



Agenda

City Council Work Session

Oelwein Community Plaza, 25 West Charles, Oelwein, Iowa

6:30 PM

December 21, 2020

Oelwein, Iowa

Mayor: Brett DeVore

Mayor Pro Tem: Warren Fisk

Council Members: Matt Weber, Renee Cantrell, Tom Stewart, Lynda Payne, Karen Seeders

Pledge of Allegiance

Discussions

- [1.](#) Aaron Olson, TP Anderson on Fiscal Year 2019-2020 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, 2020

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 2021
Matt Weber	Council Member	December 2023
Warren Fisk	Council Member	December 2021
Lynda Payne	Council Member	December 2023
Renee Cantrell	Council Member	December 2021
Karen Seeders	Council Member	December 2021
Tom Stewart	Council Member	December 2023
Dylan Mulfinger	City Administrator	Indefinite
Barb Rigdon	Deputy City Clerk	Indefinite
Patrick Dillion	Attorney	Indefinite



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

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

Report on the Financial Statements

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, 2020, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2020, and the respective changes in its cash basis financial position for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary and Other 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 third paragraph of this report, the financial statements for the years ended June 30, 2019, 2018 and 2017, and other auditors previously audited in accordance with standards referred to in the third paragraph of this report, the financial statements for the six 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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. Such 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 U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedules of the City's Proportionate Share of the Net Pension Liability and the Schedules of City Contributions on pages 4 through 10 and 30 through 37, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2020 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 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 City's internal control over financial reporting and compliance.

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

December 21, 2020
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, 2020. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities increased 59.8%, or approximately \$3,170,000, from fiscal 2019 to fiscal 2020. The increase in receipts was primarily due to the issuance of G.O. Bond 2020 Series, USDA Cash Advance and Tax Incrementing Income for East Penn which in total accounted for \$3,466,000.
- Disbursements in the City's governmental activities increased 36.8%, or approximately \$2,348,000, in fiscal 2019 from fiscal 2020. The increase in disbursements was primarily a result of Public Safety Radio Upgrade capital project as well as an addition in scheduled debt service payments being made during the year.
- The City's total cash basis net position increased approximately \$1,684,000 from June 30, 2019 to June 30, 2020. Of this amount, the assets of the governmental activities increased approximately \$1,616,000 and the assets of the business-type activities increased approximately \$68,000.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

BASIS OF ACCOUNTING

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

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

Fund Financial Statements

The City has two kinds of funds:

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from \$5.5 million to \$7.1 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

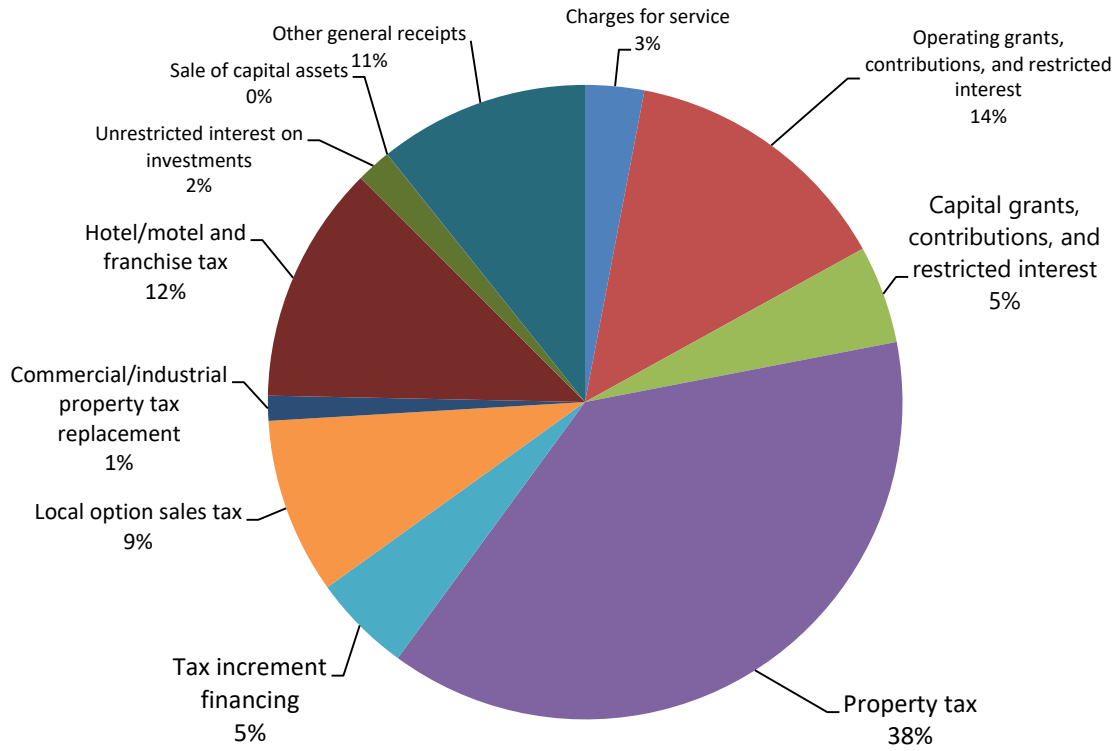
(Expressed in Thousands)

	Year ended June 30,	
	2020	2019
Receipts:		
Program receipts:		
Charges for service	\$ 150	191
Operating grants, contributions, and restricted interest	949	891
Capital grants, contributions, and restricted interest	491	319
General receipts:		
Property tax	2,511	2,430
Tax increment financing	789	321
Local option sales tax	542	572
Commercial/industrial property tax replacement	105	81
Hotel/motel and franchise tax	825	776
Unrestricted interest on investments	79	74
Loan proceeds	2,817	60
Sale of capital assets	2	1
Other general receipts	949	676
Total receipts	10,209	6,392
Disbursements:		
Public safety	1,773	1,682
Public works	962	755
Health and social services	20	18
Culture and recreation	897	930
Community and economic development	1,106	784
General government	480	419
Debt service	1,787	1,118
Capital projects	1,696	667
Total disbursements	8,721	6,373
Change in cash basis net position before transfers	1,488	19
Transfers, net	128	450
Change in cash basis net position	1,616	469
Cash basis net position, beginning of year	5,479	5,010
Cash basis net position, end of year	\$ 7,095	5,479

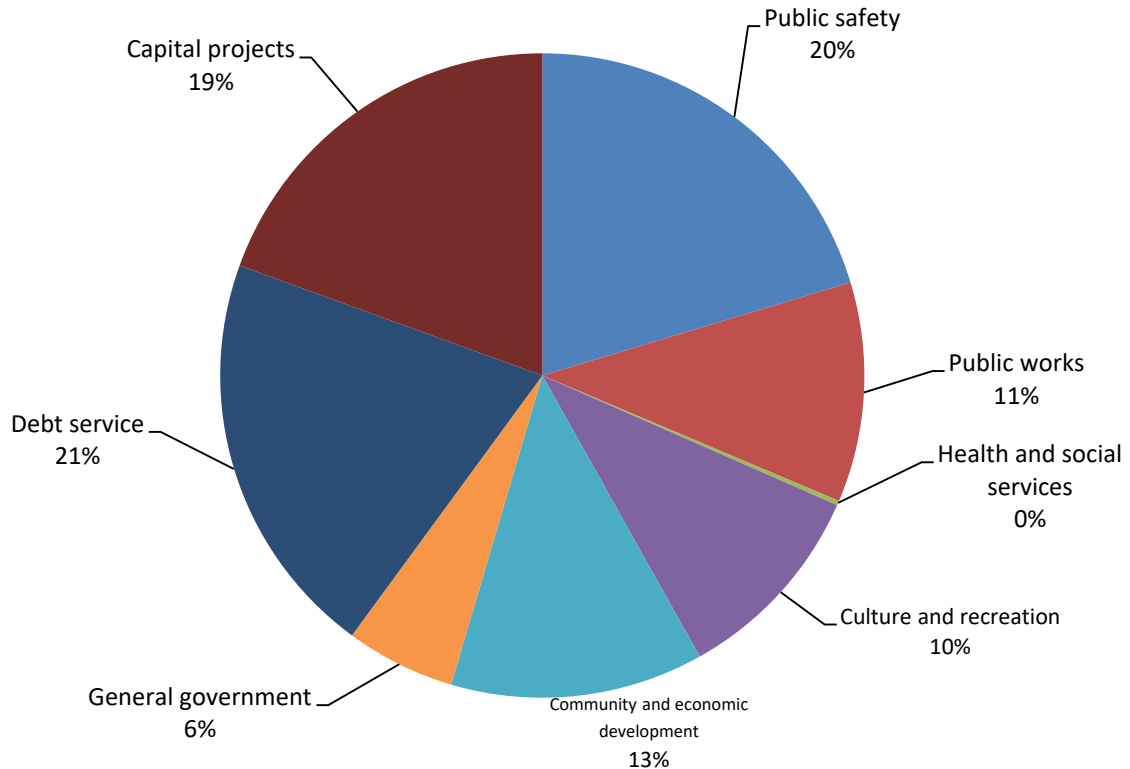
The City's total receipts for governmental activities increased by 59.8%, or approximately \$3,817,000, from the prior year. The total cost of all programs and services decreased by approximately \$2,348,000, or 36.8%, with two new programs added this year. The increase in receipts was primarily the result of more loan proceeds in the current year compared to the previous year.

