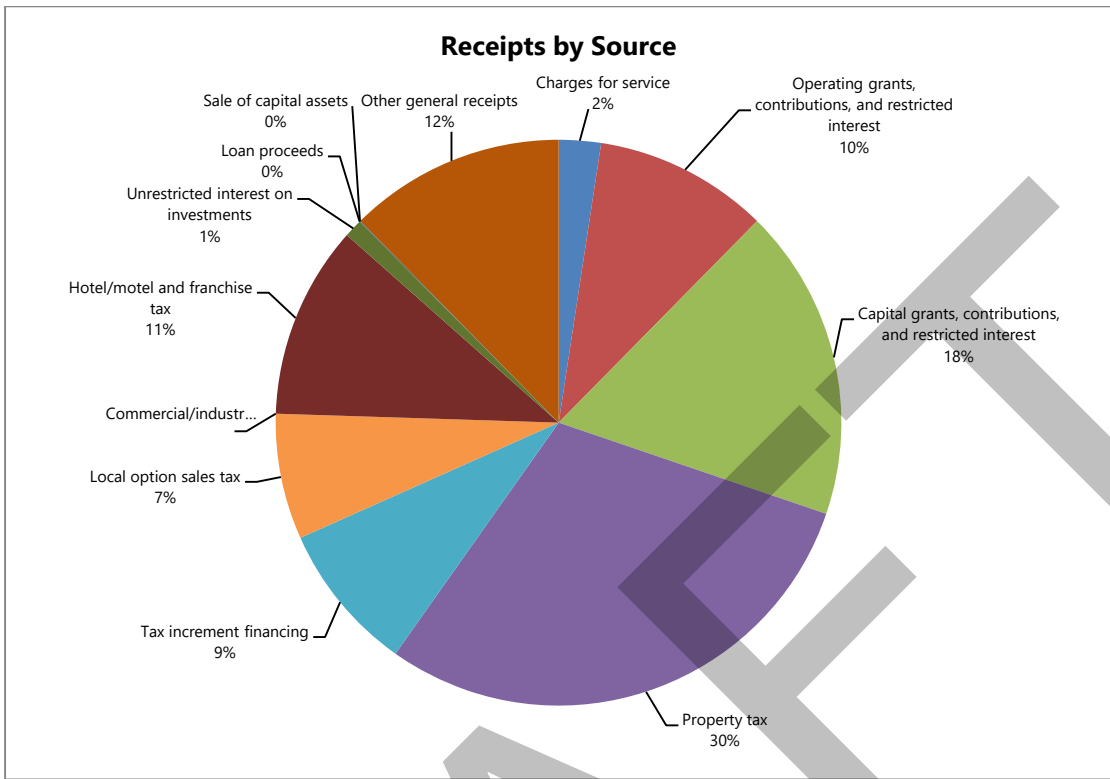
Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from \$7.65 million to \$8.24 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

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

	Year ended June 30,	
	2023	2022
Receipts:		
Program receipts:		
Charges for service	\$ 232	202
Operating grants, contributions, and restricted interest	963	1,053
Capital grants, contributions, and restricted interest	1,227	2,199
General receipts:		
Property tax	2,855	2,902
Tax increment financing	824	1,007
Local option sales tax	694	757
Commercial/industrial property tax replacement	-	111
Hotel/motel and franchise tax	1,066	973
Unrestricted interest on investments	99	18
Loan proceeds	-	4,530
Sale of capital assets	6	137
Other general receipts	1,444	648
Total receipts	9,410	14,537
Disbursements:		
Public safety	2,079	1,910
Public works	980	798
Health and social services	20	19
Culture and recreation	1,140	1,017
Community and economic development	698	940
General government	588	528
Debt service	1,458	3,669
Capital projects	2,460	2,855
Total disbursements	9,423	11,736
Change in cash basis net position before transfers	(13)	2,801
Transfers, net	602	(1,028)
Change in cash basis net position	589	1,773
Cash basis net position, beginning of year	7,648	5,875
Cash basis net position, end of year	\$ 8,237	7,648

The City's total receipts for governmental activities decreased by 35.3%, or approximately \$5,127,000, from the prior year. The total cost of all programs and services decreased by approximately \$2,313,000, or 19.7%. The decrease in receipts was primarily the result of decreased loan proceeds in the current year compared to the previous year.

The cost of all governmental activities this year was approximately \$9.4 million compared to approximately \$11.7 million last year. However, as shown in the Statement of Activities and Net Position on page 11, the amount taxpayers ultimately financed for these activities was only \$7.0 million because some of the cost was paid by those directly benefited from the programs (\$232,000) or by other governments and organizations which subsidized certain programs with grants, contributions, and restricted interest (\$2,190,000). The City paid for the remaining "public benefit" portion of governmental activities with property tax (some of which could only be used for certain programs) and with other receipts, such as interest, local option sales tax, and miscellaneous receipts.



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

	Year ended June 30,	
	2023	2022
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 1,396	1,271
Sewer	1,711	1,656
Other	1,378	1,173
Capital grants, contributions, and restricted interest	-	45
General receipts:		
Unrestricted interest on investments	37	6
Other general receipts	6	4
Total receipts	<u>4,528</u>	<u>4,155</u>
Disbursements:		
Water	1,289	2,105
Sewer	1,492	1,586
Other	1,585	1,665
Total disbursements	<u>4,366</u>	<u>5,356</u>
Change in cash basis net position before transfers	162	(1,201)
Transfers, net	<u>(602)</u>	1,028
Change in cash basis net position	(440)	(173)
Cash basis net position, beginning of year	<u>2,555</u>	<u>2,728</u>
Cash basis net position, end of year	<u>\$ 2,115</u>	<u>2,555</u>

Total business-type activity receipts for the fiscal year were approximately \$4.5 million compared to approximately \$4.2 million last year. The increase is due to higher receipts year-over-year for charges for services as well as from a donation received for capital projects.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Oelwein completed the year, its governmental funds reported a combined fund balance of \$8,237,074, an increase of \$589,016 from last year's total of \$7,648,058. The following are the main reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$300,743 from the prior year to \$1,404,075. The increase was due to planned operations of the fund.
- The Special Revenue, Road Use Tax Fund cash balance decreased \$191,479 from the prior year primarily due to higher expenses for planned capital projects.
- The Special Revenue, Economic Development Fund cash balance increased \$195,326 from the prior year primarily due to a reduction of transfers to the downtown business grant program during the year. The funding of that program can fluctuate year over year.
- The Special Revenue, Trust & Agency Fund cash balance decreased \$28,404 from the prior year primarily due to planned operations of the fund.

- The Debt Service Fund cash balance decreased \$76,397 to \$260,285. This was due to planned operations of the fund and paying debt according to debt schedules.
- The Capital Projects, Tri-Park Trail Extensions Fund cash balance increased \$54,462 from the prior year to \$853,263, as project expenditures decreased from the prior year while receipts remained steady.
- The Capital Projects, Cares Act cash balance increased \$859,064 from the prior year as the City received in grant funds but have not yet completed planned projects.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance increased \$573,517 from the prior year to \$858,380, primarily due to a transfer from the water infrastructure fund to close out the fund.
- The Sewer Fund cash balance decreased \$169,775 from the prior year primarily due planned operations of the fund.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget once. The amendment was approved May 22, 2023 and resulted in increases to various categories of revenues and expenditures. The most significant increases were to budget for additional intergovernmental and other financing sources, and capital project and enterprise activities expenditures. During the year ended June 30, 2023, disbursements did not exceed budgeted limits.

DEBT ADMINISTRATION

At June 30, 2023, the City had \$14.0 million in bonds and other long-term debt outstanding, compared to \$16.1 million last year, as shown below.

	Outstanding Debt at Year-End (Expressed in Thousands)	
	Year ended June 30,	
	2023	2022
General obligation bonds	\$ 8,635	9,750
Revenue notes	4,097	5,101
Other long-term debt	1,228	1,263
Total	\$ 13,960	16,114

Outstanding debt decreased \$2.1 million due to debt service payments being made as scheduled.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City’s corporate limits. The City’s outstanding general obligation debt of \$8.6 million is below its constitutional debt limit of approximately \$15.3 million. Additional information about the City’s long-term debt is presented in Note 3 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

The City of Oelwein’s elected and appointed officials and citizens considered many factors when setting the fiscal year 2024 budget, tax rates and fees charged for various City activities. One of those factors is the economy. Unemployment in the City now stands at 3.4% versus 2.5% a year ago. This compares with the State’s unemployment rate of 2.7% and the national rate of 3.8%.

