

**CITY OF SHELDON, IOWA
INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS,
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023**

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**CITY OF SHELDON, IOWA
OFFICIALS**

Name	Title	Term Expires
Greg Geels	Mayor	December, 2025
Ken Snyder	Council Member	December, 2024
Wayne Barahona	Council Member	December, 2023
Pete Hamill	Council Member	December, 2023
Brad Hindt	Council Member	December, 2023
Tom Eggers	Council Member	December, 2024
Sam Kooiker	City Manager	Indefinite
Angela Beckman	City Clerk	Indefinite
Micah Schreurs	Attorney	Indefinite



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
 Members of the City Council
 City of Sheldon, Iowa

Report on the Audit of the Financial Statements

Unmodified and Disclaimer of Opinions

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and aggregate remaining fund information; and we were not engaged to audit the aggregate discretely presented component units, of the City of Sheldon, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City of Sheldon's basic financial statements as listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Unmodified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Disclaimer
General Fund	Unmodified
TIF Fund	Unmodified
Local Option Sales Tax	Unmodified
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
Water Utility Fund	Unmodified
Sewer Utility Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

Disclaimer of Opinion on Aggregate Discretely Presented Component Units

We do not express an opinion on the financial statements of the aggregate discretely presented component units of the City of Sheldon. Because of the significance of the matter discussed in the Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component units.

Unmodified Opinions on Governmental Activities, Business-Type Activities, Each Major Fund and Aggregate Remaining Fund Information

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, business-type activities, each major fund, and the aggregate remaining fund information of the City of Sheldon, as of June 30, 2023, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Disclaimer of Opinion on the Aggregate Discretely Presented Component Units

The financial statements of the Sheldon Public Library Foundation, Sheldon Volunteer Fire Company, and Sheldon Community Ambulance Team have not been audited, and we were not engaged to audit the component units' financial statements as part of our audit of the City of Sheldon's basic financial statements. These financial activities are included in the City of Sheldon's basic financial statements as the aggregate discretely presented component units.

Basis for Unmodified Opinions

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

Basis of Accounting

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

Emphasis of Matters

As discussed in Note 15 to the financial statements, in 2023 the City of Sheldon adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 96, Subscription-Based Information Technology Arrangements. Our opinions are not modified with respect to this matter.

As discussed in Note 16 to the financial statements, there was a prior period adjustment related to a cash overstatement that has been corrected in the accompanying financial statements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Auditors' Responsibilities for the Audit of the Aggregate Discretely Presented Component Units

Our responsibility is to conduct an audit of the City of Sheldon's financial statements in accordance with generally accepted auditing standards and *Government Auditing Standards* and to issue an auditors' report. However, because of the matter described in the Basis for Disclaimer Opinion on the Aggregate Discretely Presented Component Unit section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the aggregate discretely presented component units.

We are required to be independent of the City of Sheldon and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit.

Auditors' Responsibilities for the Audit of the Governmental Activities, the Business-type Activities, Each Major Fund, and the Aggregate Remaining Fund Information

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit for the year ended June 30, 2023 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sheldon's basic financial statements. The accompanying supplementary information included on pages 36 through 39 for the year ended June 30, 2023, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 36 through 39 and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also have previously audited, in accordance with the standards referred to in the fourth paragraph of this report, the financial statements for the one year ended June 30, 2022, which is not presented with the accompanying financial statements, and we expressed unmodified opinions on the respective financial statements of the major governmental funds and aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The financial statements for the eight years ended June 30, 2021, which are not presented herein, were audited by other auditors who expressed unmodified opinions on the major governmental funds and aggregate remaining fund information of those financial statements. The supplementary information related to the nine years ended June 30, 2022 financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the nine years ended June 30, 2022 basic financial statements. The information has been subjected to the auditing procedures applied in the audits of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion based on our audit and the reports of other auditors, the nine years ended June 30, 2022 supplementary information is fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability

(Asset) and the Schedule of City Contributions on pages 30 through 35 but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2023 on our consideration of the City of Sheldon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sheldon's internal control over financial reporting and compliance.

Williams & Company, P.C.
Certified Public Accountants

Spencer, Iowa
December 4, 2023

BASIC FINANCIAL STATEMENTS

CITY OF SHELDON, IOWA
STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS
As of and For the Year Ended June 30, 2023

Functions/Programs	Disbursements	Program Receipts		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
Public Safety	\$ 3,014,852	\$ 461,201	\$ 76,267	\$ -
Public Works	1,142,169	107,488	758,513	53,077
Culture and Recreation	1,574,410	440,868	63,500	5,500
Community and Economic Development	1,134,654	-	14,500	-
General Government	636,719	13,642	-	-
Capital Projects	2,560,079	-	-	379,938
Principal	2,417,857	-	-	-
Interest	328,298	-	-	-
Total Governmental Activities	<u>12,809,038</u>	<u>1,023,199</u>	<u>912,780</u>	<u>438,515</u>
Business-Type Activities:				
Water Utility	3,170,452	1,677,981	-	-
Sewer Utility	1,727,860	1,723,545	-	-
Total Business-Type Activities	<u>4,898,312</u>	<u>3,401,526</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 17,707,350</u>	<u>\$ 4,424,725</u>	<u>\$ 912,780</u>	<u>\$ 438,515</u>
Component Units (Unaudited):				
Sheldon Public Library Foundation	\$ 11,617	\$ -	\$ 11,108	\$ -
Sheldon Volunteer Fire Company	35,472	-	36,377	-
Sheldon Community Ambulance Team	16,461	-	29,268	-
Total Component Unit Activities	<u>\$ 63,550</u>	<u>\$ -</u>	<u>\$ 76,753</u>	<u>\$ -</u>

General Receipts and Transfers:
Property taxes
Tax Increment Financing
Local Option Sales Tax
Hotel-Motel Tax
Commercial and industrial replacement
Special Assessments
Interest
Reimbursements
Sale of Assets
Franchise Taxes/Fees
Miscellaneous
Proceeds from Financing, net of premium and issuance costs
Interfund Transfers
Total general receipts and transfers
Change in cash basis net position

Cash basis net position - beginning
Prior period adjustment
Cash basis net position - beginning, as restated

Cash basis net position - ending

Cash Basis Net Position
Restricted:
Expendable:
Debt Service
Capital Projects
Community Betterment
TIF
Other Purposes
Unrestricted
Total Cash Basis Net Position