The cost of all governmental activities this year was approximately \$8.7 million compared to approximately \$6.4 million last year. However, as shown in the Statement of Activities and Net Position on pages 11 and 12, the amount taxpayers ultimately financed for these activities was only \$7.1 million because some of the cost was paid by those directly benefited from the programs (\$150,159) or by other governments and organizations which subsidized certain programs with grants, contributions, and restricted interest (\$1,440,844). The City paid for the remaining "public benefit" portion of governmental activities with property tax (some of which could only be used for certain programs) and with other receipts, such as interest, local option sales tax, and miscellaneous receipts.

Receipts by Source



Disbursements by Function



Changes in Cash Basis Net Position of Business-Type Activities (Expressed in Thousands)		
	Year ended June 30,	
	2020	2019
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 1,070	1,102
Sewer	1,515	1,447
Other	1,230	1,273
General receipts:		
Unrestricted interest on investments	36	39
Bond proceeds	-	1,469
Other general receipts	8	9
Total receipts	3,859	5,339
Disbursements:		
Water	1,003	749
Sewer	1,563	785
Other	1,097	2,588
Total disbursements	3,663	4,122
Change in cash basis net position before transfers	196	1,217
Transfers, net	(128)	(450)
Change in cash basis net position	68	767
Cash basis net position, beginning of year	2,581	1,814
Cash basis net position, end of year	\$ 2,649	2,581

Total business-type activities receipts for the fiscal year were approximately \$3.9 million compared to approximately \$5.3 million last year. The decrease is primarily due to the bond proceeds having been received in the prior year.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Oelwein completed the year, its governmental funds reported a combined fund balance of \$7,098,619, an increase of \$1,619,376 from last year's total of \$5,479,243. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$78,969 from the prior year to \$717,945. The increase was due to planned operations of the fund.
- The Special Revenue, Employee Benefits Fund cash balance decreased \$262,756 to \$556,599 from the prior year. The decrease was due to a decrease in the property tax levy due to excess funds accumulated in prior years.
- The Debt Service Fund cash balance increased \$33,593 to \$139,657. This was due to planned operations of the fund and paying debt according to debt schedules.
- The Capital Projects, 2020 Go Bond cash balance increased \$945,613 to \$945,613 from the prior year. This was due to an increase in loan proceeds receipts as well as interest receipts. This increase is a large reason why the overall cash of the governmental funds increased during the year.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Fund cash balance decreased \$15,255 from the prior year to \$463,962, due primarily to planned operations of the fund and higher transfers out during the year.
- The Sewer Fund cash balance decreased \$32,788 from the prior year to \$902,952, due primarily to planned operations of the fund.
- The Water Infrastructure Fund cash balance increased \$179,925 from the prior year to \$977,677, due primarily to minimal expenditures being made from this fund during the year. The City will continue to accumulate funds in this fund until planned infrastructure projects are executed.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget once. The amendment was approved May 26, 2020 and resulted in increases to various categories of revenues and expenditures. The most significant increase was to budget for additional miscellaneous receipts and Community and Economic Development expenditures. During the year ended June 30, 2020, disbursements exceeded the amounts budgeted in the public works function and debt service function.

DEBT ADMINISTRATION

At June 30, 2020, the City had \$17.7 million in bonds and other long-term debt outstanding, compared to \$17 million last year, as shown below.

	Outstanding Debt at Year-End (Expressed in Thousands)	
	Year ended June 30,	
	2020	2019
General obligation bonds	\$ 10,105	9,100
Revenue notes	6,312	7,080
Other long-term debt	1,332	866
Total	\$ 17,749	17,046

Debt increased primarily due to issuance of new General obligation bonds.

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 \$10.1 million is below its constitutional debt limit for the current fiscal year.

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 2021 budget, tax rates and fees charged for various City activities. One of those factors is the economy. Unemployment in the City now stands at 7.7% versus 3.1% a year ago. This compares with the State's unemployment rate of 8.3% and the national rate of 11.1%. The unemployment rate increase was due to COVID-19.

These indicators were taken into account when adopting the budget for fiscal year 2021. Amounts available for appropriation in the operating budget are approximately \$12.7 million, a decrease of 12% over the final fiscal year 2020 budget. The decrease is due to the City budgeting less for intergovernmental in the next fiscal year. Budgeted disbursements decreased approximately \$1.9 million, or 13% over the prior fiscal year. The decrease is due to a

decrease in capital expenditures relating to the construction on water and sewer system upgrades being completed in the current fiscal year. The City has added no major new programs or initiatives to the fiscal year 2021 budget.

If the estimates are realized, the City's cash balance is expected to decrease approximately \$670,000 by the close of fiscal year 2021.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

City of Oelwein, Iowa
Cash Basis Statement of Activities and Net Position
As of and for the year ended June 30, 2020

		Program Receipts		
	Disbursements	Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions, and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 1,773,341	67,961	79,194	-
Public works	684,588	9,569	824,574	-
Health and social services	19,836	-	-	-
Culture and recreation	905,295	72,629	45,717	17,400
Community and economic development	1,148,628	-	-	134,915
General government	488,132	-	-	-
Debt service	1,744,359	-	-	-
Capital projects	1,957,005	-	-	339,044
Total governmental activities	8,721,184	150,159	949,485	491,359
Business-type activities:				
Water	1,003,538	1,070,165	-	-
Sewer	1,562,831	1,514,640	-	-
Water infrastructure	17,331	197,256	-	-
Other business-type activities	1,079,352	1,032,345	-	-
Total business-type activities	3,663,052	3,814,406	-	-
Total functions/programs	\$ 12,384,236	3,964,565	949,485	491,359
General Receipts and Transfers:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Commercial/industrial property tax replacement				
Hotel/motel and franchise tax				
Unrestricted interest on investments				
Loan proceeds				
Miscellaneous				
Sale of capital assets				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position, beginning of year				
Cash basis net position, end of year				
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
(1,626,186)	-	(1,626,186)
149,555	-	149,555
(19,836)	-	(19,836)
(769,549)	-	(769,549)
(1,013,713)	-	(1,013,713)
(488,132)	-	(488,132)
(1,744,359)	-	(1,744,359)
(1,617,961)	-	(1,617,961)
(7,130,181)	-	(7,130,181)
-	66,627	66,627
-	(48,191)	(48,191)
-	179,925	179,925
-	(47,007)	(47,007)
-	151,354	151,354
(7,130,181)	151,354	(6,978,827)
1,764,373	-	1,764,373
747,079	-	747,079
789,469	-	789,469
541,648	-	541,648
104,564	-	104,564
907,900	-	907,900
80,977	36,447	117,424
2,817,000	-	2,817,000
864,684	7,774	872,458
1,000	-	1,000
127,868	(127,868)	-
8,746,562	(83,647)	8,662,915
1,616,381	67,707	1,684,088
5,479,243	2,581,136	8,060,379
\$ 7,095,624	2,648,843	9,744,467
\$ 289,061	-	289,061
670,136	-	670,136
556,599	-	556,599
139,657	211,480	351,137
4,074,318	125,166	4,199,484
1,365,853	2,312,197	3,678,050
\$ 7,095,624	2,648,843	9,744,467

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, 2020

	Special Revenue			
	General	Road Use Tax	Employee Benefits	Debt Service
Receipts:				
Property tax	\$ 1,197,281	-	612,373	747,079
Tax increment financing	-	-	-	-
Other city tax	84,576	-	19,930	21,245
Licenses and permits	79,541	-	-	-
Use of money and property	69,657	-	8,324	4,479
Intergovernmental	124,911	824,574	-	-
Charges for service	150,159	-	-	-
Miscellaneous	259,064	-	3,195	-
Total receipts	<u>1,965,189</u>	<u>824,574</u>	<u>643,822</u>	<u>772,803</u>
Disbursements:				
Operating:				
Public safety	1,216,265	-	512,369	-
Public works	71,531	466,901	146,156	-
Health and social services	-	-	-	-
Culture and recreation	737,189	8,736	134,956	-
Community and economic development	-	-	15,208	-
General government	382,463	7,780	97,889	-
Debt service	-	-	-	1,744,359
Capital projects	-	260,249	-	-
Total disbursements	<u>2,407,448</u>	<u>743,666</u>	<u>906,578</u>	<u>1,744,359</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(442,259)</u>	<u>80,908</u>	<u>(262,756)</u>	<u>(971,556)</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Loan proceeds	-	-	-	-
Transfers in	526,727	-	-	1,005,149
Transfers out	(5,500)	(20,000)	-	-
Net other financing sources (uses)	<u>521,227</u>	<u>(20,000)</u>	<u>-</u>	<u>1,005,149</u>
Change in cash balances	78,968	60,908	(262,756)	33,593
Cash balances, beginning of year	<u>638,976</u>	<u>609,228</u>	<u>819,355</u>	<u>106,064</u>
Cash balances, end of year	<u>\$ 717,944</u>	<u>670,136</u>	<u>556,599</u>	<u>139,657</u>
Cash Basis Fund Balances				
Nonspendable	\$ -	-	-	-
Restricted for:				
Streets	-	670,136	-	-
Employee benefits	-	-	556,599	-
Debt service	-	-	-	139,657
Other purposes	-	-	-	-
Committed	-	-	-	-
Unassigned	717,944	-	-	-
Total cash basis fund balances	<u>\$ 717,944</u>	<u>670,136</u>	<u>556,599</u>	<u>139,657</u>

See notes to financial statements.