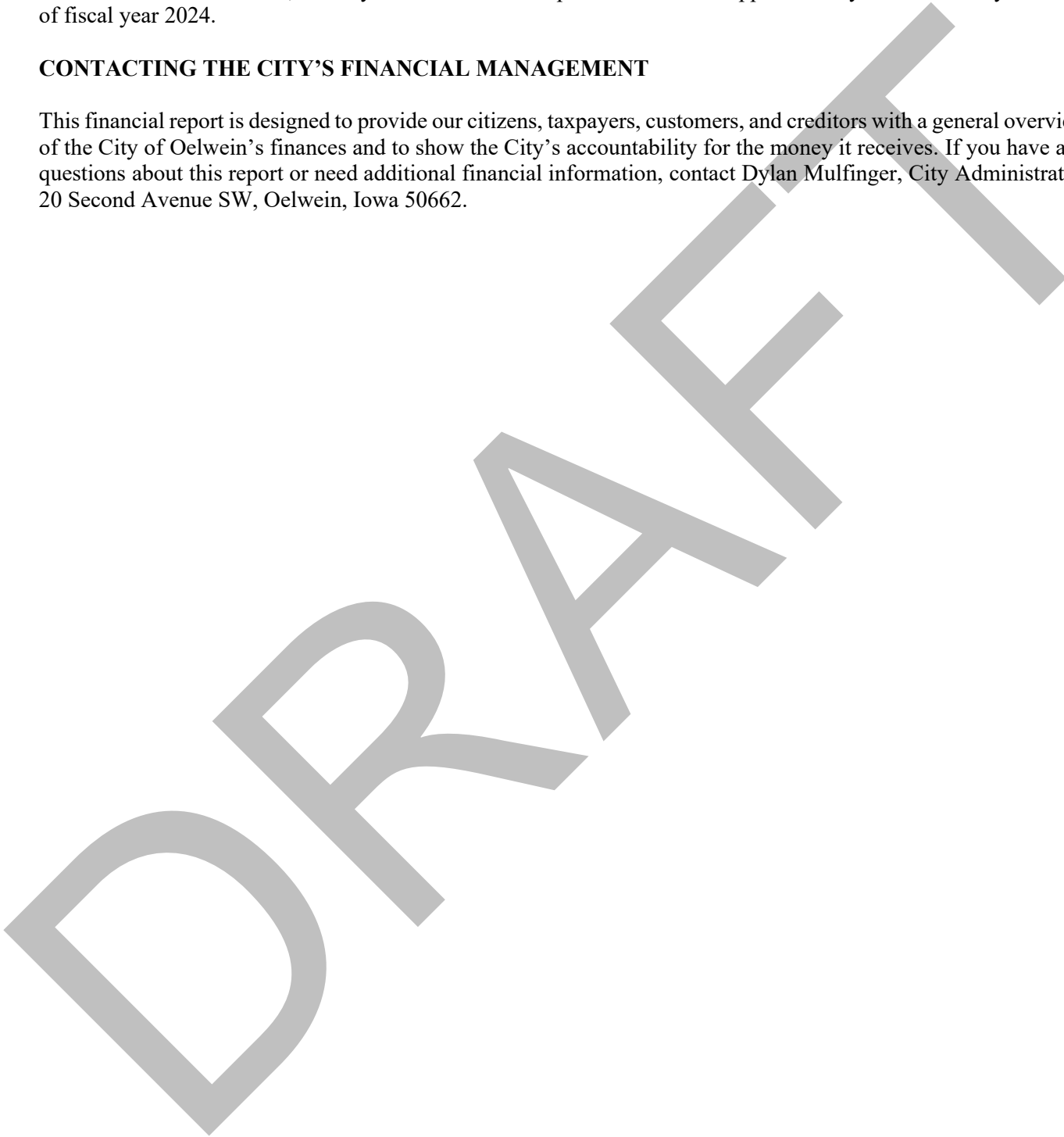
These indicators were taken into account when adopting the budget for fiscal year 2024. Amounts available for appropriation in the operating budget are approximately \$15.0 million, an increase of 14.2% over the final fiscal year 2023 budget. The increase is due to the City budgeting higher intergovernmental funding receipts in the next

fiscal year. Budgeted disbursements increased approximately \$950,000, or 6.1% over the prior fiscal year. The increase is due to lower budgeted debt service payments and capital projects expenditures in fiscal 2023. The City has added no major new programs or initiatives to the fiscal year 2024 budget.

If the estimates are realized, the City’s cash balance is expected to decrease approximately \$1.5 million by the close of fiscal year 2024.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

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



Basic Financial Statements

DRAFT

City of Oelwein, Iowa
Cash Basis Statement of Activities and Net Position
As of and for the year ended June 30, 2023

	Program Receipts			
	Disbursements	Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 2,078,676	57,160	42,230	-
Public works	913,126	13,911	859,659	364,505
Health and social services	19,667	-	-	-
Culture and recreation	1,140,435	160,835	61,492	5,000
Community and economic development	697,751	-	-	213,049
General government	588,245	-	-	-
Debt service	1,458,354	-	-	-
Capital projects	2,527,004	-	-	644,835
Total governmental activities	<u>9,423,258</u>	<u>231,906</u>	<u>963,381</u>	<u>1,227,389</u>
Business-type activities:				
Water	1,289,336	1,395,461	-	-
Sewer	1,491,854	1,711,362	-	-
Other business-type activities	1,584,738	1,378,236	-	-
Total business-type activities	<u>4,365,928</u>	<u>4,485,059</u>	<u>-</u>	<u>-</u>
Total functions/programs	<u>\$ 13,789,186</u>	<u>4,716,965</u>	<u>963,381</u>	<u>1,227,389</u>
General Receipts and Transfers:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Hotel/motel and franchise tax				
Unrestricted interest on investments				
Loan proceeds				
Miscellaneous				
Sale of capital assets				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position, beginning of year				
Cash basis net position, end of year				
Cash Basis Net Position				
Restricted:				
Nonexpendable:				
Cemetery perpetual care				
Expendable:				
Streets				
Employee benefits				
Debt service				
Other purposes				
Unrestricted				
Total cash basis net position				

Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Governmental Activities	Business-Type Activities	Total
(1,979,286)	-	(1,979,286)
324,949	-	324,949
(19,667)	-	(19,667)
(913,108)	-	(913,108)
(484,702)	-	(484,702)
(588,245)	-	(588,245)
(1,458,354)	-	(1,458,354)
(1,882,169)	-	(1,882,169)
(7,000,582)	-	(7,000,582)
-	106,125	106,125
-	219,508	219,508
-	(206,502)	(206,502)
-	119,131	119,131
(7,000,582)	119,131	(6,881,451)
2,384,210	-	2,384,210
470,546	-	470,546
823,599	-	823,599
694,494	-	694,494
1,066,083	-	1,066,083
99,240	37,281	136,521
-	-	-
1,444,217	5,732	1,449,949
5,697	-	5,697
601,512	(601,512)	-
7,589,598	(558,499)	7,031,099
589,016	(439,368)	149,648
7,648,058	2,555,140	10,203,198
\$ 8,237,074	2,115,772	10,352,846
\$ 295,032	-	295,032
507,104	-	507,104
533,555	-	533,555
260,285	240,308	500,593
5,601,055	141,231	5,742,286
1,040,043	1,734,233	2,774,276
\$ 8,237,074	2,115,772	10,352,846

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, 2023

	Special Revenue				
	General	Road Use Tax	Economic Development	Trust & Agency	Debt Service
Receipts:					
Property tax	\$ 1,419,692	-	-	911,866	459,267
Tax increment financing	-	-	-	-	-
Other city tax	78,873	-	-	25,942	11,279
Licenses and permits	90,318	-	-	-	-
Use of money and property	74,239	-	6,445	6,388	7,737
Intergovernmental	148,722	814,659	-	-	-
Charges for service	231,906	-	-	-	-
Special assessments	-	-	-	-	-
Miscellaneous	672,300	-	-	13,513	-
Total receipts	<u>2,716,050</u>	<u>814,659</u>	<u>6,445</u>	<u>957,709</u>	<u>478,283</u>
Disbursements:					
Operating:					
Public safety	1,540,334	-	-	511,788	-
Public works	129,354	628,402	-	155,370	-
Health and social services	-	-	-	-	-
Culture and recreation	894,627	-	-	189,183	-
Community and economic dev.	-	-	318,805	33,829	-
General government	479,670	12,632	-	95,943	-
Debt service	-	-	-	-	1,458,354
Capital projects	-	345,104	2,545	-	-
Total disbursements	<u>3,043,985</u>	<u>986,138</u>	<u>321,350</u>	<u>986,113</u>	<u>1,458,354</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(327,935)</u>	<u>(171,479)</u>	<u>(314,905)</u>	<u>(28,404)</u>	<u>(980,071)</u>
Other financing sources (uses):					
Sale of capital assets	-	-	5,697	-	-
Transfers in	639,678	-	634,534	-	903,674
Transfers out	(11,000)	(20,000)	(130,000)	-	-
Net other financing sources (uses)	<u>628,678</u>	<u>(20,000)</u>	<u>510,231</u>	<u>-</u>	<u>903,674</u>
Change in cash balances	300,743	(191,479)	195,326	(28,404)	(76,397)
Cash balances, beginning of year	1,103,332	698,583	676,485	561,959	336,682
Cash balances, end of year	<u>\$ 1,404,075</u>	<u>507,104</u>	<u>871,811</u>	<u>533,555</u>	<u>260,285</u>
Cash Basis Fund Balances					
Nonspendable	\$ -	-	-	-	-
Restricted for:					
Streets	-	507,104	-	-	-
Employee benefits	-	-	-	533,555	-
Debt service	-	-	-	-	260,285
Other purposes	-	-	871,811	-	-
Committed	-	-	-	-	-
Unassigned	1,404,075	-	-	-	-
Total cash basis fund balances	<u>\$ 1,404,075</u>	<u>507,104</u>	<u>871,811</u>	<u>533,555</u>	<u>260,285</u>

See notes to financial statements.