Net (Disbursements) Receipts and Changes in Cash Basis Net Position			Component Units (Unaudited)			
Governmental Activities	Business-Type Activities	Total	Sheldon Public Library Foundation	Sheldon Volunteer Fire Company	Sheldon Community Ambulance Team	Total Component Units
\$ (2,477,384)		\$ (2,477,384)				
(223,091)		(223,091)				
(1,064,542)		(1,064,542)				
(1,120,154)		(1,120,154)				
(623,077)		(623,077)				
(2,180,141)		(2,180,141)				
(2,417,857)		(2,417,857)				
(328,298)		(328,298)				
<u>(10,434,544)</u>		<u>(10,434,544)</u>				
	\$ (1,492,471)	(1,492,471)				
	(4,315)	(4,315)				
	<u>(1,496,786)</u>	<u>(1,496,786)</u>				
<u>(10,434,544)</u>	<u>(1,496,786)</u>	<u>(11,931,330)</u>				
			\$ (509)	\$ -	\$ -	\$ (509)
			-	905	-	905
			<u>-</u>	<u>-</u>	<u>12,807</u>	<u>12,807</u>
			<u>(509)</u>	<u>905</u>	<u>12,807</u>	<u>13,203</u>
2,154,636	-	2,154,636	-	-	-	-
3,494,086	-	3,494,086	-	-	-	-
1,026,745	-	1,026,745	-	-	-	-
164,232	-	164,232	-	-	-	-
283,178	-	283,178	-	-	-	-
20,441	-	20,441	-	-	-	-
169,098	105,408	274,506	-	-	-	-
359,022	-	359,022	-	-	-	-
93,771	-	93,771	-	-	-	-
86,756	-	86,756	-	-	-	-
91,985	131,444	223,429	-	150	-	150
-	3,551,602	3,551,602	-	-	-	-
(672,563)	672,563	-	-	-	-	-
<u>7,271,387</u>	<u>4,461,017</u>	<u>11,732,404</u>	<u>-</u>	<u>150</u>	<u>-</u>	<u>150</u>
<u>(3,163,157)</u>	<u>2,964,231</u>	<u>(198,926)</u>	<u>(509)</u>	<u>1,055</u>	<u>12,807</u>	<u>13,353</u>
12,166,598	4,004,899	16,171,497	106,330	35,265	26,060	167,655
(13,558)	-	(13,558)	-	-	-	-
<u>12,153,040</u>	<u>4,004,899</u>	<u>16,157,939</u>	<u>106,330</u>	<u>35,265</u>	<u>26,060</u>	<u>167,655</u>
<u>\$ 8,989,883</u>	<u>\$ 6,969,130</u>	<u>\$ 15,959,013</u>	<u>\$ 105,821</u>	<u>\$ 36,320</u>	<u>\$ 38,867</u>	<u>\$ 181,008</u>
\$ 301,626	\$ 723,297	\$ 1,024,923	\$ -	\$ -	\$ -	\$ -
3,021,292	-	3,021,292	-	-	-	-
470,795	-	470,795	-	-	-	-
1,302,269	-	1,302,269	-	-	-	-
1,600,299	8,310	1,608,609	-	-	-	-
2,293,602	6,237,523	8,531,125	105,821	36,320	38,867	181,008
<u>\$ 8,989,883</u>	<u>\$ 6,969,130</u>	<u>\$ 15,959,013</u>	<u>\$ 105,821</u>	<u>\$ 36,320</u>	<u>\$ 38,867</u>	<u>\$ 181,008</u>

See Accompanying Notes to Financial Statements

CITY OF SHELDON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
Governmental Funds
As of and For the Year Ended June 30, 2023

	Special Revenue			
	General	TIF	Local Option Sales Tax	Debt Service
Receipts:				
Property Taxes	\$ 1,169,254	\$ -	\$ -	\$ 270,667
Tax Increment Financing	-	3,494,086	-	-
Other City Taxes	223,614	-	1,026,745	2,226
Licenses and Permits	14,220	-	-	-
Intergovernmental	219,008	140,921	-	20,682
Charges for Services	617,055	-	-	-
Special Assessments	20,441	-	-	-
Rental of City Property	221,600	-	-	-
Interest on Investments	41,825	33,515	16,607	9,708
Miscellaneous	581,296	-	13,175	-
Total Receipts	3,108,313	3,668,522	1,056,527	303,283
Disbursements:				
Public Safety	2,637,508	-	-	-
Public Works	274,030	-	-	-
Culture and Recreation	1,424,440	-	-	-
Community and Economic Development	194,379	897,204	-	-
General Government	354,890	-	250,621	-
Capital Projects	-	-	182,869	-
Debt Service:				
Principal Retirement	-	-	-	2,417,857
Interest	-	-	-	328,298
Total Disbursements	4,885,247	897,204	433,490	2,746,155
Excess (Deficiency) of Receipts to Disbursements	(1,776,934)	2,771,318	623,037	(2,442,872)
Other financing sources (uses):				
Sale of Capital Assets	18,000	-	-	-
Transfers In	601,216	-	-	2,467,124
Transfers Out	(17,912)	(2,504,063)	(846,108)	-
Total other financing sources	601,304	(2,504,063)	(846,108)	2,467,124
Change in Cash Balances	(1,175,630)	267,255	(223,071)	24,252
Cash Balances - Beginning of Year	3,199,688	1,035,014	693,866	277,374
Prior Period Adjustment	-	-	-	-
Cash Balances - Beginning of Year, Restated	3,199,688	1,035,014	693,866	277,374
Cash Balances - End of Year	\$ 2,024,058	\$ 1,302,269	\$ 470,795	\$ 301,626
Cash Basis Fund Balances:				
Restricted for:				
Debt Service	\$ -	\$ -	\$ -	\$ 301,626
Capital Projects	-	-	-	-
Streets	-	-	-	-
TIF	-	1,302,269	-	-
Employee Benefits	-	-	-	-
Disaster Purposes	-	-	-	-
Community and Economic Development	-	-	-	-
Community Betterment	-	-	470,795	-
Police	-	-	-	-
Committed for:				
Library Purposes	41,513	-	-	-
Airport Purposes	219,831	-	-	-
Park Purposes	118,130	-	-	-
Museum Purposes	136,044	-	-	-
Assigned for:				
Equipment Purchases	25,165	-	-	-
Public Safety Purposes	661,763	-	-	-
Recreation Trails Maintenance	235,373	-	-	-
Cemetery Purposes	9,366	-	-	-
Tourism and Recreation	21,237	-	-	-
Unassigned	555,636	-	-	-
Total Cash Basis Fund Balances	\$ 2,024,058	\$ 1,302,269	\$ 470,795	\$ 301,626

See Accompanying Notes to Financial Statements

	Nonmajor		
	Capital	Other	Total
	Projects	Governmental	Governmental
		Funds	Funds
\$	-	\$ 714,715	\$ 2,154,636
	-	-	3,494,086
	-	10,928	1,263,513
	-	-	14,220
	-	1,185,766	1,566,377
	-	-	617,055
	-	-	20,441
	-	-	221,600
	39,228	28,215	169,098
	92,284	16,892	703,647
	131,512	1,956,516	10,224,673

	-	308,155	2,945,663
	-	842,906	1,116,936
	-	117,603	1,542,043
	-	35,425	1,127,008
	-	25,241	630,752
	2,377,210	-	2,560,079
	-	-	2,417,857
	-	-	328,298
	2,377,210	1,329,330	12,668,636
	(2,245,698)	627,186	(2,443,963)

	75,771	-	93,771
	19,428	137,730	3,225,498
	(434,548)	(219,415)	(4,022,046)
	(339,349)	(81,685)	(702,777)
	(2,585,047)	545,501	(3,146,740)
	5,606,339	1,068,356	11,880,637
	-	(13,558)	(13,558)
	5,606,339	1,054,798	11,867,079
\$	3,021,292	\$ 1,600,299	\$ 8,720,339

\$	-	\$	-	\$	301,626
	3,021,292		-		3,021,292
	-		464,646		464,646
	-		-		1,302,269
	-		231,591		231,591
	-		790,172		790,172
	-		106,195		106,195
	-		-		470,795
	-		7,695		7,695
	-		-		41,513
	-		-		219,831
	-		-		118,130
	-		-		136,044
	-		-		25,165
	-		-		661,763
	-		-		235,373
	-		-		9,366
	-		-		21,237
	-		-		555,636
\$	3,021,292	\$	1,600,299	\$	8,720,339

CITY OF SHELDON, IOWA
RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES
IN CASH BALANCES TO THE STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS -
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Total Governmental Funds Cash Balances (Page 9)	\$	8,720,339
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Amounts reported for governmental activities in the statement of activities and net position cash basis are different because:

The internal service fund is used by the City to charge the cost of funding the City's health insurance benefit plan to the individual funds. A portion of the cash balance of the internal service fund is included in governmental activities in the Statement of Activities and Net Position - Cash Basis.