Capital Projects		
2020 GO BOND	Nonmajor	Total
-	59,283	2,616,016
-	789,469	789,469
-	1,323,797	1,449,548
-	-	79,541
5,050	38,269	125,779
-	491,359	1,440,844
-	-	150,159
-	478,082	740,341
5,050	3,180,259	7,391,697
-	44,707	1,773,341
-	-	684,588
-	19,836	19,836
-	24,414	905,295
-	1,133,420	1,148,628
-	-	488,132
-	-	1,744,359
519,437	1,177,319	1,957,005
519,437	2,399,696	8,721,184
(514,387)	780,563	(1,329,487)
-	1,000	1,000
2,385,000	432,000	2,817,000
-	1,686,422	3,218,298
(925,000)	(2,139,930)	(3,090,430)
1,460,000	(20,508)	2,945,868
945,613	760,055	1,616,381
-	3,305,620	5,479,243
945,613	4,065,675	7,095,624
-	289,061	289,061
-	-	670,136
-	-	556,599
-	-	139,657
945,613	3,128,705	4,074,318
-	754,450	754,450
-	(106,541)	611,403
945,613	4,065,675	7,095,624

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, 2020

	Enterprise			
	Water	Sewer	Landfill	Water Infrastructure
Operating receipts:				
Charges for service	\$ 1,070,165	1,514,640	580,678	197,256
Miscellaneous	-	-	-	-
Total operating receipts	1,070,165	1,514,640	580,678	197,256
Operating disbursements:				
Business-type activities	761,187	820,864	548,252	-
Excess (deficiency) of operating receipts over (under) operating disbursements	308,978	693,776	32,426	197,256
Non-operating receipts (disbursements):				
Interest on investments	20,118	15,244	-	-
Debt service	(195,615)	(639,630)	-	-
Capital projects	(46,736)	(102,337)	-	(17,331)
Net non-operating receipts (disbursements)	(222,233)	(726,723)	-	(17,331)
Excess (deficiency) of receipts over (under) disbursements	86,745	(32,947)	32,426	179,925
Transfers in	-	20,160	-	-
Transfers out	(102,000)	(20,000)	(36,328)	-
Net transfers in (out)	(102,000)	160	(36,328)	-
Change in cash balances	(15,255)	(32,787)	(3,902)	179,925
Cash balances, beginning of year	479,217	935,740	30,728	797,752
Cash balances, end of year	\$ 463,962	902,953	26,826	977,677
Cash Basis Fund Balances				
Restricted for:				
Debt service	\$ 114,908	96,572	-	-
Other purposes	-	-	-	-
Unrestricted	349,054	806,381	26,826	977,677
Total cash basis fund balances	\$ 463,962	902,953	26,826	977,677

See notes to financial statements.

Nonmajor	Total
451,667	3,814,406
7,774	7,774
459,441	3,822,180
406,033	2,536,336
53,408	1,285,844
1,085	36,447
-	(835,245)
(125,067)	(291,471)
(123,982)	(1,090,269)
(70,574)	195,575
30,460	50,620
(20,160)	(178,488)
10,300	(127,868)
(60,274)	67,707
337,699	2,581,136
277,425	2,648,843
-	211,480
125,166	125,166
152,259	2,312,197
277,425	2,648,843

CITY OF OELWEIN, IOWA
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(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 and sewer 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

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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. Enabling legislation did not result in any restricted net position.

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.

CITY OF OELWEIN, IOWA
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Special Revenue:

The Road Use Tax 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 Employee Benefits Fund is used to account for the property tax receipts and disbursements received and paid for employee's pension and benefit costs.

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

Capital Projects:

The 2020 GO Bond Fund accounts for 2020 GO Bond loan proceeds and disbursements for the use of the bond proceeds.

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.

The Landfill Fund accounts for the operation and maintenance of the City's landfill system.

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

C. Measurement Focus and Basis of Accounting

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

CITY OF OELWEIN, IOWA
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Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Property Taxes and Governmental Cash Basis Fund Balances

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

Property tax revenues recognized in these 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, 2018 assessed property valuations; is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects tax asking contained in the budget certified to the City Council in March 2019.

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, 2020, disbursements exceeded the amounts budgeted for debt service.

F. Subsequent Events

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through November 25, 2019, the date the financial statements were available to be issued.

(2) **Cash and Investments**

The City's deposits in banks at June 30, 2020 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 insure there will be no loss of public funds.

CITY OF OELWEIN, IOWA
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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; and certain joint investment trusts and warrants or improvement certificates of a drainage district.

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

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

(3) Bonds and Notes Payable

A summary of changes in bonds and notes payable for the year ended June 30, 2020 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Governmental activities:					
Urban Renewal Tax Increment	\$ 7,020,000	-	580,000	6,440,000	595,000
General Obligation Bonds	2,080,000	2,385,000	800,000	3,665,000	595,000
Other long-term debt	865,525	432,000	33,795	1,263,730	34,132
Governmental activities total	<u>\$ 9,965,525</u>	<u>2,817,000</u>	<u>1,413,795</u>	<u>11,368,730</u>	<u>1,224,132</u>
Business type activities:					
Water Revenue Notes	\$ 2,448,896	-	221,000	2,227,896	226,000
Sewer Revenues Notes	4,631,511	-	547,000	4,084,511	562,000
Business type activities total	<u>\$ 7,080,407</u>	<u>-</u>	<u>768,000</u>	<u>6,312,407</u>	<u>788,000</u>

General Obligation Debt

A summary of the City’s June 30, 2020 general obligation bonds payable is as follows:

Year Ending June 30,	Equipment Issued Sept. 1, 2011		Police Station Issued May 1, 2014		Oelwein Chamber and Area Development Inc. Issued Feb. 16, 2016	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 355,000	12,663	160,000	92,125	435,000	125,170
2022	100,000	2,900	165,000	87,325	440,000	115,600
2023	-	-	170,000	82,375	450,000	104,600
2024	-	-	175,000	77,275	460,000	92,000
2025	-	-	180,000	72,025	470,000	77,740
2026-2030	-	-	1,015,000	260,463	1,620,000	129,460
2031-2035	-	-	700,000	56,600	-	-
Total	\$ 455,000	15,563	2,565,000	728,188	3,875,000	644,570

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Year Ending June 30,	Street & Infrastructure Improvements		Capital Improvements		Total	
	Issued Sept. 22, 2016		Issued Feb. 25, 2020			
	Principal	Interest	Principal	Interest	Principal	Interest
2021	135,000	13,323	105,000	60,420	1,190,000	303,701
2022	135,000	11,703	205,000	45,600	1,045,000	263,128
2023	135,000	9,948	210,000	41,500	965,000	238,423
2024	60,000	8,058	210,000	37,300	905,000	214,633
2025	75,000	7,068	220,000	33,100	945,000	189,933
2026-2030	285,000	16,420	1,100,000	96,900	4,020,000	503,243
2031-2035	-	-	335,000	10,100	1,035,000	66,700
	825,000	66,520	2,385,000	324,920	10,105,000	1,779,761

On September 1, 2011, the City issued \$2,885,000 of general obligation and refunding bonds with an interest rate ranging from 2.0-2.9% per annum. The bonds were issued for expenses related to the acquisition of equipment for the police, street and public works departments. During the year ended June 30, 2020, the City paid \$340,000 of principle and \$21,333 of interest on the bonds.

On May 1, 2014, the City issued \$3,455,000 of urban renewal general obligation bonds with an interest rate ranging from 2.0-4.0% per annum. The bonds were issued for expenses related for the acquisition of a police station. During the year ended June 30, 2020, the City paid \$155,000 of principle and \$96,775 of interest on the bonds.