Capital Projects			
Tri-Park Trail			
Extensions	Cares Act	Nonmajor	Total
-	-	63,931	2,854,756
-	-	823,599	823,599
-	-	1,644,483	1,760,577
-	-	-	90,318
8,858	10,611	38,791	153,069
-	443,085	784,304	2,190,770
-	-	-	231,906
-	-	55,897	55,897
250,250	-	308,110	1,244,173
259,108	453,696	3,719,115	9,405,065
<hr/>			
-	-	26,554	2,078,676
-	-	-	913,126
-	-	19,667	19,667
-	-	56,625	1,140,435
-	-	345,117	697,751
-	-	-	588,245
-	-	-	1,458,354
214,646	36,544	1,928,165	2,527,004
214,646	36,544	2,376,128	9,423,258
<hr/>			
44,462	417,152	1,342,987	(18,193)
<hr/>			
-	-	-	5,697
10,000	441,912	142,428	2,772,226
-	-	(2,009,714)	(2,170,714)
10,000	441,912	(1,867,286)	607,209
<hr/>			
54,462	859,064	(524,299)	589,016
798,801	-	3,472,216	7,648,058
853,263	859,064	2,947,917	8,237,074
<hr/>			
-	-	295,032	295,032
-	-	-	507,104
-	-	-	533,555
-	-	-	260,285
853,263	859,064	2,687,987	5,272,125
-	-	328,930	328,930
-	-	(364,032)	1,040,043
853,263	859,064	2,947,917	8,237,074
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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, 2023

	Enterprise			Total
	Water	Sewer	Nonmajor	
Operating receipts:				
Charges for service	\$ 1,395,461	1,711,362	1,132,603	4,239,426
Intergovernmental			245,633	245,633
Miscellaneous	-	-	5,732	5,732
Total operating receipts	<u>1,395,461</u>	<u>1,711,362</u>	<u>1,383,968</u>	<u>4,490,791</u>
Operating disbursements:				
Business-type activities	<u>894,093</u>	<u>763,667</u>	<u>1,030,375</u>	<u>2,688,135</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>501,368</u>	<u>947,695</u>	<u>353,593</u>	<u>1,802,656</u>
Non-operating receipts (disbursements):				
Interest on investments	15,141	21,689	451	37,281
Debt service	(337,296)	(685,580)	-	(1,022,876)
Capital projects	(57,947)	(42,607)	(554,363)	(654,917)
Net non-operating receipts (disbursements)	<u>(380,102)</u>	<u>(706,498)</u>	<u>(553,912)</u>	<u>(1,640,512)</u>
Excess (deficiency) of receipts over (under) disbursements	<u>121,266</u>	<u>241,197</u>	<u>(200,319)</u>	<u>162,144</u>
Transfers in	555,221	50,940	66,470	672,631
Transfers out	(102,970)	(461,912)	(709,261)	(1,274,143)
Net transfers in (out)	<u>452,251</u>	<u>(410,972)</u>	<u>(642,791)</u>	<u>(601,512)</u>
Change in cash balances	573,517	(169,775)	(843,110)	(439,368)
Cash balances, beginning of year	<u>284,863</u>	<u>1,477,265</u>	<u>793,012</u>	<u>2,555,140</u>
Cash balances, end of year	<u>\$ 858,380</u>	<u>\$ 1,307,490</u>	<u>(50,098)</u>	<u>2,115,772</u>
Cash Basis Fund Balances				
Restricted for:				
Debt service	\$ 134,717	105,591	-	240,308
Other purposes	-	-	141,231	141,231
Unrestricted	<u>723,663</u>	<u>1,201,899</u>	<u>(191,329)</u>	<u>1,734,233</u>
Total cash basis fund balances	<u>\$ 858,380</u>	<u>\$ 1,307,490</u>	<u>(50,098)</u>	<u>2,115,772</u>

See notes to financial statements.

JUNE 30, 2023

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Jointly Governed Organizations

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

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

B. Basis of Presentation

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

Special Revenue:

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

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

the City.

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

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

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

Capital Projects:

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

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

The City reports the following major proprietary funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Property Taxes and Governmental Cash Basis Fund Balances

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

Property tax revenues recognized in the governmental funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2021 assessed property valuations; is for the tax accrual period July 1, 2022 through June 30, 2023 and reflects tax asking contained in the budget certified to the City Council in March 2022.

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

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

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

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

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

Unassigned – All amounts not included in other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2023, disbursements did not exceed the amounts budgeted.

(2) **Cash and Pooled Investments**

The City's deposits in banks at June 30, 2023 were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Board Statement No. 72.

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

(3) Bonds and Notes Payable

A summary of changes in bonds and notes payable for the year ended June 30, 2023 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Governmental activities:					
Urban Renewal Tax Increment	\$ 3,000,000	-	450,000	2,550,000	460,000
General Obligation Bonds	6,750,000	-	665,000	6,085,000	610,000
Other long-term debt	1,263,124	-	34,819	1,228,305	51,390
Governmental activities total	<u>\$ 11,013,124</u>	<u>-</u>	<u>1,149,819</u>	<u>9,863,305</u>	<u>1,121,390</u>
Business type activities:					
Water Revenue Notes	\$ 2,222,137	-	376,000	1,846,137	386,000
Sewer Revenues Notes	2,879,000	-	628,000	2,251,000	613,000
Business type activities total	<u>\$ 5,101,137</u>	<u>-</u>	<u>1,004,000</u>	<u>4,097,137</u>	<u>999,000</u>

General Obligation Debt

A summary of the City’s June 30, 2023 general obligation bonds payable is as follows:

Year Ending June 30,	Oelwein Chamber and Area Development Inc. Issued Feb. 16, 2016			Street & Infrastructure Improvements Issued Sept. 22, 2016		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2024	3.10%	\$ 460,000	92,000	1.65%	\$ 60,000	8,058
2025	3.40%	470,000	77,740	1.65%	75,000	7,068
2026	3.60%	485,000	61,760	2.00%	75,000	5,830
2027	3.80%	550,000	44,300	2.00%	40,000	4,330
2028	4.00%	585,000	23,400	2.00%	40,000	3,530
2029-2033		-	-	2.10%	130,000	2,730
Total		<u>\$ 2,550,000</u>	<u>299,200</u>		<u>\$ 420,000</u>	<u>31,545</u>

Year Ending June 30,	Capital Improvements Issued Feb. 25, 2020			Capital Improvements Issued Apr. 12, 2022		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2024	2.00%	\$ 210,000	37,300	2.125%	\$ 340,000	83,100
2025	2.00%	220,000	33,100	2.125%	345,000	75,875
2026	2.00%	225,000	28,700	2.125%	355,000	68,544
2027	2.00%	235,000	24,200	2.125%	360,000	61,000
2028	2.00%	240,000	19,500	2.125%	370,000	53,350
2029-2033	2.00%	735,000	34,600	2.125-2.5%	1,720,000	144,706

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

Item 1.

JUNE 30, 2023

2034-2038	-	-	2.50%	310,000	11,625
Total	\$ 1,865,000	177,400		\$ 3,800,000	498,200

Year Ending June 30,	Totals		
	Principal	Interest	Totals
2024	\$ 1,070,000	220,458	1,290,458
2025	1,110,000	193,783	1,303,783
2026	1,140,000	164,834	1,304,834
2027	1,185,000	133,830	1,318,830
2028	1,235,000	99,780	1,334,780
2029-2033	2,585,000	182,036	2,767,036
2034-2038	310,000	11,625	321,625
Total	\$ 8,635,000	1,006,345	9,641,345

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, 2023, the City paid \$450,000 of principal and \$104,600 of interest on the bonds.