		<u>269,544</u>
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Cash Basis Net Position of Governmental Activities (Page 7)		<u><u>8,989,883</u></u>
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Net Change in Cash Balances (page 9)		(3,146,740)
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Amounts reported for governmental activities in the cash basis statement of activities and net position are different because:

The internal service fund is used by the City to charge the cost of funding the City's health insurance benefit plan to the individual funds. A portion of the change in the cash balance of the internal service fund is reported with governmental activities in the Statement of Activities and Net Position - Cash Basis.

		<u>(16,417)</u>
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Change in Cash Basis Net Position of Governmental Activities (Page 7)	\$	<u><u>(3,163,157)</u></u>
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CITY OF SHELDON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH BALANCES
Proprietary Funds
As of and For the Year Ended June 30, 2023

	Enterprise	
	Water Utility	Sewer Utility
Operating Receipts:		
Charges for Services	\$ 1,677,981	\$ 1,723,545
Total Operating Receipts	<u>1,677,981</u>	<u>1,723,545</u>
Operating Disbursements:		
Operating Disbursements	1,327,242	923,761
Total Operating Disbursements	<u>1,327,242</u>	<u>923,761</u>
Excess (Deficiency) of Receipts Over Disbursements	<u>350,739</u>	<u>799,784</u>
Non-Operating Receipts (Disbursements):		
Interest Income	62,593	42,815
Miscellaneous	64,693	66,751
Proceeds from Debt Financing	3,500,000	-
Premium on Debt Financing	155,354	-
Debt Service	(103,752)	(487,475)
Capital Outlay	(1,817,921)	(289,129)
Total Non-Operating Receipts (Disbursements)	<u>1,860,967</u>	<u>(667,038)</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>2,211,706</u>	<u>132,746</u>
Other financing sources (uses):		
Transfers In	670,409	14,139
Transfers Out	(42,400)	(42,400)
Total other financing sources (uses)	<u>628,009</u>	<u>(28,261)</u>
Change in Cash Balances	2,839,715	104,485
Cash Balances - Beginning of Year	1,240,349	2,569,068
Cash Balances - End of Year	<u>\$ 4,080,064</u>	<u>\$ 2,673,553</u>
Cash Basis Net Position		
Restricted for:		
Water Deposits	8,310	-
Debt Service	-	723,297
Unrestricted	4,071,754	1,950,256
Total Cash Basis Net Position	<u>\$ 4,080,064</u>	<u>\$ 2,673,553</u>

See Accompanying Notes to Financial Statements

		Internal Service	
		Total	Self Insurance
\$	3,401,526	\$	35,827
	<u>3,401,526</u>		<u>35,827</u>
	2,251,003		238,205
	<u>2,251,003</u>		<u>238,205</u>
	1,150,523		(202,378)
	105,408		9,192
	131,444		-
	3,500,000		-
	155,354		-
	(591,227)		-
	<u>(2,107,050)</u>		<u>-</u>
	<u>1,193,929</u>		<u>9,192</u>
	2,344,452		(193,186)
	684,548		196,800
	<u>(84,800)</u>		<u>-</u>
	<u>599,748</u>		<u>196,800</u>
	2,944,200		3,614
	3,809,417		481,443
\$	<u>6,753,617</u>	\$	<u>485,057</u>
	8,310		-
	723,297		-
	<u>6,022,010</u>		<u>485,057</u>
\$	<u>6,753,617</u>	\$	<u>485,057</u>

See Accompanying Notes to Financial Statements

CITY OF SHELDON, IOWA
RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES
IN CASH BALANCES TO THE STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS -
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Total Enterprise Funds Cash Balances (page 12) \$ 6,753,617

Amounts reported for Business Type activities in the statement of activities and net position cash basis are different because:

The internal service fund is used by the City to charge the cost of funding the City's health insurance benefit plan to the individual funds. A portion of the cash balance of the internal service fund is included in Business - type activities in the Statement of Activities and Net Position - Cash Basis. 215,513

Cash Basis Net Position of Business Type Activities (Page 7) 6,969,130

Net Change in Cash Balances - Enterprise Funds (Page 12) 2,944,200

Amounts reported for Business - type activities in the statement of activities and net position cash basis are different because:

The internal service fund is used by the City to charge the cost of funding the City's health insurance benefit plan to the individual funds. A portion of the change in the cash balance of the internal service fund is reported with Business - type activities in the Statement of Activities and Net Position - Cash Basis. 20,031

Change in Cash Basis Net Position of Business Type Activities (Page 7) \$ 2,964,231

CITY OF SHELDON, IOWA
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FIDUCIARY CASH BALANCES
Fiduciary Funds
As of and for the Year Ended June 30, 2023

	Custodial Fund
Receipts:	
Charges for Services	\$ 5,601
Total Receipts	<u>5,601</u>
Disbursements:	
Agency Remittances:	
Benefits Paid	5,600
Total Disbursements	<u>5,600</u>
Change in Cash Balances	1
Cash Balances, beginning of year	<u>143</u>
Cash Balances, end of year	<u><u>\$ 144</u></u>
Cash Basis Net Position	
Restricted For:	
Individuals	144
Total Cash Basis Net Position	<u><u>\$ 144</u></u>

CITY OF SHELDON, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Sheldon is a political subdivision of the State of Iowa located in O'Brien and Sioux Counties. It was first incorporated in 1876 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council- Manager form of government with the Mayor and Council Members elected on a non- partisan basis. The City of Sheldon 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. It also provides water and sewer utilities services for its citizens.

A. Reporting Entity

For financial reporting purposes, the City has included all funds, organizations, 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 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. Sheldon Public Library Foundation, Sheldon Volunteer Fire Company, Sheldon Community Ambulance Team, and Friends of the Crossroads Pavilion Foundation are considered component units of the City of Sheldon since these entities provide fundraising activities to benefit programs and projects of the City. Fiscal year 2023 was the initial year for the Friends of the Pavillion and there was no activity.

Jointly Governed Organizations

The City also 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.

B. Basis of Presentation

Government-wide Financial Statement - The Cash Basis Statement of Activities and Net Position reports information on all of 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.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in two categories:

Expendable restricted net position results 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 restricted net position.