On February 16, 2016, the City issued \$4,300,000 of urban renewal general obligation bonds with an interest rate ranging from 2.0-4.0% per annum. The bonds were issued for expenses related to making an urban renewal economic development grant to Oelwein Chamber and Area Development Inc. in connection with the acquisition of East Penn Manufacturing real estate. During the year ended June 30, 2020, the City paid \$425,000 of principle and \$133,670 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, 2020, the City paid \$135,000 of principle and \$14,808 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, 2020, the City paid \$0 of principle and of interest on the bonds.

Revenue Notes

A summary of the City's June 30, 2020 revenue notes payable is as follows:

Year Ending June 30,	Sewer		Water		Sewer		Water	
	Issued June 27, 2005		Issued Sept. 15, 2010		Issued Nov. 9, 2012		Issued Sept. 22, 2016	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	504,000	57,050	93,000	18,240	43,000	10,185	70,000	9,613

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2022	519,000	48,230	96,000	15,450	44,000	9,432	75,000	8,633
2023	535,000	39,148	100,000	12,570	45,000	8,663	75,000	7,470
2024	551,000	29,785	103,000	9,570	46,000	7,875	75,000	6,308
2025	567,000	20,143	106,000	6,480	47,000	7,070	80,000	4,920
2026-2030	584,000	10,220	110,000	3,300	250,000	22,663	160,000	5,160
2031-2035	-	-	-	-	107,000	2,818	-	-
	<u>\$ 3,260,000</u>	<u>204,576</u>	<u>608,000</u>	<u>65,610</u>	<u>582,000</u>	<u>68,706</u>	<u>535,000</u>	<u>42,104</u>

Year Ending June 30,	Sewer Issued April 13, 2018		Water Issued April. 13, 2018		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	15,000	5,920	63,000	26,820	788,000	127,828
2022	15,000	5,620	64,000	25,560	813,000	112,925
2023	15,000	5,320	65,000	24,280	835,000	97,451
2024	16,000	5,020	66,000	22,980	857,000	81,538
2025	16,000	4,700	68,000	21,660	884,000	64,973
2026-2030	85,000	18,580	360,000	87,380	1,549,000	147,303
2031-2035	80,511	9,740	398,896	48,064	586,407	60,622
	<u>242,511</u>	<u>54,900</u>	<u>1,084,896</u>	<u>256,744</u>	<u>6,312,407</u>	<u>692,640</u>

The City has pledged future water customer receipts, net of specific operating disbursements to repay \$3,837,000 in revenue bonds issued in September 2010, September 2016 and April 2018. 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 2035. The total principal and interest remaining to be paid on the notes is \$2,592,354. For the current year, principal and interest paid and total customer net receipts were \$273,031 and \$308,978, respectively.

The City has pledged future sewer customer receipts, net of specific operating disbursements to repay \$10,192,000 in revenue bonds issued in June 2005, November 2012 and April 2018. Proceeds from the notes provided financing for the construction and improvements to the sewer treatment system. The notes are payable solely from sewer customer net receipts and are payable through 2035. The total principal and interest remaining to be paid on the notes is \$4,412,694. For the current year, principal and interest paid and total customer net receipts were \$628,372 and \$693,776, respectively.

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

- (a) The 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.

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)

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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 \$1,522,003. For the current year, principal and interest paid to the USDA by the City were \$42,450 and payments received from businesses to the City were \$165,764.

(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

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

In fiscal year 2020, 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, 2020 totaled \$156,410.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the City reported a liability of \$1,172,289 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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, 2019, the City's proportion was 0.020109%, which was an increase of 0.001634% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City's pension expense, deferred outflows of resources, and deferred inflows of resources totaled \$215,644, \$184,236 and \$229,669, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2019 valuation were based on the RP-2014 Employee and Health Annuitant Tables with MP-2017 generational adjustments.

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

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	5.60 %
International equity	14.0	6.08
Global smart beta equity	3.0	5.82
Core plus fixed income	27.0	1.71
Public credit	3.5	3.32
Public real assets	7.0	2.81
Cash	1.0	(0.21)
Private equity	11.0	10.13
Private real assets	7.5	4.76
Private credit	3.0	3.01
	<u>100.0%</u>	

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City’s proportionate share of the net pension liability	\$ 2,081,607	1,172,289	409,563

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.

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The following brief description is provided for general informational purposes only. Refer to the plan document for more information.

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

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

Active members at least 55 years of age with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. When electing to participate in DROP, the members 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

CITY OF OELWEIN, IOWA
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Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2020.

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 24.41% for the year ended June 30, 2020.

The City's contributions to MFPRSI for the year ended June 30, 2020 totaled \$160,375.

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 nonemployer 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, 2020.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the City reported a liability of \$1,368,276 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 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, 2019, the City's proportion was 0.208602%, which was an increase of 0.005679% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$291,520, \$273,429 and \$100,986, respectively.

Actuarial Assumptions – The total pension liability in the June 30, 2019 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, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2007 through June 30, 2017.

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

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., expected returns, net of investment

CITY OF OELWEIN, IOWA
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expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return
Large cap	5.5%
Small cap	5.8
International large cap	7.3
Emerging markets	9.0
Emerging markets debt	6.3
Private non-core real estate	8.0
Master limited partnerships	9.0
Private equity	9.0
Core plus fixed income	3.3
Private core real estate	6.0
Tactical asset allocation	6.4

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	\$ 2,227,793	1,368,276	656,427

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, 2020, the City contributed \$563,640 and plan members eligible for benefits contributed \$68,363 to the plan. At June 30, 2020, no assets have been accumulated in a trust

CITY OF OELWEIN, IOWA
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that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2020, there were 37 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, 2020, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 113,635
Sick Leave	691,097
Total	<u>\$ 804,732</u>

This liability has been computed based on rates of pay in effect at July 1, 2020.

(7) Deficit Balances

At June 30, 2020, the following funds had deficit balances:

<u>Capital Projects:</u>	
CDBG Housing Rehabilitation	\$ (9,009)
Airport Grant	(51,202)
West Water Tower	(46,330)
<u>Enterprise:</u>	
42 Well Rehabilitation Fund	\$ (152,784)

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

(8) Interfund Transfers

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The detail of interfund transfers, for the year ended June 30, 2020 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Road Use Tax	\$ 20,000
	Emergency	40,205
	Local Option Sales Tax	162,846
	Hotel-Motel Tax	27,560
	Gas-Electric Franchise	144,787
	Economic Development	55,000
	Enterprise:	
	Water	20,000
	Landfill	36,329
	Sewer	20,000
		<u>526,727</u>
Special Revenue:	Special Revenue:	
Oelwein Housing RLF	Economic Development	<u>125,000</u>
Special Revenue:	Special Revenue:	
Economic Development	Local Option Sales Tax	379,975
	Downtown TIF	50,947
		<u>430,922</u>
Debt Service	Special Revenue:	
	Gas-Electric Franchise	253,776
	East Penn	669,373
	Enterprise:	
	Water	82,000
		<u>1,005,149</u>
Enterprise:	Enterprise:	
Water Bond Sinking	Water	<u>204,060</u>
Enterprise:	Enterprise:	
Sewer Bond Sinking	Sewer	620,508
	Sewer Infrastructure	20,160
		<u>640,668</u>
Capital Projects:	Capital Project:	
Tri Park Trail Extension	2020 GO Bond	<u>250,000</u>
Capital Projects:	Capital Project:	
10 th Street Paving	2020 GO Bond	<u>675,000</u>
Enterprise:	Special Revenue:	<u>30,460</u>

CITY OF OELWEIN, IOWA
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Wellness Center	Economic Development	
Special Revenue: IRP RLF	Special Revenue: Economic Development	125,000
Special Revenue: Downtown Business Grants	Special Revenue: Economic Development	75,000
Special Revenue: Volunteer Fire Department	General	5,500
		<u>\$ 4,093,486</u>

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

(9) Risk Management

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

(10) 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 \$235,000 at June 30, 2020.

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, 2020 were \$213,812. This agreement is perpetual unless otherwise terminated or dissolved. The City is assessed a fee based on tonnage received at the landfill. The fee is adjusted annually.

The City has contracted with Black Hawk Waste Disposal for the collection and hauling of residential solid waste. The City bills and collects the fees for this service according to the rates prescribed in the agreement. Total payments by the City under this agreement for the year ended June 30, 2020 were \$332,545. This agreement extends through April 1, 2023.

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

(11) Developer Agreement

Forsyth Management Company, LLC - The City agreed to pay an amount not to exceed \$750,000 subject to annual appropriation by the City Council. The agreement requires up to ten annual payments, provided the

CITY OF OELWEIN, IOWA
NOTES TO FINANCIAL STATEMENTS

Item 1.

JUNE 30, 2020

developer is in compliance with the terms of the agreement. During the year ended June 30, 2020, the City rebated \$46,295 of incremental property tax to the developer. At June 30, 2020 the remaining balance to be paid on the agreement was approximately \$417,930.