On September 22, 2016, the City issued \$1,100,000 of general obligation bonds with an interest rate ranging from 1.0-2.1% per annum. The bonds were issued for expenses related to finance the construction of street, sanitary sewer, sewage treatment and waterworks improvement and acquisition of equipment for the City's street department. During the year ended June 30, 2023, the City paid \$135,000 of principal and \$9,948 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, 2023, the City paid \$210,000 of principal and \$41,500 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, 2023, the City paid \$320,000 of principal and \$102,136 of interest on the bonds.

Revenue Notes

A summary of the City's June 30, 2022 revenue notes payable is as follows:

Year Ending June 30,	Sewer			Water		
	Issued June 27, 2005			Issued Sept. 15, 2010		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2024	3.0%	\$ 551,000	29,785	3.0%	\$ 103,000	12,570
2025	3.0%	567,000	20,143	3.0%	106,000	9,570

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

Item 1.

JUNE 30, 2023

2026	3.0%	584,000	10,220	3.0%	110,000	6,480
2027		-	-		-	-
2028		-	-		-	-
2029-2033		-	-		-	-
2034-2038		-	-		-	-
Total		\$ 1,702,000	60,148		\$ 319,000	19,350

Year Ending June 30,	Sewer Issued Nov. 9, 2012			Water Issued Sept. 22, 2016		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2024	2.0%	\$ 46,000	7,875	1.85%	\$ 75,000	6,308
2025	2.0%	47,000	7,070	1.85%	80,000	4,920
2026	2.0%	48,000	6,248	2.15%	80,000	3,440
2027	2.0%	49,000	5,408	2.15%	80,000	1,720
2028	2.0%	50,000	4,550		-	-
2029-2033	2.0%	210,000	9,275		-	-
2034-2038		-	-		-	-
Total		\$ 450,000	40,425		\$ 315,000	16,388

Year Ending June 30,	Sewer Issued Apr 13, 2018			Water Issued Apr. 13, 2018		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2024	2.0%	\$ 16,000	4,393	2.0%	\$ 66,000	20,108
2025	2.0%	16,000	4,113	2.0%	68,000	18,953
2026	2.0%	16,000	3,833	2.0%	69,000	17,762
2027	2.0%	17,000	3,553	2.0%	71,000	16,555
2028	2.0%	17,000	3,255	2.0%	72,000	15,313
2029-2033	2.0%	17,000	2,958	2.0%	381,000	57,190
2034-2038		-	-	2.0%	349,000	22,453
Total		\$ 99,000	22,103		\$ 1,076,000	168,332

Year Ending June 30,	Water Issued May 28, 2021			Totals		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2024	1.75%	\$ 142,000	7,595	\$ 999,000	85,633	1,084,633
2025	1.75%	145,000	5,110	1,029,000	66,788	1,095,788
2026	1.75%	147,000	2,573	1,054,000	47,375	1,101,375
2027		-	-	217,000	27,235	244,235
2028		-	-	139,000	23,118	162,118
2029-2033		-	-	608,000	69,423	677,423
2034-2038		-	-	349,000	22,453	371,453
Total		\$ 434,000	15,278	\$ 4,395,000	342,022	4,737,022

The City has pledged future water customer receipts, net of specific operating disbursements to repay \$3,546,000 in revenue bonds issued in September 2010, September 2016, April 2018, and May 2021. Proceeds from the notes provided financing for the improvements to the water distribution system. The notes are payable solely from water customer net receipts and are payable through 2038. The total principal and interest remaining to be paid on the notes is \$2,363,347. For the current year, principal and interest paid and total customer net receipts were \$337,296 and \$501,368, respectively.

The City has pledged future sewer customer receipts, net of specific operating disbursements to repay \$10,192,000 in revenue bonds issued in June 2005, November 2012 and April 2018. Proceeds from the

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

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notes provided financing for the construction and improvements to the sewer treatment system. The notes are payable solely from sewer customer net receipts and are payable through 2035. The total principal and interest remaining to be paid on the notes is \$2,373,675. For the current year, principal and interest paid and total customer net receipts were \$685,580 and \$947,695, respectively.

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

- (a) The bonds/notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the fund.
- (b) Sufficient monthly transfers shall be made to separate water and sewer revenue note sinking accounts within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- (c) Additional monthly transfers shall be made to a water reserve account within the Enterprise Funds until a specific minimum balance has been accumulated in the account. This account is restricted for the purpose of paying for any additional improvements, extensions or repairs to the system.
- (d) The notes require the system generate sewer and water net revenues sufficient to 110% of the current year principal and interest installment. The Series 2021 Water Revenue bond requires the system generate water net revenue sufficient to 120% of the current year principal and interest installment until the Series 2016D bonds have been paid.

Other Long-Term Debt

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

The IRP loans are used to help finance businesses in the City that will create permanent employment, diversification of the local economy, or increase the local tax base of the City. Community development projects are also eligible for IRP loans. The total principal and interest remaining to be paid on the notes is \$1,379,652.

For the current year, principal and interest paid to the USDA by the City were \$47,450 and payments received from businesses to the City were \$209,876. A summary of the City's June 30, 2023 other long term debt payable is as follows:

Year Ending June 30,	USDA Relending #1		USDA Relending #2		USDA Relending #3		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	18,283	2,942	16,884	4,341	16,223	5,000	51,390	12,283
2025	18,466	2,759	17,053	4,173	16,385	4,838	51,904	11,770
2026	18,650	2,575	17,223	4,002	16,549	4,674	52,422	11,251
2027	18,837	2,388	17,395	3,830	16,714	4,508	52,947	10,726
2028	19,025	2,200	17,569	3,656	16,881	4,341	53,476	10,197
2029-2033	98,018	8,107	90,518	15,604	86,974	19,140	275,509	42,852
2034-2038	102,908	3,376	95,135	10,990	91,410	14,704	289,453	29,070
2039-2043	-	-	99,988	6,137	96,073	10,041	196,061	16,178
2044-2048	-	-	62,355	1,251	100,974	5,140	163,329	6,391
2049-2053	-	-	-	-	41,817	628	41,817	628
	\$ 294,187	24,349	434,119	53,983	500,000	73,015	1,228,306	151,346

JUNE 30, 2023

(4) Pension Plan

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

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

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

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

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

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

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

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2023, 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, 2023 totaled \$168,178.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported a liability of \$748,830 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 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, 2022, the City's proportion was 0.018867%, which was a decrease of 0.002256% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City's pension expense, deferred outflows of resources, and deferred inflows of resources totaled (\$10,752), \$758,869 and \$815,473, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 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 pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
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 (Asset) to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the City’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City’s proportionate share of the net pension liability	\$ 1,395,161	748,830	179,235

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

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

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

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

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

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

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

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

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

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

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

Contributions – Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2023.

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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 23.90% for the year ended June 30, 2023.

The City's contributions to MFPRSI for the year ended June 30, 2023 totaled \$188,526.

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, 2023.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported a liability of \$1,133,165 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 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, 2022, the City's proportion was 0.201785%, which was a decrease of 0.004974% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$107,130, \$779,054 and \$720,391, respectively.

Actuarial Assumptions – The total pension liability in the June 30, 2022 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, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2020.

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

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

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

allocation percentage and by adding expected inflation. The best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Broad Fixed Income	3.5%
Broad U.S. Equity	6.7
Global Equity	6.8
Broad Non-US Equity	7.0
Managed Futures	5.1
Emerging Market	7.2
Real Estate – Core	6.4
Opportunistic Real Estate	11.0
Global Infrastructure	6.8
Private Credit	8.6
Private Equity	12.0

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

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City’s proportionate share of the net pension liability	\$ 2,050,817	1,133,165	372,877

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

(5) Other Postemployment Benefits (OPEB)

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees, and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2023, the City contributed \$575,060 and plan members eligible for benefits contributed \$66,078 to the plan. At June 30, 2023, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2023, 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 and sick leave hours for subsequent use or for payment upon termination. Earned vacation is paid when used or when employment is terminated upon retirement or death. These accumulations are not recognized as expenditures by the City until they are used or paid.