Unrestricted net position consists of cash balances that do not meet the definition of the preceding category. Unrestricted net position often has constraints on cash balances imposed by management, which can be removed or modified.

CITY OF SHELDON, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide statements. Major individual governmental and proprietary 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 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 not paid from other funds.

Special Revenue:

The Local Option Sales Tax is used to account for the revenues from the tax authorized by referendum and used for capital improvements, equipment and community programs and services.

The Tax Increment Financing Fund is used to account for receipts from the tax authorized by ordinance in the urban renewal district and used to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal redevelopment projects.

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

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The City reports the following major proprietary funds:

Enterprise:

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Sewer Fund is used to account for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

CITY OF SHELDON, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Additionally, the City reports the following funds:

Proprietary Fund- An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Fund - A Custodial Fund is used to account for assets held by the City as an agent for individuals.

C. Measurement Focus and Basis of Accounting

The City of Sheldon 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 accounting principles generally accepted in the United States of America.

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

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

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

D. Governmental Cash Basis Fund Balances

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

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

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through ordinance or resolution approved prior to year-end. Those committed amounts cannot be used for any other purposes unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

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

**CITY OF SHELDON, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2023, disbursements exceeded the amounts budgeted in the community and economic development and debt service functions.

2. CASH AND INVESTMENTS

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

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

The City's cash and investments consisted of the following at June 30, 2023.

Cash on hand	\$ 160
Demand deposits	10,153,424
Certificates of deposit/savings accounts	<u>5,805,573</u>
Total cash and investments	15,959,157
Less: Custodial cafeteria funds	<u>144</u>
City's cash and investments	<u><u>\$ 15,959,013</u></u>

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) in 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.

**CITY OF SHELDON, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

3. BONDS, NOTES, LEASES, AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENT PAYABLE

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

	<u>Beginning Of Year,</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 9,036,429	\$ 3,500,000	\$ 2,417,857	\$ 10,118,572	\$ 1,117,857
Lease Agreements	5,904	50,229	10,449	45,684	9,392
Subscription Agreements	-	2,326	-	2,326	537
Governmental activities total:	<u>\$ 9,042,333</u>	<u>\$ 3,552,555</u>	<u>\$ 2,428,306</u>	<u>\$ 10,166,582</u>	<u>\$ 1,127,786</u>
Business type activities:					
Sewer revenue notes	<u>\$ 7,415,000</u>	<u>\$ -</u>	<u>\$ 170,000</u>	<u>\$ 7,245,000</u>	<u>\$ 175,000</u>
Business type activities total	<u>\$ 7,415,000</u>	<u>\$ -</u>	<u>\$ 170,000</u>	<u>\$ 7,245,000</u>	<u>\$ 175,000</u>

General Obligation Bonds

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

Year	Capital Loan			Capital Loan			Capital Loan		
Ending	Interest	Water Tower Loan		Interest	Series 2017 (June)		Interest	Series 2017 (Nov)	
June 30,	Rates	Principal	Interest	Rates	Principal	Interest	Rates	Principal	Interest
2024	3.00%	\$ 175,000	\$ 80,300	2.50%	\$ 285,000	\$ 14,375	2.00%	\$ 240,000	\$ 123,863
2025	4.00	185,000	75,050	2.50	290,000	7,250	2.00	245,000	119,062
2026	4.00	190,000	67,650	-	-	-	2.00	250,000	114,163
2027	3.00	195,000	60,050	-	-	-	2.75	255,000	109,162
2028	4.00	205,000	54,200	-	-	-	2.75	260,000	102,150
2029-2033	4.00	1,150,000	142,000	-	-	-	3.00-3.50	1,415,000	392,650
2034-2037	-	-	-	-	-	-	3.50-4.00	1,315,000	132,650
Total		<u>\$ 2,100,000</u>	<u>\$ 479,250</u>		<u>\$ 575,000</u>	<u>\$ 21,625</u>		<u>\$ 3,980,000</u>	<u>\$ 1,093,700</u>

Year	Interest	Capital Loan		Capital Loan		Total			
Ending	Rates	Series 2019		Interest	Series 2021		Principal	Interest	Total
June 30,	Rates	Principal	Interest	Rates	Principal	Interest	Principal	Interest	Total
2024	2.70%	\$ 92,857	\$ 7,522	2.00%	\$ 325,000	\$ 62,700	\$ 1,117,857	\$ 288,760	\$ 1,406,617
2025	2.70	92,857	5,014	2.00	330,000	56,200	1,142,857	262,576	1,405,433
2026	2.70	92,858	2,508	2.00	335,000	49,600	867,858	233,921	1,101,779
2027	-	-	-	2.00	350,000	42,900	800,000	212,112	1,012,112
2028	-	-	-	2.00	355,000	35,900	820,000	192,250	1,012,250
2029-2033	-	-	-	2.00	1,250,000	76,800	3,815,000	611,450	4,426,450
2034-2037	-	-	-	2.00-1.50	240,000	7,400	1,555,000	140,050	1,695,050
Total		<u>\$ 278,572</u>	<u>\$ 15,044</u>		<u>\$ 3,185,000</u>	<u>\$ 331,500</u>	<u>\$ 10,118,572</u>	<u>\$ 1,941,119</u>	<u>\$ 12,059,691</u>

On May 29, 2013, the City issued \$5,350,000 of general obligation bonds with interest rates ranging from 0.30% to 1.90% for various capital projects including projects within an urban renewal area. A large portion of this bond issue was redeemed in June 2019 by transfers from the tax increment financing fund. During the year ended June 30, 2023, the City paid \$95,000 of principal and \$1,663 of interest on the bonds, which was paid in full.

On June 20, 2017, the City issued \$2,395,000 of general obligation bonds with interest rates ranging from 2.00% to 2.50%. The bonds were used to refund a bond issue and to partially fund a street reconstruction project, an industrial park extension, and engineering fees on a wastewater treatment plant. The bonds mature June 2025. During the year ended June 30, 2023, the City paid \$280,000 of principal and \$19,975 of interest on the bonds.

**CITY OF SHELDON, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

3. BONDS, NOTES, LEASES, AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENT PAYABLE (CONTINUED)

On November 30, 2017, the City issued \$4,445,000 of general obligation bonds with interest rates ranging from 1.75% to 4.00%. The bonds were used to partially fund a street reconstruction project, an industrial park extension, and construction of a wastewater treatment plant. The bonds mature June 2037. During the year ended June 30, 2023, the City paid \$235,000 of principal and \$127,975 of interest on the bonds.

On October 24, 2019, the City issued \$650,000 of general obligation bonds with an interest rate of 2.70%. The bonds were used to purchase a fire truck and two new police cars. The bonds mature June 2026. During the year ended June 30, 2023, the City paid \$92,857 of principal and \$10,029 of interest on the bonds.

On September 1, 2021 the City issued \$3,500,000 of general obligation bonds with interest rates ranging from 1.50% to 2.00%. The bonds were used to partially fund infrastructure and a fire truck. The bonds mature June 2026. During the year ended June 30, 2023, the City paid \$315,000 of principal and \$69,000 of interest on the bonds.