Motorcycles Midwest, Inc./Dean's Honda - The City agreed to pay an amount not to exceed \$130,000 subject to annual appropriation by the City Council. The agreement requires up to seven annual payments, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2020, the City rebated \$13,936 of incremental property tax to the developer. At June 30, 2020 the remaining balance to be paid on the agreement was approximately \$75,294.

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, 2020, the City rebated \$25,721 of incremental property tax to the developer. At June 30, 2020 the remaining balance to be paid on the agreement was approximately \$369,279.

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, 2020, the City rebated \$3,994 of incremental property tax to the developer. At June 30, 2020 the remaining balance to be paid on the agreement was approximately \$26,006.

(12) Tax Abatements

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

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to 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, 2020, the City abated \$140,894 of property tax under the urban renewal and economic development projects.

Other Information

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

Other Information

Year ended June 30, 2020

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Property tax	\$ 2,616,016	-
Tax increment financing	789,469	-
Other city tax	1,449,548	-
Licenses and permits	79,541	-
Use of money and property	125,779	36,447
Intergovernmental	1,440,844	-
Charges for service	150,159	3,814,406
Miscellaneous	740,341	7,774
Total receipts	<u>7,391,697</u>	<u>3,858,627</u>
Disbursements:		
Public safety	1,773,341	-
Public works	684,588	-
Health and social services	19,836	-
Culture and recreation	905,295	-
Community and economic development	1,148,628	-
General government	488,132	-
Debt service	1,744,359	-
Capital projects	1,957,005	-
Business-type activities	-	3,663,052
Total disbursements	<u>8,721,184</u>	<u>3,663,052</u>
Excess (deficiency) of receipts over (under) disbursements	(1,329,487)	195,575
Other financing sources (uses), net	<u>2,945,868</u>	<u>(127,868)</u>
Excess of receipts and other financing sources over disbursements and other financing sources	1,616,381	67,707
Balances, beginning of year	<u>5,479,243</u>	<u>2,581,136</u>
Balances, end of year	<u><u>\$ 7,095,624</u></u>	<u><u>2,648,843</u></u>

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
2,616,016	2,528,661	2,528,661	87,355
789,469	816,352	816,352	(26,883)
1,449,548	1,323,651	1,393,651	55,897
79,541	130,600	130,600	(51,059)
162,226	98,406	98,406	63,820
1,440,844	4,281,135	4,304,352	(2,863,508)
3,964,565	3,942,543	3,942,543	22,022
748,115	113,103	258,631	489,484
11,250,324	13,234,451	13,473,196	(2,222,872)
1,773,341	1,800,567	1,876,567	103,226
684,588	748,364	748,364	63,776
19,836	40,000	40,000	20,164
905,295	1,068,545	1,112,236	206,941
1,148,628	1,010,572	1,479,572	330,944
488,132	433,500	599,500	111,368
1,744,359	1,579,349	1,744,349	(10)
1,957,005	3,754,880	3,754,880	1,797,875
3,663,052	4,763,005	5,000,005	1,336,953
12,384,236	15,198,782	16,355,473	3,971,237
(1,133,912)	(1,964,331)	(2,882,277)	1,748,365
2,818,000	1,163,500	1,163,500	1,654,500
1,684,088	(800,831)	(1,718,777)	3,402,865
8,060,379	7,750,246	7,750,246	310,133
9,744,467	6,949,415	6,031,469	3,712,998

City of Oelwein, Iowa

Notes to Other Information – Budgetary Reporting

June 30, 2020

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 \$1,156,691. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2020, disbursements exceeded the amounts budgeted in the debt service function.

City of Oelwein, Iowa

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

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

Other Information

	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.020244%	0.018470%	0.019729%	0.019687%	0.020411%	0.021437%
City's proportionate share of the net pension liability	\$1,172,289	\$ 1,168,796	\$ 1,302,445	\$ 1,227,741	\$ 1,008,417	\$ 850,164
City's covered payroll	\$1,540,678	\$ 1,388,152	\$ 1,459,501	\$ 1,400,014	\$ 1,398,359	\$ 1,404,691
City's proportionate share of the net pension liability as a percentage of its covered payroll	76.09%	84.20%	89.24%	87.69%	72.11%	60.52%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

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

	2020	2019	2018	2017
Statutorily required contribution	156,410	145,440	123,962	130,333
Contribution in relation to the statutorily required contribution	(156,410)	(145,440)	(123,962)	(130,333)
Contribution deficiency (excess)	-	-	-	-
Commission's covered-employee payroll	1,656,886	1,540,678	1,388,152	1,459,501
Contribution as a percentage of covered-employee payroll	9.44%	9.44%	8.93%	8.93%

2016	2015	2014	2013	2012	2011
124,971	124,873	125,439	114,057	99,359	85,697
(124,971)	(124,873)	(125,439)	(114,057)	(99,359)	(85,697)
-	-	-	-	-	-
1,400,014	1,398,359	1,404,691	1,315,534	1,231,834	1,232,259
8.93%	8.93%	8.93%	8.67%	8.07%	6.95%

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 Six Years*

Other Information

	2020	2019	2018	2017	2016	2015
City's proportion of the net pension liability	0.208602%	0.202923%	0.226444%	0.221144%	0.230028%	0.234671%
City's proportionate share of the net pension liability	\$ 1,368,276	\$ 1,208,210	\$ 1,328,038	\$ 1,382,721	\$ 1,080,705	\$ 833,848
City's covered payroll	\$ 631,467	\$ 589,817	\$ 641,429	\$ 599,281	\$ 603,240	\$ 599,280
City's proportionate share of the net pension liability as a percentage of its covered payroll	216.68%	204.84%	207.04%	230.73%	179.15%	139.14%
MFPRSI's net position as a percentage of the total pension liability	79.94%	81.07%	80.60%	78.20%	83.04%	86.27%

* 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

	2020	2019	2018	2017
Statutorily required contribution	160,375	164,308	151,465	166,258
Contribution in relation to the statutorily required contribution	(160,375)	(164,308)	(151,465)	(166,258)
Contribution deficiency (excess)	-	-	-	-
City's covered-employee payroll	657,003	631,467	589,817	641,429
Contribution as a percentage of covered-employee payroll	24.41%	26.02%	25.68%	25.92%

2016	2015	2014	2013	2012	2011
166,420	183,445	180,503	151,744	152,225	117,159
(166,420)	(183,445)	(180,503)	(151,744)	(152,225)	(117,159)
-	-	-	-	-	-
599,281	603,240	599,280	580,950	614,803	588,737
27.77%	30.41%	30.12%	26.12%	24.76%	19.90%

Notes to Other Information – Pension Liability

Year Ended June 30, 2020

IPERSChanges of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

MFPRSIChanges of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

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

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

Notes to Other Information – Pension Liability

Year Ended June 30, 2020

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

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, 2020

	Special Revenue	Capital Projects	Permanent Cemetery Perpetual Care	Total
Receipts:				
Property tax	\$ 59,283	-	-	59,283
Tax increment financing	789,469	-	-	789,469
Other city tax	1,323,797	-	-	1,323,797
Use of money and property	30,837	7,432	-	38,269
Intergovernmental	17,400	473,959	-	491,359
Miscellaneous	198,992	278,370	720	478,082
Total receipts	<u>2,419,778</u>	<u>759,761</u>	<u>720</u>	<u>3,180,259</u>
Disbursements:				
Public safety	44,707	-	-	44,707
Health and social services	19,836	-	-	19,836
Culture and recreation	24,414	-	-	24,414
Community and economic development	1,104,174	29,246	-	1,133,420
Capital projects	334,810	842,509	-	1,177,319
Total disbursements	<u>1,527,941</u>	<u>871,755</u>	<u>-</u>	<u>2,399,696</u>
Excess of receipts over disbursements	<u>891,837</u>	<u>(111,994)</u>	<u>720</u>	<u>780,563</u>
Other financing sources (uses):				
Sale of capital assets	1,000	-	-	1,000
Loan proceeds	432,000	-	-	432,000
Transfers in	761,422	925,000	-	1,686,422
Transfers out	(2,139,930)	-	-	(2,139,930)
Net other financing sources (uses)	<u>(945,508)</u>	<u>925,000</u>	<u>-</u>	<u>(20,508)</u>
Change in cash balance	(53,671)	813,006	720	760,055
Cash balances, beginning of year	<u>2,320,580</u>	<u>696,699</u>	<u>288,341</u>	<u>3,305,620</u>
Cash balances, end of year	<u>\$ 2,266,909</u>	<u>1,509,705</u>	<u>289,061</u>	<u>4,065,675</u>
Cash Basis Fund Balances				
Nonspendable	\$ -	-	289,061	289,061
Restricted for other purposes	1,512,459	1,616,246	-	3,128,705
Committed	754,450	-	-	754,450
Unassigned	-	(106,541)	-	(106,541)
Total cash basis fund balances	<u>\$ 2,266,909</u>	<u>1,509,705</u>	<u>289,061</u>	<u>4,065,675</u>

See accompanying independent auditor's report.