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

The City’s approximate liability for earned vacation and sick leave payable at June 30, 2023, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 142,923
Sick Leave	747,063
Total	\$ 889,986

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

(7) Deficit Balances

At June 30, 2023, the following funds had deficit balances:

Fund:	Amount:
Capital Project - Airport Grant	\$ (24,910)
Capital Project - Plaza Park Expansion	(339,122)
Proprietary - West Water Tower	(300,682)

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

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

(8) Interfund Transfers

The detail of interfund transfers, for the year ended June 30, 2023 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Road Use Tax	\$ 20,000
	Emergency	43,233
	Local Option Sales Tax	207,658
	Hotel/Motel Tax	32,367
	Gas-Electric Franchise	204,790
	Economic Development	55,000
	Enterprise:	
	Water	20,000
	Landfill	36,630
	Sewer	20,000
		639,678
Special Revenue: Economic Development	Special Revenue: Local Option Sales Tax	484,534
	Downtown TIF	150,000
		634,534
Special Revenue: Downtown Business Grants	Special Revenue: Economic Development	75,000
Special Revenue: Volunteer Fire Department	General	11,000
Debt Service	Special Revenue:	
	Gas-Electric Franchise	159,001
	East Penn	661,703
	Enterprise:	
	Water	82,970
		903,674
Enterprise: Sewer Bond Sinking	Enterprise: Sewer Infrastructure	50,940
Capital Projects: Tri Park Trail Extensions	Special Revenue: Hotel/Motel Tax	10,000
Capital Projects: '23 HMA Paving Imp	Special Revenue: Special Assessments	56,428

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Enterprise: Water	Capital Projects: West Water Tower Project	174,466
	Enterprise: Water Infrastructure Fee	380,755
		555,221
Capital Projects: Cares Act	Enterprise: Sewer	441,912
Enterprise: Reed Bed Exp	Enterprise: Sewer Infrastructure	66,470
		\$ 3,444,857

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 \$100,349 during the year ended June 30, 2023.

(11) Contracts/Commitments

In 2016, the City agreed to contribute \$350,000 to the Oelwein Community School District over a period of ten years for the College and Career Ready Program. The amount remaining on this commitment is \$140,000 at June 30, 2023.

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, 2023 were \$197,313. This agreement is perpetual unless otherwise terminated or dissolved. The City is assessed a fee based on tonnage received at the landfill. The fee is adjusted annually.

The City has contracted with Black Hawk Waste Disposal for the collection and hauling of residential solid waste. The City bills and collects the fees for this service according to the rates prescribed in the agreement. Total payments by the City under this agreement for the year ended June 30, 2023 were \$258,020. This agreement extends through April 1, 2023.

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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, 2023 were \$95,419. This agreement extends through March 31, 2028.

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

(12) Lease Receivable

The City has an agreement to lease tillable land to a third party that began March 1, 2022 and is effective for a 3 year period. The City is to receive \$36,225 in land rent annually with an estimated incremental lending rate of 5.0%.

Year Ended June 30,	Principal	Interest	Total
2024	\$ 35,040	\$ 1,185	\$ 36,225

(13) Litigation

The City is subject to pending litigation for one case where the estimate of damages and probability of loss, if any, is undeterminable as of June 30, 2023.

(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, 2023, the City rebated \$49,661 of incremental property tax to the developer. At June 30, 2023 the remaining balance to be paid on the agreement was approximately \$269,826.

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, 2023, the City rebated \$28,134 of incremental property tax to the developer. At June 30, 2023 the remaining balance to be paid on the agreement was approximately \$269,646.

Performance Rehab - The City agreed to pay an amount not to exceed \$30,000 subject to annual appropriation by the City Council. The agreement requires up to five annual payments, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2023, the City rebated \$2,126 of incremental property tax to the developer. At June 30, 2023 the remaining balance to be paid on the agreement was approximately \$15,577.

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, 2023, the City rebated \$3,236 of incremental property tax to the developer. At June 30, 2023 the remaining balance to be paid on the agreement was approximately \$103,514.

JUNE 30, 2023

(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, 2023, the City abated \$95,634 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.

Subsequent to June 30, 2023, the City entered into a contract with Shift Companies for the Reed Bed Expansion and EQ Liner Replacement project for the amount of \$1,347,000. The City also subsequently approved a Sewer Revenue Loan and Disbursement Agreement for an amount not to exceed \$1,200,000.

OTHER INFORMATION

DRAFT

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, 2023

	Governmental Funds Actual	Proprietary Funds Actual	Total
Receipts:			
Property tax	\$ 2,854,756	-	2,854,756
Tax increment financing	823,599	-	823,599
Other city tax	1,760,577	-	1,760,577
Licenses and permits	90,318	-	90,318
Use of money and property	153,069	37,281	190,350
Intergovernmental	2,190,770	245,633	2,436,403
Charges for service	231,906	4,239,426	4,471,332
Special assessments	55,897	-	55,897
Miscellaneous	1,244,173	5,732	1,249,905
Total receipts	<u>9,405,065</u>	<u>4,528,072</u>	<u>13,933,137</u>
Disbursements:			
Public safety	2,078,676	-	2,078,676
Public works	913,126	-	913,126
Health and social services	19,667	-	19,667
Culture and recreation	1,140,435	-	1,140,435
Community and economic development	697,751	-	697,751
General government	588,245	-	588,245
Debt service	1,458,354	-	1,458,354
Capital projects	2,527,004	-	2,527,004
Business-type activities	-	4,365,928	4,365,928
Total disbursements	<u>9,423,258</u>	<u>4,365,928</u>	<u>13,789,186</u>
Excess (deficiency) of receipts over (under) disbursements	(18,193)	162,144	143,951
Other financing sources (uses), net	<u>607,209</u>	<u>(601,512)</u>	<u>5,697</u>
Excess of receipts and other financing sources over disbursements and other financing sources	589,016	(439,368)	149,648
Balances, beginning of year	<u>7,648,058</u>	<u>2,555,140</u>	<u>10,203,198</u>
Balances, end of year	<u>\$ 8,237,074</u>	<u>2,115,772</u>	<u>10,352,846</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Total Variance
Original	Final	
2,757,508	2,757,508	97,248
832,283	832,283	(8,684)
1,483,643	1,623,643	136,934
84,500	84,500	5,818
91,165	211,165	(20,815)
1,974,641	2,973,540	(537,137)
4,763,250	5,063,250	(591,918)
20,000	60,000	(4,103)
128,700	221,700	1,028,205
12,135,690	13,827,589	105,548
1,971,237	2,285,237	206,561
905,929	965,929	52,803
31,000	31,000	11,333
1,094,017	1,153,916	13,481
1,062,930	1,077,930	380,179
546,040	623,040	34,795
1,592,909	1,600,909	142,555
3,143,630	4,430,630	1,903,626
4,788,169	5,097,169	731,241
15,135,861	17,265,760	3,476,574
(3,000,171)	(3,438,171)	3,582,122
406,000	406,000	(400,303)
(2,594,171)	(3,032,171)	3,181,819
9,856,452	9,856,452	346,746
7,262,281	6,824,281	3,528,565

City of Oelwein, Iowa

Notes to Other Information – Budgetary Reporting

June 30, 2023

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business-type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, the Debt Service Fund, Capital Projects Funds, the Permanent Fund, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$2,129,899. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2023, disbursements did not exceed budgeted limits.

City of Oelwein

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

Iowa Public Employees' Retirement System

For the Last Nine Years*

(In Thousands)

Other Information

	2023	2022	2021	2020	2019
City's proportion of the net pension liability	0.00189%	0.02112%	0.02088%	0.02024%	0.01847%
City's proportionate share of the net pension liability	\$ 749	30	1,467	1,172	1,169
City's covered-employee payroll	\$ 1,598	1,714	1,657	1,541	1,388
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	46.87%	1.75%	88.53%	76.05%	84.22%
IPERS' net position as a percentage of the total pension liability	91.40%	100.81%	82.90%	85.45%	83.62%

* 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

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

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

Other Information

	2023	2022	2021	2020
Statutorily required contribution	168,178	150,850	161,839	156,410
Contribution in relation to the statutorily required contribution	(168,178)	(150,850)	(161,839)	(156,410)
Contribution deficiency (excess)	-	-	-	-
Commission's covered-employee payroll	1,781,542	1,597,989	1,714,401	1,656,886
Contribution as a percentage of covered-employee payroll	9.44%	9.44%	9.44%	9.44%

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

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

Other Information

	2023	2022	2021	2020	2019	2018	2017	2016
City's proportion of the net pension liability	0.201785%	0.206759%	0.206798%	0.208602%	0.202923%	0.226444%	0.221144%	0.230028%
City's proportionate share of the net pension liability	\$ 1,133,165	\$ 464,327	\$ 1,649,421	\$ 1,368,276	\$ 1,208,210	\$ 1,328,038	\$ 1,382,721	\$ 1,080,705
City's covered payroll	\$ 681,520	\$ 671,871	\$ 657,003	\$ 631,467	\$ 589,817	\$ 641,429	\$ 599,281	\$ 603,240
City's proportionate share of the net pension liability as a percentage of its covered payroll	166.27%	69.11%	251.05%	216.68%	204.84%	207.04%	230.73%	179.15%
MFPRSI's net position as a percentage of the total pension liability	84.62%	93.62%	76.47%	79.94%	81.07%	80.60%	78.20%	83.04%

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

See accompanying independent auditor's report.