On September, 15 2022, the City issued \$3,500,000 of general obligation bonds with interest rates ranging from 3.00% to 4.00%. The bonds were used to partially fund the water tower project. The bonds mature June 2048. During the year ended June 30, 2023, the City paid \$1,400,000 of principal and \$96,924 of interest on the bonds.

Revenue Notes

The City also has pledged future wastewater customer net receipts, net of specific operating disbursements, to repay the \$7,840,000 sewer revenue capital loan notes issued in June 2018. Proceeds from the notes provided financing for the construction of wastewater improvements. The notes are payable solely from wastewater customer net receipts and are payable through 2048. Annual principal and interest payments are expected to require less than 85% of net revenues. The total principal and interest payments remaining to be paid on the notes are \$12,222,900. For the current year, principal and interest paid on the notes and net customer receipts net of specific operating disbursements were \$487,475 and \$799,784, respectively.

A summary of the City's June 30, 2023 revenue notes payable is as follows:

Year Ending June 30,	Interest Rates	Sewer Revenue Capital Loan Notes		Total
		Principal	Interest	
2024	3.00	\$ 175,000	\$ 312,375	\$ 487,375
2025	3.00	180,000	307,125	487,125
2026	3.00	190,000	301,725	491,725
2027	4.00	195,000	296,025	491,025
2028	4.00	200,000	288,225	488,225
2029-2033	4.00	1,130,000	1,314,325	2,444,325
2034-2038	4.00	1,375,000	1,069,125	2,444,125
2039-2043	4.25-4.50	1,680,000	760,725	2,440,725
2044-2048	4.50-5.00	2,120,000	328,250	2,448,250
Total		\$ 7,245,000	\$ 4,977,900	\$12,222,900

**CITY OF SHELDON, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

3. BONDS, NOTES, LEASES, AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENT PAYABLE (CONTINUED)

The resolution providing for the issuance of the sewer revenue capital loan notes include the following provisions:

- (A) The notes will only be redeemed from the future earnings of the enterprise activity and the note holder holds a lien on the future earnings of the funds.
- (B) Sufficient monthly transfers shall be made into a separate sewer revenue sinking account for the purpose of making the principal and interest payments when due.
- (C) Additional monthly transfers shall be made to a separate sewer reserve account until a specific minimum balance has been accumulated. This account is restricted for the purpose of paying principal and interest payments when insufficient money is available in the sinking account.
- (D) User rates shall be established at a level which produces and maintains net receipts at a level not less than 115% of the amount of principal and interest on the notes falling due in the same year.

The City was in compliance with the sewer revenue note provisions for the year ended June 30, 2023.

Leases

Postage Machine Lease

On November 30, 2017, the City, as lessee, entered into a lease agreement involving a postage machine. An initial lease liability was recorded in the amount of \$15,993. The agreement requires monthly payments of \$845 over 60 months, with an implicit interest rate of 0.49% and a final payment in January 2023. The lease agreement was renewed on January 28, 2023. The agreement requires monthly payments of \$933 over 60 months, with an implicit interest rate of 4.37% and a final payment in January 2027. The future lease payments under this lease agreement are as follows:

Year Ending June 30,	Postage Machine		
	Principal	Interest	Total Payments
2024	\$ 9,392	\$ 1,810	\$ 11,202
2025	9,810	1,391	11,201
2026	10,248	954	11,202
2027	10,704	497	11,201
2028	5,530	71	5,601
	<u>\$ 45,684</u>	<u>\$ 4,723</u>	<u>\$ 50,407</u>

**CITY OF SHELDON, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

3. BONDS, NOTES, LEASES, AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENT PAYABLE (CONTINUED)

Subscription-Based Information Technology Arrangements

On August 28, 2022, the City, entered into a subscription-based information technology arrangement (SBITA) agreement involving an Emergency Services Subscription. The agreement requires yearly payments of \$650 over 5 years, with an implicit interest rate of 4.37% and a final payment in August 2026. The future SBITA payments under this agreement are as follows:

Year Ending June 30,	Subscriptions		
	Principal	Interest	Total Payments
2024	\$ 537	\$ 113	\$ 650
2025	570	80	650
2026	596	54	650
2027	623	28	651
	<u>\$ 2,326</u>	<u>\$ 275</u>	<u>\$ 2,601</u>

4. LEASE RECEIVABLE

Land Leases

On October 7, 2020 the City, as lessor, entered into a lease agreement involving 14 acres of farm land near the City's cemetery. The agreement requires payments of \$1,050, semi-annually over four years, with an implicit interest rate of 0.89% and a final payment in December 2024.

On December 2, 2020 the City, as lessor, entered into a lease agreement involving 103.7 acres of farm land near the City's airport. The agreement requires payments of \$13,481, semi-annually over three years, with an implicit interest rate of 0.68% and a final payment in December 2023. The future lease payments under these lease agreements are as follows:

Year Ending June 30,	Land		
	Principal	Interest	Total Payments
2024	\$ 15,495	\$ 86	\$ 15,581
2025	1,044	6	1,050
	<u>\$ 16,539</u>	<u>\$ 92</u>	<u>\$ 16,631</u>

5. DUE FROM SHELDON CHAMBER AND DEVELOPMENT CORPORATION

The City has granted the Sheldon Community and Development Corporation (SCDC) land and also financed SCDC's purchase of land. The land is being held for development and resale. The SCDC has agreed to pay a portion of the sales price back to the City as the land is sold.

**CITY OF SHELDON, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

6. INTERFUND TRANSFERS

Transfers In	Transfer Out							Total
	General	TIF	Water	Sewer	Capital Projects	LOST	Nonmajor Governmental	
General	\$ -	\$ 35,423	\$ 42,400	\$ 42,400	\$ -	\$ 480,993	\$ -	\$ 601,216
Debt Service	-	2,467,124	-	-	-	-	-	2,467,124
Capital Projects	17,912	1,516	-	-	-	-	-	19,428
Water	-	-	-	-	420,409	250,000	-	670,409
Sewer	-	-	-	-	14,139	-	-	14,139
Internal Service	-	-	-	-	-	-	196,800	196,800
Nonmajor Governmental	-	-	-	-	-	115,115	22,615	137,730
Total	\$ 17,912	\$ 2,504,063	\$ 42,400	\$ 42,400	\$ 434,548	\$ 846,108	\$ 219,415	\$ 4,106,846

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

7. 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 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, IA 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 information 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.

Protection occupation members may retire at normal retirement age, which is generally age 55, and may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

CITY OF SHELDON, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

7. PENSION PLAN (CONTINUED)

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 the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

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

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

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

In fiscal year 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll for a total rate of 15.73%. Protective occupation members contributed 6.21% of covered payroll, and the City contributed 9.31% of covered payroll for a total rate of 15.52%.

The City's contributions to IPERS for the year ended June 30, 2023 were \$216,598.

Net Pension Liability (Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2023, the City reported a liability of \$487,348 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the City's proportion was .0128990% which was a decrease of .1468245% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City pension expense, deferred outflows of resources, and deferred inflows of resources totaled \$44,749, \$455,339, and \$189,958, respectively. There were no non-employer contributing entities to IPERS.