City of Oelwein, Iowa
Schedule of Cash Receipts, Disbursements,
and Changes in Cash Balances
Nonmajor Governmental Special Revenue Funds
As of and for the year ended June 30, 2020

	Special Revenue								
	County Emergency Management	Flex Spending	Emergency	Local Option Sales Tax	Hotel-Motel Tax	Gas-Electric Franchise Fees	Library Bequest	Downtown TIF	Industrial Park TIF
Receipts:									
Property tax	\$ 21,120	-	38,163	-	-	-	-	-	-
Tax increment financing	-	-	-	-	-	-	-	54,942	85,952
Other city tax	702	-	1,268	541,649	56,245	723,933	-	-	-
Use of money and property	-	-	-	2,870	593	7,998	4,208	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Miscellaneous	-	19,056	-	-	-	-	8,487	-	-
Total receipts	21,822	19,056	39,431	544,519	56,838	731,931	12,695	54,942	85,952
Disbursements:									
Public safety	21,042	-	-	-	-	-	-	-	-
Health and social services	-	19,836	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	12,878	-	5,154	-	-
Community and economic development	-	-	-	-	-	-	-	3,994	85,952
Capital projects	-	-	-	-	-	257,677	-	-	-
Total disbursements	21,042	19,836	-	-	12,878	257,677	5,154	3,994	85,952
Excess (deficiency) of receipts over (under) disbursements	780	(780)	39,431	544,519	43,960	474,254	7,541	50,948	-
Other financing sources (uses):									
Sale of Capital Assets	-	-	-	-	-	-	-	-	-
Loan proceeds	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	(40,205)	(542,821)	(27,560)	(398,563)	-	(50,948)	-
Net other financing sources (uses)	-	-	(40,205)	(542,821)	(27,560)	(398,563)	-	(50,948)	-
Change in cash balance	780	(780)	(774)	1,698	16,400	75,691	7,541	-	-
Cash balances, beginning of year	5,643	2,144	774	44,840	34,478	543,799	364,991	-	-
Cash balances, end of year	\$ 6,423	1,364	-	46,538	50,878	619,490	372,532	-	-
Cash Basis Fund Balances									
Restricted for other purposes	\$ 6,423	-	-	46,538	50,878	-	372,532	-	-
Committed	-	1,364	-	-	-	619,490	-	-	-
Total cash basis fund balances	\$ 6,423	1,364	-	46,538	50,878	619,490	372,532	-	-

See accompanying independent auditor's report.

Special Revenue										
East Penn TIF	DARE	Trees Forever	First Time Home Buyer Program	Economic Development	IRP Revolving Loan	Downtown Business Grant	Volunteer Fire Department	Forfeited Assets	Fire Department	Total
-	-	-	-	-	-	-	-	-	-	59,283
648,575	-	-	-	-	-	-	-	-	-	789,469
-	-	-	-	-	-	-	-	-	-	1,323,797
6,794	-	-	-	7,587	483	304	-	-	-	30,837
-	-	17,400	-	-	-	-	-	-	-	17,400
-	625	-	-	-	165,763	-	3,720	1,341	-	198,992
655,369	625	17,400	-	7,587	166,246	304	3,720	1,341	-	2,419,778
-	2,297	-	-	-	-	-	-	1,952	19,416	44,707
-	-	-	-	-	-	-	-	-	-	19,836
-	-	6,382	-	-	-	-	-	-	-	24,414
-	-	-	-	247,186	619,329	147,500	213	-	-	1,104,174
-	-	-	-	77,133	-	-	-	-	-	334,810
-	2,297	6,382	-	324,319	619,329	147,500	213	1,952	19,416	1,527,941
655,369	(1,672)	11,018	-	(316,732)	(453,083)	(147,196)	3,507	(611)	(19,416)	891,837
-	-	-	-	1,000	-	-	-	-	-	1,000
-	-	-	-	-	432,000	-	-	-	-	432,000
-	-	-	125,000	430,922	125,000	75,000	5,500	-	-	761,422
(669,373)	-	-	-	(410,460)	-	-	-	-	-	(2,139,930)
(669,373)	-	-	125,000	21,462	557,000	75,000	5,500	-	-	(945,508)
(14,004)	(1,672)	11,018	125,000	(295,270)	103,917	(72,196)	9,007	(611)	(19,416)	(53,671)
187,722	3,786	18,288	4,775	845,042	90,450	150,000	-	4,432	19,416	2,320,580
173,718	2,114	29,306	129,775	549,772	194,367	77,804	9,007	3,821	-	2,266,909
173,718	2,114	29,306	-	549,772	194,367	77,804	9,007	-	-	1,512,459
-	-	-	129,775	-	-	-	-	3,821	-	754,450
173,718	2,114	29,306	129,775	549,772	194,367	77,804	9,007	3,821	-	2,266,909

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, 2020

	Capital Projects				
	CDBG Housing Rehabilitation	2009 Bond Sale	Airport Grant	Tri-Park Trail Extension	Industrial Park 3rd Addition
Receipts:					
Use of money and property	207	-	-	1,394	5,583
Intergovernmental	134,915	-	316,157	-	-
Miscellaneous	-	-	-	262,835	-
Total receipts	135,122	-	316,157	264,229	5,583
Disbursements:					
Community and economic development	29,246	-	-	-	-
Capital projects	134,720	50	371,449	191,007	-
Total disbursements	163,966	50	371,449	191,007	-
Excess (deficiency) of receipts over (under) disbursements	(28,844)	(50)	(55,292)	73,222	5,583
Other financing sources (uses):					
Operating transfers in	-	-	-	250,000	-
Net other financing sources	-	-	-	250,000	-
Change in cash balance	(28,844)	(50)	(55,292)	323,222	5,583
Cash balances, beginning of year	19,835	50	4,090	148,903	485,020
Cash balances, end of year	(9,009)	-	(51,202)	472,125	490,603
Cash Basis Fund Balances					
Restricted for other purposes	-	-	-	472,125	490,603
Unassigned	(9,009)	-	(51,202)	-	-
Total cash basis fund balances	(9,009)	-	(51,202)	472,125	490,603

See accompanying independent auditor's report.

Capital Projects			
West Water Tower	10th Street Paving	Railroad Viaduct	Total
-	-	248	7,432
-	22,887	-	473,959
-	15,535	-	278,370
-	38,422	248	759,761
-	-	-	29,246
45,894	79,759	19,630	842,509
45,894	79,759	19,630	871,755
(45,894)	(41,337)	(19,382)	(111,994)
-	675,000	-	925,000
-	675,000	-	925,000
(45,894)	633,663	(19,382)	813,006
(436)	(38,955)	78,192	696,699
(46,330)	594,708	58,810	1,509,705
-	594,708	58,810	1,616,246
(46,330)	-	-	(106,541)
(46,330)	594,708	58,810	1,509,705

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, 2020

	42 Well Rehabilitation	Sewer Infrastructure	Customer Deposits	Fuel
Operating receipts:				
Charges for service	\$ -	65,024	39,900	42,188
Miscellaneous	-	-	-	7,774
Total operating receipts	-	65,024	39,900	49,962
Operating disbursements:				
Business-type activities	-	-	33,045	55,113
Excess (deficiency) of operating receipts over (under) operating disbursements	-	65,024	6,855	(5,151)
Non-operating receipts (disbursements):				
Interest on investments	-	-	-	-
Capital projects	(120,326)	-	-	-
Net non-operating disbursements	(120,326)	-	-	-
Excess (deficiency) of receipts over (under) disbursements	(120,326)	65,024	6,855	(5,151)
Transfers in	-	-	-	-
Transfers out	-	(20,160)	-	-
Net transfers	-	(20,160)	-	-
Change in cash balance	(120,326)	44,864	6,855	(5,151)
Cash balances, beginning of year	(32,458)	105,944	118,311	22,181
Cash balances, end of year	(152,784)	150,808	125,166	17,030
Cash Basis Fund Balances				
Restricted for:				
Other purposes	\$ -	-	125,166	-
Unassigned	(152,784)	150,808	-	17,030
Total cash basis fund balances	\$ (152,784)	150,808	125,166	17,030

See accompanying independent auditor's report.