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

Other Information

	2023	2022	2021	2020
Statutorily required contribution	188,526	178,422	170,050	160,375
Contribution in relation to the statutorily required contribution	(188,526)	(178,422)	(170,050)	(160,375)
Contribution deficiency (excess)	-	-	-	-
City's covered-employee payroll	788,811	681,520	671,871	657,003
Contribution as a percentage of covered-employee payroll	23.90%	26.18%	25.31%	24.41%

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2019	2018	2017	2016	2015	2014
164,308	151,465	166,258	166,420	183,445	180,503
(164,308)	(151,465)	(166,258)	(166,420)	(183,445)	(180,503)
-	-	-	-	-	-
631,467	589,817	641,429	599,281	603,240	599,280
26.02%	25.68%	25.92%	27.77%	30.41%	30.12%

Notes to Other Information – Pension Liability

Year Ended June 30, 2023

IPERS*Changes of benefit terms:*

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

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

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

MFPSI*Changes of benefit terms:*

There were no significant changes of benefit terms.

Notes to Other Information – Pension Liability

Year Ended June 30, 2023

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.

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

Supplementary Information

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City of Oelwein, Iowa

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

As of and for the year ended June 30, 2023

	Special Revenue	Capital Projects	Permanent Cemetery Perpetual Care	Total
Receipts:				
Property tax	\$ 63,931	-	-	63,931
Tax increment financing	823,599	-	-	823,599
Other city tax	1,644,483	-	-	1,644,483
Use of money and property	25,236	13,555	-	38,791
Intergovernmental	5,000	779,304	-	784,304
Special assessments	55,897	-	-	55,897
Miscellaneous	244,914	60,976	2,220	308,110
Total receipts	2,863,060	853,835	2,220	3,719,115
Disbursements:				
Public safety	26,554	-	-	26,554
Health and social services	19,667	-	-	19,667
Culture and recreation	56,625	-	-	56,625
Community and economic development	345,117	-	-	345,117
Capital projects	376,591	1,551,574	-	1,928,165
Total disbursements	824,554	1,551,574	-	2,376,128
Excess of receipts over disbursements	2,038,506	(697,739)	2,220	1,342,987
Other financing sources (uses):				
Transfers in	86,000	56,428	-	142,428
Transfers out	(2,009,714)	-	-	(2,009,714)
Net other financing sources (uses)	(1,923,714)	56,428	-	(1,867,286)
Change in cash balance	114,792	(641,311)	2,220	(524,299)
Cash balances, beginning of year	1,548,294	1,631,110	292,812	3,472,216
Cash balances, end of year	\$ 1,663,086	989,799	295,032	2,947,917
Cash Basis Fund Balances				
Nonspendable	\$ -	-	295,032	295,032
Restricted for other purposes	1,334,156	1,353,831	-	2,687,987
Committed	328,930	-	-	328,930
Unassigned	-	(364,032)	-	(364,032)
Total cash basis fund balances	\$ 1,663,086	989,799	295,032	2,947,917

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, 2023

	Special Revenue							
	County Emergency Management	Flex Spending	Emergency	Local Option Sales Tax	Hotel-Motel Tax	Gas-Electric Franchise Fees	Library Bequest	Downtown TIF
Receipts:								
Property tax	\$ 21,892	-	42,039	-	-	-	-	-
Tax increment financing	-	-	-	-	-	-	-	32,418
Other city tax	626	-	1,194	694,494	74,219	873,950	-	-
Use of money and property	-	-	-	4,618	566	3,488	4,688	-
Intergovernmental	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-
Miscellaneous	-	19,667	-	-	-	-	4,980	-
Total receipts	22,518	19,667	43,233	699,112	74,785	877,438	9,668	32,418
Disbursements:								
Public safety	21,883	-	-	-	-	-	-	-
Health and social services	-	19,667	-	-	-	-	-	-
Culture and recreation	-	-	-	-	44,453	-	7,056	-
Community and economic development	-	-	-	-	-	-	-	2,126
Capital projects	-	-	-	-	-	376,591	-	-
Total disbursements	21,883	19,667	-	-	44,453	376,591	7,056	2,126
Excess (deficiency) of receipts over (under) disbursements	635	-	43,233	699,112	30,332	500,847	2,612	30,292
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(43,233)	(692,192)	(42,367)	(363,791)	-	(150,000)
Net other financing sources (uses)	-	-	(43,233)	(692,192)	(42,367)	(363,791)	-	(150,000)
Change in cash balance	635	-	-	6,920	(12,035)	137,056	2,612	(119,708)
Cash balances, beginning of year	1,971	1,437	-	56,980	24,970	87,656	373,294	214,750
Cash balances, end of year	\$ 2,606	1,437	-	63,900	12,935	224,712	375,906	95,042
Cash Basis Fund Balances								
Restricted for other purposes	\$ 2,606	-	-	63,900	12,935	-	375,906	95,042
Committed	-	1,437	-	-	-	224,712	-	-
Total cash basis fund balances	\$ 2,606	1,437	-	63,900	12,935	224,712	375,906	95,042

See accompanying independent auditor's report.

Special Revenue										
Industrial Park TIF	East Penn TIF	DARE	Trees Forever	First Time Home Buyer Program	IRP Revolving Loan	Downtown Business Grant	Volunteer Fire Department	Forfeited Assets	Special Assessments	Total
-	-	-	-	-	-	-	-	-	-	63,931
93,508	697,673	-	-	-	-	-	-	-	-	823,599
-	-	-	-	-	-	-	-	-	-	1,644,483
-	7,927	-	-	1,211	278	1,946	-	-	514	25,236
-	-	-	5,000	-	-	-	-	-	-	5,000
-	-	-	-	-	-	-	-	-	55,897	55,897
-	-	-	-	1,952	211,482	-	2,750	4,083	-	244,914
93,508	705,600	-	5,000	3,163	211,760	1,946	2,750	4,083	56,411	2,863,060
-	-	771	-	-	-	-	-	3,900	-	26,554
-	-	-	-	-	-	-	-	-	-	19,667
-	-	-	5,116	-	-	-	-	-	-	56,625
93,508	-	-	-	29,465	203,843	-	16,175	-	-	345,117
-	-	-	-	-	-	-	-	-	-	376,591
93,508	-	771	5,116	29,465	203,843	-	16,175	3,900	-	824,554
-	705,600	(771)	(116)	(26,302)	7,917	1,946	(13,425)	183	56,411	2,038,506
-	-	-	-	-	-	75,000	11,000	-	-	86,000
-	(661,703)	-	-	-	-	-	-	-	(56,428)	(2,009,714)
-	(661,703)	-	-	-	-	75,000	11,000	-	(56,428)	(1,923,714)
-	43,897	(771)	(116)	(26,302)	7,917	76,946	(2,425)	183	(17)	114,792
-	226,434	5,159	19,456	126,464	232,103	155,492	19,675	2,436	17	1,548,294
-	270,331	4,388	19,340	100,162	240,020	232,438	17,250	2,619	-	1,663,086
-	270,331	4,388	19,340	-	240,020	232,438	17,250	-	-	1,334,156
-	-	-	-	100,162	-	-	-	2,619	-	328,930
-	270,331	4,388	19,340	100,162	240,020	232,438	17,250	2,619	-	1,663,086

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, 2023

	Capital Projects				
	2020 GO Bond	Oelwein Housing Teardown	Airport Grant	Plaza Park Expansion	Industrial Park 3rd Addition
Receipts:					
Use of money and property	107	-	-	-	100
Intergovernmental	-	-	364,505	213,049	-
Miscellaneous	-	35,976	-	-	-
Total receipts	107	35,976	364,505	213,049	100
Disbursements:					
Capital projects	84,795	142,054	372,595	732,861	149,305
Total disbursements	84,795	142,054	372,595	732,861	149,305
Excess (deficiency) of receipts over (under) disbursements	(84,688)	(106,078)	(8,090)	(519,812)	(149,205)
Other financing sources (uses):					
Loan proceeds	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Net other financing sources	-	-	-	-	-
Change in cash balance	(84,688)	(106,078)	(8,090)	(519,812)	(149,205)
Cash balances, beginning of year	92,991	146,800	(16,820)	180,690	149,205
Cash balances, end of year	8,303	40,722	(24,910)	(339,122)	-
Cash Basis Fund Balances					
Restricted for other purposes	8,303	40,722	-	-	-
Unassigned	-	-	(24,910)	(339,122)	-
Total cash basis fund balances	8,303	40,722	(24,910)	(339,122)	-

See accompanying independent auditor's report.