**CITY OF SHELDON, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

7. PENSION PLAN (CONTINUED)

Actuarial Assumptions - The total pension liability (asset) in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement as follows:

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

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

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	3.57%
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	<u>8.0</u>	3.63
Total	<u>100.0%</u>	

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

CITY OF SHELDON, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

7. PENSION PLAN (CONTINUED)

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

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
City's proportionate share of the net pension liability (asset)	\$ 1,363,841	\$ 487,348	\$ (283,741)

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

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description - The City operates a single-employer health plan which provides medical, dental, and prescription drug benefits for employees, retirees, and their eligible dependents. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2023, the City contributed \$429,845 and plan members eligible for benefits contributed \$35,827 to the plan. At June 30, 2023, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits - Individuals who are employed by the City and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement.

Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	<u>30</u>
Total	<u>32</u>

**CITY OF SHELDON, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

9. COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement, or death. In addition, employees over age 55 have accumulated earned but unused sick pay which is payable upon retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned compensated absences payable to employees at June 30, 2023 is as follows:

Governmental activities:	
General Fund	\$ 20,571
Special revenue:	
Road use tax	<u>49,374</u>
Total governmental activities	<u>69,945</u>
Business type activities:	
Proprietary:	
Enterprise:	
Water	76,828
Sewer	<u>38,641</u>
Total business type activities	<u>115,469</u>
TOTAL	<u>\$ 185,414</u>

10. RELATED PARTY TRANSACTIONS

The City has business transactions between the City and City officials, totaling \$58,510 during the year ended June 30, 2023.

11. RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 800 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300 percent of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

CITY OF SHELDON, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

11. RISK MANAGEMENT (CONTINUED)

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2023 were \$242,540.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss, or series of claims or losses exceeds the amount of risk-sharing protection provided by the City's risk-sharing certificate, or in the event a casualty claim, property loss, or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred. As of June 30, 2023, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City has established a partial self-insurance health insurance fund (an internal service fund) to account for group insurance risks. The City has agreed to pay a portion of the employees' deductible and health savings account.

The City has workmen's compensation coverage through the Iowa Municipalities Workers' Compensation Association. In addition, the City purchases employee blanket bond coverage from other insurers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

12. COLLECTIVE BARGAINING AGREEMENT

All employees, except for the office personnel and management, are covered by collective bargaining agreements which expire June 30, 2026.

13. DEVELOPER AGREEMENTS

The City has entered into various development agreements related to improvements made in tax increment financing districts. The properties are subject to minimum assessed values. The agreements call for annual payments from five to ten years based on a percentage of the taxes collected. During the year ended June 30, 2023, the City rebated \$379,238 of the incremental property taxes to the developers. The exact amount of the balance to be paid on the agreements has not been determined. Most of the agreements are subject to annual appropriation by the City Council.

**CITY OF SHELDON, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

14. TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax receipts 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 as predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2023, the City abated \$183,200 of property tax under the urban renewal and economic development projects.

Tax Abatements of Other Entities

Property tax revenues of the City were not reduced for the year ended June 30, 2023 under agreements entered into by other entities.

15. IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLE

In July 1, 2022, the City adopted the provisions of Governmental Account Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The objective of this statement is to better meet information needs of financial statement users by establishing uniform accounting and financial reporting requirements for SBITAs, improving the comparability of financial statements among governments that have entered into SBITAs, and enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. The City financials are on the cash basis and the implementation of this standard is only reflected in the notes to the financial statements. Information regarding the City's SBITA agreement can be found in Note 3.

16. PRIOR PERIOD ADJUSTMENT

During fiscal year 2023, the City determined that the Road Use Cash balance was overstated in the prior year related to a state withholding payment. A prior period adjustment decreasing the beginning cash balance of \$13,558 in the Road Use Fund was recorded to correct this error.

	Road Use Tax	Governmental Activities
Beginning Cash Balance/Cash Basis Net Position - as Previously Reported	\$ 388,303	\$ 12,166,598
Prior Period Adjustment	(13,558)	(13,558)
Beginning Cash Balance/Cash Basis Net Position - as Restated	\$ 374,745	\$ 12,153,040

OTHER INFORMATION

CITY OF SHELDON, IOWA
BUDGETARY COMPARISON SCHEDULE OF RECEIPTS,
DISBURSEMENTS AND CHANGES IN BALANCES BUDGET AND ACTUAL
(CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual
Receipts:			
Property Taxes	\$ 2,154,636	\$ -	\$ 2,154,636
Tax Increment Financing	3,494,086	-	3,494,086
Other City Taxes	1,263,513	-	1,263,513
Licenses and Permits	14,220	-	14,220
Intergovernmental	1,566,377	-	1,566,377
Charges for Services	617,055	3,401,526	4,018,581
Special Assessments	20,441	-	20,441
Rental of City Property	221,600	-	221,600
Interest	169,098	105,408	274,506
Miscellaneous	703,647	131,444	835,091
Total Receipts	10,224,673	3,638,378	13,863,051
Disbursements			
Public Safety	2,945,663	-	2,945,663
Public Works	1,116,936	-	1,116,936
Culture and Recreation	1,542,043	-	1,542,043
Community and Economic Development	1,127,008	-	1,127,008
General Government	630,752	-	630,752
Capital Projects	2,560,079	-	2,560,079
Debt Service	2,746,155	-	2,746,155
Business Type / Enterprises	-	4,949,280	4,949,280
Total Disbursements	12,668,636	4,949,280	17,617,916
Excess (deficiency) of receipts over disbursements	(2,443,963)	(1,310,902)	(3,754,865)
Other financing sources (uses):			
Loan Proceeds	-	3,500,000	3,500,000
Bond Premium	-	155,354	155,354
Sale of Capital Assets	93,771	-	93,771
Transfers In	3,225,498	684,548	3,910,046
Transfers (Out)	(4,022,046)	(84,800)	(4,106,846)
Total other financing sources (uses)	(702,777)	4,255,102	3,552,325
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,146,740)	2,944,200	(202,540)
Balances Beginning of Year	11,880,637	3,809,417	15,690,054
Prior Year Adjustment	(13,558)	-	(13,558)
Balances Beginning of Year - Restated	11,867,079	3,809,417	15,676,496
Balances End of Year	\$ 8,720,339	\$ 6,753,617	\$ 15,473,956

See Accompanying Independent Auditors' Report

Budgeted Amount		Variance with Final Budget Positive (Negative)
Original	Final	
\$ 2,155,974	\$ 2,155,974	\$ (1,338)
3,726,387	3,726,387	(232,301)
1,201,620	1,201,620	61,893
15,300	15,300	(1,080)
1,340,606	1,377,483	188,894
3,926,790	3,971,360	47,221
12,837	20,837	(396)
389,703	449,278	(227,678)
-	-	274,506
593,574	821,714	13,377
13,362,791	13,739,953	123,098
2,147,780	3,169,387	223,724
1,252,998	1,397,218	280,282
1,831,717	1,879,920	337,877
724,939	726,761	(400,247)
574,890	641,744	10,992
5,434,044	5,865,443	3,305,364
1,247,850	2,715,275	(30,880)
2,978,443	6,313,416	1,364,136
16,192,661	22,709,164	5,091,248
(2,829,870)	(8,969,211)	5,214,346
-	3,591,602	(91,602)
-	-	155,354
-	-	93,771
3,794,312	5,310,655	(1,400,609)
(3,794,312)	(5,310,655)	1,203,809
-	3,591,602	(39,277)
(2,829,870)	(5,377,609)	5,175,069
11,839,028	11,839,028	3,851,026
-	-	-
11,839,028	11,839,028	3,851,026
\$ 9,009,158	\$ 6,461,419	\$ 9,026,095

See Accompanying Independent Auditors' Report

CITY OF SHELDON, IOWA
NOTES TO OTHER INFORMATION – BUDGETARY REPORTING
JUNE 30, 2023

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service Fund. 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, Debt Service Fund, Capital Projects Funds and 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 \$6,516,503. The budget amendment is reflected in the final budgeted amount.