Recycling	Tree	Wellness Center	Sewer Main Construction	Total
77,828	64,779	161,948	-	451,667
-	-	-	-	7,774
77,828	64,779	161,948	-	459,441
79,526	45,941	192,408	-	406,033
(1,698)	18,838	(30,460)	-	53,408
-	-	-	1,085	1,085
-	-	-	(4,741)	(125,067)
-	-	-	(3,656)	(123,982)
(1,698)	18,838	(30,460)	(3,656)	(70,574)
-	-	30,460	-	30,460
-	-	-	-	(20,160)
-	-	30,460	-	10,300
(1,698)	18,838	-	(3,656)	(60,274)
6,412	22,682	-	94,627	337,699
4,714	41,520	-	90,971	277,425
-	-	-	-	125,166
4,714	41,520	-	90,971	152,259
4,714	41,520	-	90,971	277,425

City of Oelwein, Iowa
Schedule of Indebtedness
Year ended June 30, 2020

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Capital Loan Notes 2009	May 01, 2009	1.25-4.00%	\$ 1,190,000
Capital Loan Notes 2011A	Sep 01, 2011	2.00-2.90	2,885,000
Urban Renewal Notes 2014	May 01, 2014	2.00-4.00	3,455,000
Urban Renewal Notes 2016A	Feb 16, 2016	2.00-4.00	4,300,000
Capital Loan Notes, Series 2016B	Sep 22, 2016	1.00-2.10	1,100,000
Capital Loan Notes, Series 2020	Feb 25, 2020	2.00	2,385,000
Revenue notes:			
Sewer Revenue Series 2005	May 23, 2005	3.00%	\$ 8,954,000
Water Revenue Series 2010	Sep 15, 2010	3.00	1,700,000
Sewer Revenue Series 2012	Oct 05, 2012	2.00	900,000
Water Revenue Series 2016	Sep 22, 2016	1.40-2.15	675,000
Sewer Revenue SRF Series 2018	Apr 13, 2018	2.00	338,000
Water Revenue SRF Series 2018	Apr 13, 2018	2.00	1,462,000
US Department of Agriculture:			
Intermediary Relending Program #1	Apr 25, 2008	1.00%	\$ 500,000
Intermediary Relending Program #2	Sep 23, 2015	1.00	500,000
Intermediary Relending Program #3	Oct 15, 2019	1.00	up to 500,000

See accompanying independent auditor's report.

Balance, Beginning of Year	Issued During Year	Redeemed During Year	Balance, End of Year	Interest Paid
\$ 325,000	-	325,000	-	12,680
795,000	-	340,000	455,000	21,333
2,720,000	-	155,000	2,565,000	96,775
4,300,000	-	425,000	3,875,000	133,670
960,000	-	135,000	825,000	14,808
-	2,385,000	-	2,385,000	-
<u>\$ 9,100,000</u>	<u>2,385,000</u>	<u>1,380,000</u>	<u>10,105,000</u>	<u>279,266</u>
\$ 3,750,000	-	490,000	3,260,000	65,625
698,000	-	90,000	608,000	20,940
625,000	-	43,000	582,000	10,938
605,000	-	70,000	535,000	10,593
256,511	-	14,000	242,511	4,810
1,145,896	-	61,000	1,084,896	20,498
<u>\$ 7,080,407</u>	<u>-</u>	<u>768,000</u>	<u>6,312,407</u>	<u>133,404</u>
\$ 365,525	-	17,570	347,955	3,655
500,000	-	16,225	483,775	5,000
-	432,000	-	432,000	-
<u>\$ 865,525</u>	<u>432,000</u>	<u>33,795</u>	<u>1,263,730</u>	<u>8,655</u>

City of Oelwein, Iowa
Bond and Note Maturities

June 30, 2020

Year Ending June 30,	General Obligation Bonds					
	Capital Loan Notes 2011A		Urban Renewal Notes 2014		Urban Renewal Notes 2016A	
	Issued Sep 1, 2011		Issued May 1, 2014		Issued Feb 16, 2016	
	Interest		Interest		Interest	
	Rates	Amount	Rates	Amount	Rates	Amount
2021	2.75%	355,000	3.00%	160,000	2.20%	435,000
2022	2.90%	100,000	3.00%	165,000	2.50%	440,000
2023		-	3.00%	170,000	2.80%	450,000
2024		-	3.00%	175,000	3.10%	460,000
2025		-	3.25%	180,000	3.40%	470,000
2026		-	3.25%	190,000	3.60%	485,000
2027		-	3.75%	195,000	3.80%	550,000
2028		-	3.75%	205,000	4.00%	585,000
2029		-	4.00%	210,000		
2030		-	4.00%	215,000		
2031		-	4.00%	225,000		
2032		-	4.00%	235,000		
2033		-	4.00%	240,000		
		<u>\$ 455,000</u>		<u>\$ 2,565,000</u>		<u>\$ 3,875,000</u>

See accompanying independent auditor's report.

General Obligation Bonds				
Capital Loan Notes, Series 2016B		Capital Loan Notes, Series 2020		
Issued Sep 22, 2016		Issued Feb 25, 2020		
Interest		Interest		
Rates	Amount	Rates	Amount	Total
1.20%	135,000	2.00%	105,000	1,190,000
1.30%	135,000	2.00%	205,000	1,045,000
1.40%	135,000	2.00%	210,000	965,000
1.65%	60,000	2.00%	210,000	905,000
1.65%	75,000	2.00%	220,000	945,000
2.00%	75,000	2.00%	225,000	975,000
2.00%	40,000	2.00%	235,000	1,020,000
2.00%	40,000	2.00%	240,000	1,070,000
2.10%	130,000	2.00%	245,000	585,000
	-	2.00%	155,000	370,000
	-	2.00%	165,000	390,000
	-	2.00%	170,000	405,000
	-		-	240,000
	<u>\$ 825,000</u>		<u>\$ 2,385,000</u>	<u>\$ 10,105,000</u>

City of Oelwein, Iowa
Bond and Note Maturities
(continued)
June 30, 2020

Year Ending June 30,	Revenue Notes					
	Sewer Series 2005		Water Series 2010		Sewer Series 2012	
	Issued May 23, 2005		Issued Sep 15, 2010		Issued Oct 5, 2012	
	Interest		Interest		Interest	
	Rates	Amount	Rates	Amount	Rates	Amount
2021	3.00%	504,000	3.00%	93,000	2.00%	43,000
2022	3.00%	519,000	3.00%	96,000	2.00%	44,000
2023	3.00%	535,000	3.00%	100,000	2.00%	45,000
2024	3.00%	551,000	3.00%	103,000	2.00%	46,000
2025	3.00%	567,000	3.00%	106,000	2.00%	47,000
2026	3.00%	584,000	3.00%	110,000	2.00%	48,000
2027		-		-	2.00%	49,000
2028		-		-	2.00%	50,000
2029		-		-	2.00%	51,000
2030		-		-	2.00%	52,000
2031		-		-	2.00%	53,000
2032		-		-	2.00%	54,000
2033		-		-		-
2034		-		-		-
2035		-		-		-
		<u>\$ 3,260,000</u>		<u>\$ 608,000</u>		<u>\$ 582,000</u>

Revenue Notes						
Water Series 2016		Sewer Series 2018		Water Series 2018		Total
Issued Sep 22, 2016		Issued Apr 14, 2018		Issued Apr 14, 2018		
Interest		Interest		Interest		
Rates	Amount	Rates	Amount	Rates	Amount	
1.40%	70,000	2.00%	15,000	2.00%	63,000	788,000
1.55%	75,000	2.00%	15,000	2.00%	64,000	813,000
1.55%	75,000	2.00%	15,000	2.00%	65,000	835,000
1.85%	75,000	2.00%	16,000	2.00%	66,000	857,000
1.85%	80,000	2.00%	16,000	2.00%	68,000	884,000
2.15%	80,000	2.00%	16,000	2.00%	69,000	907,000
2.15%	80,000	2.00%	17,000	2.00%	71,000	217,000
-	-	2.00%	17,000	2.00%	72,000	139,000
-	-	2.00%	17,000	2.00%	73,000	141,000
-	-	2.00%	18,000	2.00%	75,000	145,000
-	-	2.00%	18,000	2.00%	76,000	147,000
-	-	2.00%	18,000	2.00%	78,000	150,000
-	-	2.00%	19,000	2.00%	79,000	98,000
-	-	2.00%	19,000	2.00%	81,000	100,000
-	-	2.00%	6,511	2.00%	84,896	91,407
\$ 535,000		\$ 242,511		\$ 1,084,896		\$ 6,312,407

City of Oelwein, Iowa

Bond and Note Maturities
(continued)