10th Street Paving	2022 GO Bond Construction	Railroad Viaduct	Total
7,371	5,645	332	13,555
-	201,750	-	779,304
-	-	25,000	60,976
7,371	207,395	25,332	853,835
15,043	32,488	22,433	1,551,574
15,043	32,488	22,433	1,551,574
(7,672)	174,907	2,899	(697,739)
-	-	-	-
56,428	-	-	56,428
-	-	-	-
56,428	-	-	56,428
48,756	174,907	2,899	(641,311)
590,624	465,030	22,590	1,631,110
639,380	639,937	25,489	989,799
639,380	639,937	25,489	1,353,831
-	-	-	(364,032)
639,380	639,937	25,489	989,799

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, 2023

	Water Infrastructure	Sewer Infrastructure	Customer Deposits	Fuel
Operating receipts:				
Charges for service	71,847	77	32,006	79,320
Intergovernmental	-	-	-	-
Miscellaneous	-	-	-	5,732
Total operating receipts	71,847	77	32,006	85,052
Operating disbursements:				
Business-type activities	-	-	32,290	85,082
Excess (deficiency) of operating receipts over (under) operating disbursements	71,847	77	(284)	(30)
Non-operating receipts (disbursements):				
Interest on investments	-	-	-	-
Capital projects	(61,990)	-	-	-
Net non-operating disbursements	(61,990)	-	-	-
Excess (deficiency) of receipts over (under) disbursements	9,857	77	(284)	(30)
Transfers in	-	-	-	-
Transfers out	(380,755)	(117,410)	-	-
Net transfers	(380,755)	(117,410)	-	-
Change in cash balance	(370,898)	(117,333)	(284)	(30)
Cash balances, beginning of year	376,338	117,335	141,515	7,162
Cash balances, end of year	5,440	2	141,231	7,132
Cash Basis Fund Balances				
Restricted for:				
Other purposes	-	-	141,231	-
Unassigned	5,440	2	-	7,132
Total cash basis fund balances	5,440	2	141,231	7,132

See accompanying independent auditor's report.

Landfill	Recycling	West Water Tower	Tree	Wellness Center	Sewer Main Construction	Total
600,690	78,127	-	99,662	170,874	-	1,132,603
-	-	245,633	-	-	-	245,633
-	-	-	-	-	-	5,732
600,690	78,127	245,633	99,662	170,874	-	1,383,968
553,139	73,744	-	86,631	199,489	-	1,030,375
47,551	4,383	245,633	13,031	(28,615)	-	353,593
-	-	-	-	-	451	451
-	-	(371,849)	-	-	(120,524)	(554,363)
-	-	(371,849)	-	-	(120,073)	(553,912)
47,551	4,383	(126,216)	13,031	(28,615)	(120,073)	(200,319)
-	-	-	-	-	66,470	66,470
(36,630)	-	(174,466)	-	-	-	(709,261)
(36,630)	-	(174,466)	-	-	66,470	(642,791)
10,921	4,383	(300,682)	13,031	(28,615)	(53,603)	(843,110)
18,614	247	-	20,101	35,412	76,288	793,012
29,535	4,630	(300,682)	33,132	6,797	22,685	(50,098)
-	-	-	-	-	-	141,231
29,535	4,630	(300,682)	33,132	6,797	22,685	(191,329)
29,535	4,630	(300,682)	33,132	6,797	22,685	(50,098)

City of Oelwein, Iowa

Schedule of Receipts by Source and Disbursements by Function
Governmental Funds

For the Last Ten Years

	2023	2022	2021	2020
Receipts				
Property tax	\$ 2,854,756	\$ 3,240,435	3,012,076	2,616,016
Tax increment financing	823,599	1,006,886	977,915	789,469
Other city tax	1,760,577	1,503,041	1,544,391	1,449,548
Licenses and permits	90,318	87,653	95,913	79,541
Use of money and property	153,069	75,188	74,074	125,779
Intergovernmental	2,190,770	3,252,374	1,169,261	1,440,844
Charges for service	231,906	201,963	182,760	150,159
Special assessments	55,897	86,057	2,667	-
Miscellaneous	1,244,173	415,476	1,028,815	740,341
	<u>\$ 9,405,065</u>	<u>\$ 9,869,073</u>	<u>8,087,872</u>	<u>7,391,697</u>
Disbursements				
Public safety	\$ 2,078,676	\$ 1,772,506	1,768,125	1,773,341
Public works	913,126	1,075,947	812,270	684,588
Health and social services	19,667	19,125	20,016	19,836
Culture and recreation	1,140,435	1,016,809	926,349	905,295
Community and economic development	697,751	939,768	986,416	1,148,628
General government	588,245	527,547	500,093	488,132
Debt service	1,458,354	4,679,015	1,577,912	1,744,359
Capital projects	2,527,004	3,636,179	3,087,107	1,957,005
	<u>\$ 9,423,258</u>	<u>\$ 13,666,896</u>	<u>9,678,288</u>	<u>8,721,184</u>

See accompanying independent auditor's report.

2019	2018	2017	2016	2015	2014
2,511,243	2,446,809	2,622,915	2,550,327	2,433,871	2,265,317
320,501	68,956	53,616	69,105	73,362	106,380
1,465,729	1,179,371	869,807	878,525	1,051,291	1,082,086
72,679	109,853	82,788	53,257	80,539	98,623
124,650	219,825	347,083	143,177	286,659	289,316
1,210,033	1,641,704	2,820,235	1,011,483	987,685	1,260,775
190,880	151,896	190,692	141,082	91,439	95,180
392	30,590	41,301	37,582	43,223	60,791
435,275	712,839	324,901	1,105,087	479,997	352,787
6,331,382	6,561,843	7,353,338	5,989,625	5,528,066	5,611,255
1,682,373	1,544,804	1,598,188	1,602,959	1,645,848	1,740,553
755,382	729,542	732,688	695,231	785,430	779,828
18,117	21,603	24,733	27,428	37,232	40,204
929,980	811,850	818,311	780,172	844,486	818,383
783,959	893,869	622,087	1,463,655	918,572	1,198,140
418,572	389,086	374,222	378,446	368,157	373,809
1,117,626	1,873,831	1,034,354	780,858	893,757	526,908
666,989	1,033,130	2,529,927	4,959,048	3,617,762	123,998
6,372,998	7,297,715	7,734,510	10,687,797	9,111,244	5,601,823

City of Oelwein, Iowa
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2023

Grantor/Program	Assistance Listings Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Transportation:			
Airport Improvement Program, COVID 19 Airport Program and Infrastructure Investment and Jobs Act Program	20.106		\$ 335,336
Total U.S. Department of Transportation:			<u>335,336</u>
U.S. Department of Homeland Security:			
Passed through Iowa Department of Homeland Security and Emergency Management:			
Hazard Mitigation Grant Program and Non-Entitled Grants in Hawaii	97.039	HMGP-DR-4483-0006	27,450
Total U.S. Department of Homeland Security			<u>27,450</u>
U.S. Department of Housing & Urban Development:			
Passed through Iowa Economic Development Authority:			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	19-WS032	121,010
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii - COVID	14.228	20-CVN-023	391,573
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	22-WS-021	5,383
Total U.S. Department of Housing & Urban Development			<u>517,966</u>
Total			<u>\$ 880,752</u>

See accompanying independent auditor's report.

City of Oelwein, Iowa

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2023

(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, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

The City has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

(4) Sub-recipients

The City of Oelwein did not pass through any federal funds to sub-recipients for the year ended June 30, 2023.

See accompanying independent auditor's report.