During the year ended June 30, 2023, disbursements exceeded amounts budgeted in the community and economic development and debt service functions.

CITY OF SHELDON, IOWA
SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST NINE FISCAL YEARS
(IN THOUSANDS)

OTHER INFORMATION

	2023	2022	2021	2020	2019
City's proportion of the net pension liability (asset)	0.0128990%	(0.1339255%)	0.0181177%	0.017232%	0.017663%
City's proportionate share of the net pension liability (asset)	\$ 487	\$ (462)	\$ 1,273	\$ 998	\$ 1,118
City's covered payroll	\$ 2,132	\$ 2,010	\$ 1,910	\$ 1,897	\$ 1,837
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	22.84%	(22.99%)	66.65%	50.10%	60.86%
Plan fiduciary net pension as a percentage of the total pension liability (asset)	91.40%	100.81%	82.90%	85.45%	83.62%
	2018	2017	2016	2015	
City's proportion of the net pension liability (asset)	0.016251%	0.016617%	0.015290%	0.013740%	
City's proportionate share of the net pension liability (asset)	\$ 1,083	\$ 1,046	\$ 755	\$ 545	
City's covered payroll	\$ 1,671	\$ 1,590	\$ 1,550	\$ 1,464	
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	64.81%	65.79%	48.71%	37.23%	
Plan fiduciary net pension as a percentage of the total pension liability (asset)	82.21%	81.82%	85.19%	87.61%	

* In accordance with GASB 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**CITY OF SHELDON, IOWA
SCHEDULE OF CITY CONTRIBUTIONS
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
LAST TEN FISCAL YEARS
(IN THOUSANDS)**

OTHER INFORMATION

	2023	2022	2021	2020	2019
Statutorily required contribution	\$ 217	\$ 202	\$ 191	\$ 183	\$ 184
Contributions in relation to the statutorily required contribution	(217)	(202)	(191)	(183)	(184)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,304	\$ 2,132	\$ 2,010	\$ 1,910	\$ 1,897
Contributions as a percentage of covered payroll	9.42%	9.47%	9.50%	9.58%	9.70%
	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 169	\$ 154	\$ 146	\$ 144	\$ 136
Contributions in relation to the statutorily required contribution	(169)	(154)	(146)	(144)	(136)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,837	\$ 1,671	\$ 1,590	\$ 1,550	\$ 1,464
Contributions as a percentage of covered payroll	9.20%	9.22%	9.18%	9.29%	9.29%

CITY OF SHELDON, IOWA
NOTES TO OTHER INFORMATION – PENSION LIABILITY (ASSET)
FOR THE YEAR ENDED JUNE 30, 2023

Changes of Benefit Terms:

There is no significant changes in benefit terms.

Changes of Assumptions

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

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

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

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjust 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 2.6%.
- 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, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

SUPPLEMENTARY INFORMATION

CITY OF SHELDON, IOWA
COMBINING SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
AND CHANGES IN CASH BALANCES
Governmental Nonmajor Funds
As of and For the Year Ended June 30, 2023

	Special Revenue Funds		
	Road Use Tax	LHAP Reuse	Employee Benefits
Receipts:			
Property Taxes	\$ -	\$ -	\$ 714,715
Other City Taxes	-	-	10,928
Intergovernmental	758,513	-	47,315
Interest on Investments	7,103	1,865	3,185
Miscellaneous	13,658	-	3,234
Total Receipts	779,274	1,865	779,377
Disbursements:			
Public Safety	-	-	308,155
Public Works	689,372	-	153,534
Culture and Recreation	1	-	117,602
Community and Economic Development	-	-	35,425
General Government	-	-	25,241
Total Disbursements	689,373	-	639,957
Excess (Deficiency) of Receipts over Disbursements	89,901	1,865	139,420
Other financing sources (uses):			
Transfers In	-	22,615	115,115
Transfers Out	-	-	(196,800)
Total other financing sources (uses)	-	22,615	(81,685)
Change in Cash Balances	89,901	24,480	57,735
Cash Balances - Beginning of Year	388,303	81,715	173,856
Prior Period Adjustment	(13,558)	-	-
Cash Balances as Restated	374,745	81,715	173,856
Cash Balances - End of Year	\$ 464,646	\$ 106,195	\$ 231,591
Cash Basis Fund Balances			
Restricted For:			
Streets	\$ 464,646	\$ -	\$ -
Employee Benefits	-	-	231,591
Community and Economic Development	-	106,195	-
Disaster Purposes	-	-	-
Police	-	-	-
Total Cash Basis Fund Balances	\$ 464,646	\$ 106,195	\$ 231,591

	LMI		FEMA		Seizure		Total Nonmajor Governmental Funds	
\$	-	\$	-	\$	-	\$	714,715	
	-		-		-		10,928	
	-		379,938		-		1,185,766	
	452		15,481		129		28,215	
	-		-		-		16,892	
	452		395,419		129		1,956,516	
	-		-		-		308,155	
	-		-		-		842,906	
	-		-		-		117,603	
	-		-		-		35,425	
	-		-		-		25,241	
	-		-		-		1,329,330	
	452		395,419		129		627,186	
	-		-		-		137,730	
	(22,615)		-		-		(219,415)	
	(22,615)		-		-		(81,685)	
	(22,163)		395,419		129		545,501	
	22,163		394,753		7,566		1,068,356	
	-		-		-		(13,558)	
	22,163		394,753		7,566		1,054,798	
\$	-	\$	790,172	\$	7,695	\$	1,600,299	
\$	-	\$	-	\$	-	\$	464,646	
	-		-		-		231,591	
	-		-		-		106,195	
	-		790,172		-		790,172	
	-		-		7,695		7,695	
\$	-	\$	790,172	\$	7,695	\$	1,600,299	

See Accompanying Independent Auditors' Report

CITY OF SHELDON, IOWA
SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION -
ALL GOVERNMENTAL FUNDS
FOR THE TEN YEARS ENDED
June 30, 2023