June 30, 2020

Year Ending June 30,	Other Long-Term Debt						
	USDA IRP #1		USDA IRP #2		USDA IRP #3		Total
	Issued Apr 25, 2008		Issued Sep 23, 2015		Issued Oct 15, 2019		
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2021	1.00%	17,745	1.00%	16,387	1.00%	-	34,132
2022	1.00%	17,922	1.00%	16,551	1.00%	-	34,473
2023	1.00%	18,102	1.00%	16,717	1.00%	-	34,819
2024	1.00%	18,283	1.00%	16,884	1.00%	16,223	51,390
2025	1.00%	18,466	1.00%	17,053	1.00%	16,385	51,904
2026	1.00%	18,650	1.00%	17,223	1.00%	16,549	52,422
2027	1.00%	18,837	1.00%	17,395	1.00%	16,714	52,946
2028	1.00%	19,025	1.00%	17,569	1.00%	16,881	53,475
2029	1.00%	19,215	1.00%	17,745	1.00%	17,050	54,010
2030	1.00%	19,407	1.00%	17,922	1.00%	17,221	54,550
2031	1.00%	19,602	1.00%	18,102	1.00%	17,393	55,097
2032	1.00%	19,798	1.00%	18,283	1.00%	17,567	55,648
2033	1.00%	19,996	1.00%	18,466	1.00%	17,742	56,204
2034	1.00%	20,196	1.00%	18,650	1.00%	17,920	56,766
2035	1.00%	20,397	1.00%	18,837	1.00%	18,099	57,333
2036	1.00%	20,601	1.00%	19,025	1.00%	18,280	57,906
2037	1.00%	20,807	1.00%	19,215	1.00%	18,463	58,485
2038	1.00%	20,906	1.00%	19,407	1.00%	18,648	58,961
2039		-	1.00%	19,602	1.00%	18,834	38,436
2040		-	1.00%	19,798	1.00%	19,022	38,820
2041		-	1.00%	19,996	1.00%	19,213	39,209
2042		-	1.00%	20,196	1.00%	19,405	39,601
2043		-	1.00%	20,397	1.00%	19,599	39,996
2044		-	1.00%	20,601	1.00%	19,795	40,396
2045		-	1.00%	20,807	1.00%	19,993	40,800
2046		-	1.00%	20,947	1.00%	20,193	41,140
2047					1.00%	14,811	14,811
2048					1.00%		-
2049					1.00%		-
2050					1.00%		-
		\$ 347,955		\$ 483,775		\$ 432,000	\$ 1,263,730

See accompanying independent auditor's report.

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

	2020	2019	2018	2017
Receipts				
Property tax	\$ 2,616,016	2,511,243	2,446,809	2,622,915
Tax increment financing	789,469	320,501	68,956	53,616
Other city tax	1,449,548	1,465,729	1,179,371	869,807
Licenses and permits	79,541	72,679	109,853	82,788
Use of money and property	125,779	124,650	219,825	347,083
Intergovernmental	1,440,844	1,210,033	1,641,704	2,820,235
Charges for service	150,159	190,880	151,896	190,692
Special assessments	-	392	30,590	41,301
Miscellaneous	740,341	435,275	712,839	324,901
	<u>\$ 7,391,697</u>	<u>6,331,382</u>	<u>6,561,843</u>	<u>7,353,338</u>
Disbursements				
Public safety	\$ 1,773,341	1,682,373	1,544,804	1,598,188
Public works	684,588	755,382	729,542	732,688
Health and social services	19,836	18,117	21,603	24,733
Culture and recreation	905,295	929,980	811,850	818,311
Community and economic development	1,148,628	783,959	893,869	622,087
General government	488,132	418,572	389,086	374,222
Debt service	1,744,359	1,117,626	1,873,831	1,034,354
Capital projects	1,957,005	666,989	1,033,130	2,529,927
	<u>\$ 8,721,184</u>	<u>6,372,998</u>	<u>7,297,715</u>	<u>7,734,510</u>

2016	2015	2014	2013	2012	2011
2,550,327	2,433,871	2,265,317	2,225,651	2,088,591	2,193,856
69,105	73,362	106,380	92,163	100,755	77,819
878,525	1,051,291	1,082,086	975,105	980,861	796,829
53,257	80,539	98,623	86,826	80,746	90,508
143,177	286,659	289,316	283,043	237,050	211,957
1,011,483	987,685	1,260,775	1,542,206	2,064,616	1,655,035
141,082	91,439	95,180	147,190	169,503	178,473
37,582	43,223	60,791	78,338	121,720	140,773
1,105,087	479,997	352,787	407,739	332,566	255,986
5,989,625	5,528,066	5,611,255	5,838,261	6,176,408	5,601,236
1,602,959	1,645,848	1,740,553	1,990,153	1,736,134	1,657,381
695,231	785,430	779,828	753,365	845,566	721,848
27,428	37,232	40,204	41,012	40,195	36,096
780,172	844,486	818,383	765,827	832,448	734,580
1,463,655	918,572	1,198,140	868,849	1,044,115	1,113,995
378,446	368,157	373,809	342,228	363,154	348,957
780,858	893,757	526,908	601,358	3,162,885	526,090
4,959,048	3,617,762	123,998	455,840	860,504	254,967
10,687,797	9,111,244	5,601,823	5,818,632	8,885,001	5,393,914



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 the 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, 2020, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 21, 2020. 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.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures 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 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 did identify certain deficiencies in internal control, described in Part I of the accompanying Schedule of Findings as items I-A-20 through I-C-20 that we consider to be significant deficiencies.

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 determination of financial statement amounts. 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 II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2020 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City of Oelwein's Responses to the Findings

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

December 21, 2020
Humboldt, Iowa

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2020

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

I-A-20 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.

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.

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

Conclusion – Response accepted.

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2020

I-B-20

Utility Billing and Delinquent Accounts – The City charges landfill and recycling rates based upon the number of individual recipients per household. This number is obtained when the customer fills out an application for services; however, documentation to support the number per household was inadequate to determine if the amounts that the City was using for utility billing were complete and accurate. Additionally, the City does not have a policy for reviewing delinquent accounts and approving them for write-off.

Criteria – An effective internal control system provides for internal controls to ensure customers are being billed proper rates in accordance with rate ordinances as well as to ensure proper accounting and approval of delinquent accounts.

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

Effect – This could result in improper utility billing or unauthorized write-offs of delinquent accounts.

Recommendation – The utility rates entered into the system should be properly supported by documentation that is periodically reviewed for changes that may be needed. Additionally, a listing of delinquent accounts should be prepared on a monthly basis and reviewed by the City Council for general monitoring and for approval of write-offs.

Response – Making changes to a system on the utility billing is a political nightmare regardless if the change could potentially save residents money. While the current method for landfill charges is outdated, the county is also outdated in how they charge and collect fees. The city is working on making this change when a rate increase will be needed from the county. The city anticipates changing this process in July 2021. A delinquent account and write off policy are being worked on and reviewed by city staff.

Conclusion – Response accepted.

I-C-20

Reconciliation of Township Fire Receipts – The City did not monitor township fire receipts for the year ended June 30, 2020. During the audit we noted that the City received 265% more in township fire receipts than in the prior years and was unaware of the reason why when we raised the question.

Criteria – A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2020

policies and procedures are an integral part of ensuring the reliability and accuracy of the City's financial statements.

Cause – City policies do not require and procedures have not been established to require an independent review of township fire receipts to ensure that all amounts due to the City are accurate, valid and reliable.

Effect – This condition could result in unrecorded or misstated township fire receipts, improper or unauthorized adjustments and write-offs and/or misstated delinquent account balances. This condition could also provide opportunity for misappropriation of assets.

Recommendation – We recommend the City perform a reconciliation of township fire receipts that includes a step to validate that the calculation being used by the townships are complete and accurate and in accordance with approved contracts.

Response – Upon inquiry from the auditors for the increase in receipts during the year it was noted that one township had remitted two years' worth of receipts in the current fiscal year. We will put controls in place to monitor this going forward.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2020

Part II: Other Findings Related to Required Statutory Reporting:

II-A-20 Certified Budget – Disbursements during the year ended June 30, 2020 exceeded the amounts budgeted in the debt service function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

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

Conclusion – Response accepted.

II-B-20 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.

II-C-20 Travel Expense – No disbursements of the City’s money for travel expense of spouses of its officials or employees were noted.

II-D-20 Business Transactions – No business transactions between the City and its officials or employees were noted.

II-E-20 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.

II-F-20 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.

II-G-20 Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

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

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

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

Conclusion – Response accepted.

II-H-20 Deposits and Investments – A resolution naming official depositories of the City had been adopted by City Council as required by Chapter 12.C.2 of the Code of Iowa. However, the City held more funds at one institution than was approved on the resolution.

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2020

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

Response – We plan to do a new resolution.

Conclusion – Response accepted.

II-I-20 Revenue Bonds and Notes – No instances of non-compliance with the revenue bond and note resolutions were noted.

II-J-20 Financial Condition – The Capital Projects – CDBG Housing Rehabilitation, Airport Grant and the West Water Tower funds had deficit balance of \$9,009, \$51,202 and \$46,330 respectively at June 30, 2020. The Enterprise, Well Rehabilitation fund had a deficit balance of \$152,784 at June 30, 2020.

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. CDBG Housing Rehab is a slow reimbursement process from Upper Explorerland. The City will clean it up with the City's match using Local Option Sales Tax. The Airport Grant had a deficit because the city is working with engineers on the project figuring out the life and is waiting on reimbursements when the project is finished. The West Water Tower had a deficit because the city is working with engineers on the project and applying for CDBG funds. 42 Well Rahab had a deficit because the project is three years over date. The City will get the final SRF then begin repayment. Some cost of planning proceeds projects before they are funded. These deficits will be eliminated in the fiscal 2021 year.

Conclusion – Response accepted.

II-K-20 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.