City of Oelwein, Iowa

Summary Schedule of Prior Audit Findings

Year ended June 30, 2023

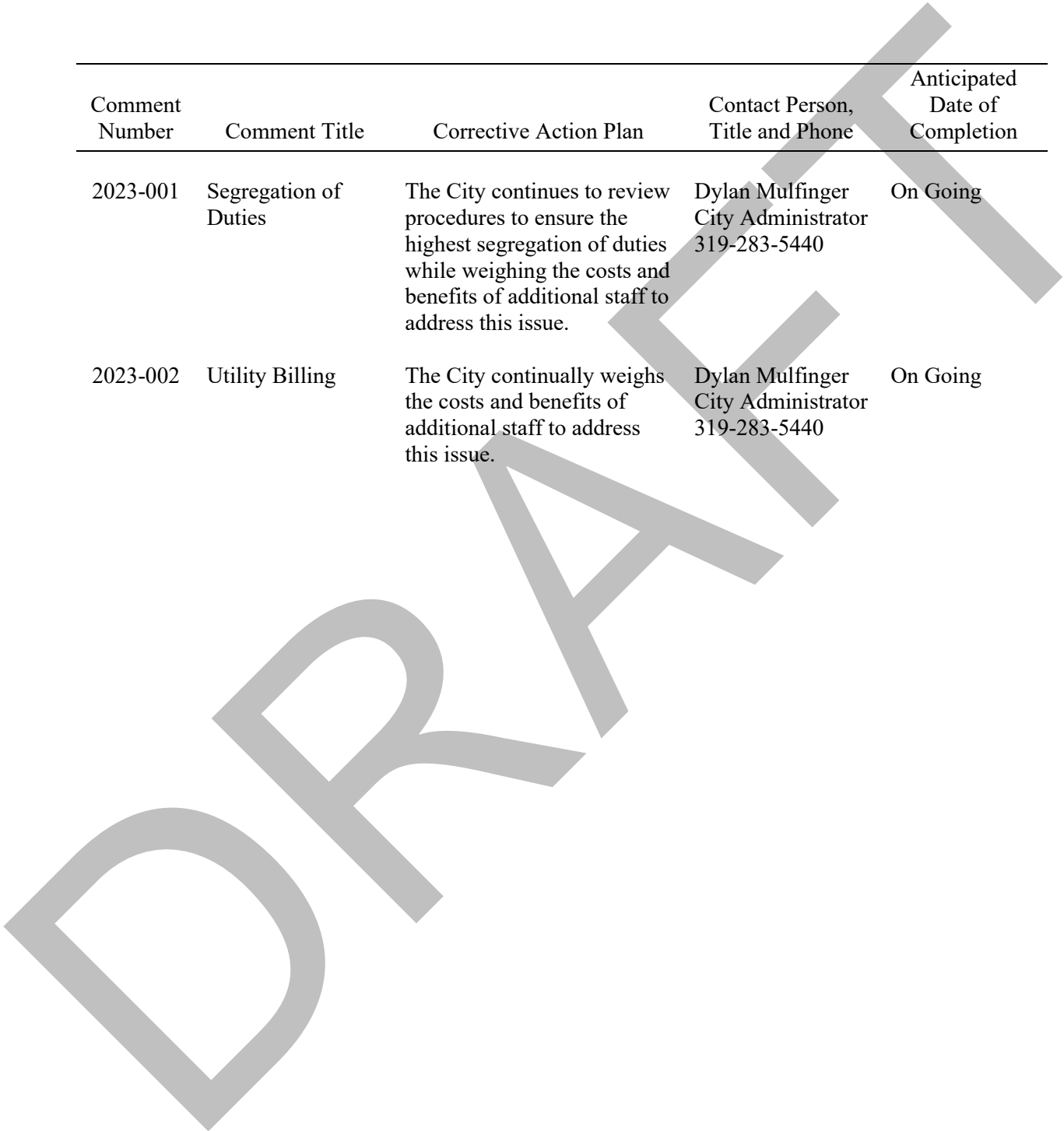
Comment Reference	Comment Title	Status	If not corrected, provide reason for finding's recurrence and planned corrective action or other explanation
2022-001	Segregation of Duties	Not corrected.	The City continually weighs the costs and benefits of additional staff to address this issue.
2022-002	Utility Billing	Partially corrected.	The City continually weighs the costs and benefits of changes to a system on the utility billing. The City did adopt a write-off policy.
2022-003	Monitoring and Reporting Program Performance	Completed	
2022-004	Procurement Suspension & Debarment	Completed	
2022-005	Single Audit Process	Completed	

City of Oelwein, Iowa

Corrective Action Plan

Year ended June 30, 2023

Comment Number	Comment Title	Corrective Action Plan	Contact Person, Title and Phone	Anticipated Date of Completion
2023-001	Segregation of Duties	The City continues to review procedures to ensure the highest segregation of duties while weighing the costs and benefits of additional staff to address this issue.	Dylan Mulfinger City Administrator 319-283-5440	On Going
2023-002	Utility Billing	The City continually weighs the costs and benefits of additional staff to address this issue.	Dylan Mulfinger City Administrator 319-283-5440	On Going





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, 2023, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 23, 2023. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Report Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002 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, 2023 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Oelwein Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying Schedule of Findings 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 23, 2023
Humboldt, Iowa



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

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

To the Honorable Mayor and Members of the City Council:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Oelwein, Iowa’s compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the City’s major federal programs for the year ended June 30, 2023. The City’s major federal programs are identified in Part 1 of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Oelwein complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor’s Responsibilities for the Audit of Compliance

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

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

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

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

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2023-003 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 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 23, 2023
Humboldt, Iowa

DRAFT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

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

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

Federal Awards

- d) Internal control over major programs:
- Material weaknesses identified: **No**
 - Significant deficiencies identified: **Yes**
- e) Type of auditor's report issued on compliance for major programs: **Unmodified**
- f) Any audit findings disclosed that are required to be reported in accordance 2 CFR section 200.516(a): **Yes**
- g) Major programs:
- Assistance Listing Number 20.106 - Airport Improvement Program
 - Assistance Listing Number 14.228 – Community Development Block Grants/State' Program and Non-Entitlement Grants in Hawaii
- h) Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**
- i) Auditee qualified as a low-risk auditee: **No**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

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

2023-001 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, 2023

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

Conclusion – Response accepted.

2023-002 Charges for Services – Certain charges for services are not properly reviewed and approved to ensure proper billing.

Criteria – During the audit, we noted the following:

- 1) One customer in one category of water and sewer rates were not updated timely in accordance with the approved ordinance.
- 2) One large customer was not billed timely for shared use of the Wellness Center.
- 3) Landfill and recycling rates are based upon the number of individual recipients per household, 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.

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

Cause – The City does not have adequate controls in place to ensure rates for certain charges for services are being billed completely and accurately. Additionally, procedures have not been implemented to ensure documentation is updated and maintained to substantiate the accuracy of landfill and recycling charges.

Effect – The City billed a customer less than what was approved in the ordinance, causing the City to forgo approximately \$25,000 in water and sewer charges for services. The City also did not adequately monitor the receipts from a customer for shared use of the Wellness Center, which caused the City to have \$48,000 less in membership fees. The effect of inadequate documentation to support proper landfill and recycling charges has not been determined.

Recommendation – The charges for services should be properly supported by documentation that is periodically reviewed for completeness and accuracy.

Response – We have reviewed procedures and plan to make improvements to internal controls related to charges for services on water/sewer rates and Wellness Center fees. The City is currently working on making an update to 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, 2023

Part III: Findings and Questioned Costs for Federal Awards

INSTANCES OF NON-COMPLIANCE:

None were noted.

INTERNAL CONTROL DEFICIENCIES:

**Assistance Listing Number 20.106: Airport Improvement Program
Federal Award Year: 2023
Prior Year Finding Number: N/A
U.S. Department of Transportation**

2023-003 Special Tests and Provision

Criteria – The basic requirement for use of airport revenue is that all revenues generated by a public airport must be expended for the capital or operating costs of the airport and the local airport system. The City should have a proper policy in regards to how airport revenue is to be spent.

Condition – The City did not establish a policy for the use of airport revenue.

Cause – The City’s management was not aware that they needed to have a policy in regards to airport revenue.

Effect – The City is not in compliance with Federal regulations pertaining special tests and provisions as required by the Uniform Guidance.

Recommendation – The City should establish a policy for the use of airport revenue.

Corrective Action – The City will establish a policy for the use of airport revenue.

Conclusion – Response accepted.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

Part IV: Other Findings Related to Required Statutory Reporting

2023-A Certified Budget – Disbursements during the year ended June 30, 2023 did not exceed the amounts budgeted.

2023-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.

2023-C Travel Expense – No disbursements of the City’s money for travel expense of spouses of its officials or employees were noted.

2023-D Business Transactions –Business transactions between the City and its officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Dave Garrigus, Council Member Greg Bryan, Airport Board Member Owners of Bryan Construction	2022 Residential & Comm Building Demolition	\$ 100,349

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transaction listed above does not appear to represent a conflict of interest since it was entered into through competitive bidding in accordance with Chapter 362.5(3)(d) of the Code of Iowa.

Recommendation – The City should be aware of the potential for a conflict of interest when dealing with members of the City Council, its employees, and relatives of council and employees.

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

Conclusion – Response accepted.

2023-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.

2023-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.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

2023-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.

2023-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.

2023-I Revenue Bonds and Notes – No instances of non-compliance with the revenue bond and note resolutions were noted.

2023-J Financial Condition – The Capital Projects – Airport Grant fund and Plaza Park Expansion fund had deficit balances of \$24,910 and \$339,122, respectively at June 30, 2023. The Proprietary – West Water Tower fund had a deficit balance of \$300,682 at June 30, 2023.

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

Response – The city works to ensure that all accounts do not carry a deficit. This can be difficult as the city works on a reimbursement basis for some projects. The problem with a reimbursement basis is that contractors do not finish on time and the city must wait to close out a project and carry the deficit of the project.

Conclusion – Response accepted.

2023-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.