	2023	2022	2021	2020	2019
Receipts:					
Property tax	\$ 2,154,636	\$ 1,808,600	\$ 1,791,923	\$ 1,725,367	\$ 1,659,908
Tax increment financing revenue	3,494,086	3,502,357	3,003,402	2,891,045	2,422,334
Other city tax	1,263,513	1,193,587	961,134	1,009,618	941,628
Licenses and permits	14,220	20,722	12,027	16,570	11,693
Use of money and property	390,698	334,347	367,375	369,803	248,818
Intergovernmental	1,566,377	1,605,884	1,727,176	945,304	1,709,701
Charges for service	617,055	578,379	611,794	539,793	480,318
Special Assessments	20,441	24,502	24,036	15,413	15,676
Miscellaneous	703,647	1,170,216	945,719	610,635	1,122,275
Total	\$10,224,673	\$ 10,238,594	\$ 9,444,586	\$ 8,123,548	\$ 8,612,351
Disbursements:					
Operating:					
Public safety	\$ 2,945,663	\$ 1,868,927	\$ 1,480,989	\$ 2,250,730	\$ 1,345,587
Public works	1,116,936	352,952	1,107,784	1,080,992	1,503,828
Health and Social Services	-	-	-	20,000	20,000
Culture and recreation	1,542,043	2,055,910	987,191	978,788	1,005,647
Community and economic development	1,127,008	1,261,022	907,779	443,083	396,333
General government	630,752	505,264	470,004	447,768	441,572
Debt service	2,746,155	4,627,529	3,908,639	1,356,175	4,093,105
Capital projects	2,560,079	2,279,867	1,447,056	1,266,843	1,075,153
Total	\$12,668,636	\$ 12,951,471	\$ 10,309,442	\$ 7,844,379	\$ 9,881,225

	2018	2017	2016	2015	2014
\$	1,639,247	\$ 1,617,926	\$ 1,489,134	\$ 1,477,922	\$ 1,501,872
	2,609,759	2,386,756	2,108,134	1,878,277	1,878,787
	860,077	961,387	825,701	719,792	700,968
	16,030	15,433	12,180	15,353	14,816
	191,690	124,868	93,029	98,081	109,418
	1,495,196	1,776,747	1,208,509	1,367,642	3,364,788
	454,541	385,561	399,857	469,954	371,215
	19,649	17,159	26,470	35,631	18,485
	526,602	917,831	815,266	233,645	185,928
\$	7,812,791	\$ 8,203,668	\$ 6,978,280	\$ 6,296,297	\$ 8,146,277

\$	1,242,463	\$ 1,519,675	\$ 1,211,302	\$ 986,414	\$ 1,145,638
	1,202,854	964,039	945,830	1,184,090	1,386,304
	-	-	10,000	16,500	26,500
	835,891	556,802	487,846	495,255	477,045
	529,413	430,132	456,391	444,411	394,121
	413,273	883,875	449,864	342,415	407,858
	1,454,401	3,010,128	1,171,193	3,113,168	1,281,730
	2,227,833	5,013,994	1,071,872	1,651,939	6,648,345
\$	7,906,128	\$ 12,378,645	\$ 5,804,298	\$ 8,234,192	\$ 11,767,541

**CITY OF SHELDON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CASH BASIS)
YEAR ENDED JUNE 30, 2023**

Grantor/Program	Assistance Listing Number	Pass-Through Entity Identifying Number	Program Expenditures
US DEPARTMENT OF TREASURY Coronavirus State and Local Fiscal Recovery	21.027		\$ 759,876
US DEPARTMENT OF JUSTICE Indirect through Iowa Department of Public Safety:			
Public Safety Partnership and Community Policing Grants	16.710	23-402-M0PT 00-06-00	40,543
US DEPARTMENT OF AGRICULTURE, FOREST SERVICE EASTERN REGION, STATE & PRIVATE FORESTRY Indirect through Iowa Department of Natural Resources:			
Cooperative Forestry Assistance	10.664	22-DG-11094200-146	1,140
Total Expenditures of Federal Awards			<u>\$ 801,559</u>

Notes to Schedule of Expenditures of Federal Awards:

NOTE 1—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Sheldon under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Sheldon, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the City of Sheldon.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3—INDIRECT COST RATE

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



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INDEPENDENT AUDITORS' 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
City of Sheldon
Sheldon, Iowa

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 City of Sheldon, Iowa, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise City of Sheldon, Iowa's basic financial statements and have issued our report thereon dated December 4, 2023. The financial statements of the Sheldon Public Library Foundation, Sheldon Volunteer Fire Company, and Sheldon Community Ambulance Team were not audited in accordance with Government Auditing Standards, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with these organizations.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of the 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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City of Sheldon'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 that 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. We identified a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, 2023-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

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

City of Sheldon's Response to Findings

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

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 entity'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 entity'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 use by personnel of the City of Sheldon during the course of our audit. Should you have any questions concerning any of the above matters, we would be pleased to discuss them with you at your convenience.

Williams & Company, P.C.
Certified Public Accountants

Spencer, Iowa
December 4, 2023



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and
Members of the City Council
City of Sheldon
Sheldon, Iowa

Report on Compliance for the Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Sheldon, Iowa's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the City of Sheldon, Iowa's major federal program for the year ended June 30, 2023. The City of Sheldon, Iowa's major federal program is identified in the summary of the independent auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Sheldon, Iowa's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Sheldon, Iowa's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses,

as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Williams & Company, P.C.
Certified Public Accountants

Spencer, Iowa

December 4, 2023

**CITY OF SHELDON, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Part I – Summary of the Independent Auditors’ Results:

- (a) Unmodified opinions were issued on the primary government’s financial statements which were prepared on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States. A disclaimer opinion was issued on Aggregate Discretely Presented Component Units.
- (b) The audit of the financial statements did disclose a material weakness in internal control over financial reporting.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office Management and the Uniform Guidance, Section 200.516.
- (g) Major program was as follows:
 - Coronavirus State and Local Fiscal Recovery – Assistance Listing Number: 21.027
- (h) The dollar threshold used to distinguish between Type A and Type B was \$750,000.
- (i) City of Sheldon did not qualify as a low-risk auditee.

**CITY OF SHELDON, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Part II – Findings Related to the Financial Statements:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

MATERIAL WEAKNESS:

2023-001 Criteria – The City is responsible for the accuracy of the financial statements.

Condition – During the audit, we identified material amount of bond issuance costs and related premium and immaterial amounts of interest income not properly recorded in the City's financial statements.

Cause – Review procedures did not allow for all misstatements to be identified.

Effect – As a result of these misstatements, the financial statements were misstated related to the areas identified above.

Recommendation – The City should continue to implement procedures to ensure the identified areas above are properly identified, classified, and included in the City's financial statements.

Client Response – We will continue to refine procedures to ensure the proper amounts are recorded in the financial statements in the future.

Part III – Findings and Questioned Costs for Federal Awards:

INSTANCES OF CONTROL DEFICIENCIES: No matters were reported.

INSTANCES OF NON-COMPLIANCE: No matters were reported.

Part IV – Other Findings Related to Statutory Reporting:

2023-002 Certified Budget – Disbursements during the year ended June 30, 2023 exceeded the amounts budgeted in the community and economic development and debt service functions.

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.

2023-003 Questionable Disbursement – We noted no disbursements that did not meet the requirements of public purpose as defined in the Attorney General's Opinion dated April 25, 1979.

2023-004 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

2023-005 Business Transactions – Business transactions between the City and City officials and/or employees are detailed as follows:

**CITY OF SHELDON, IOWA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Part IV – Other Findings Related to Statutory Reporting (Continued):

<u>Name, Title and Business Connection</u>	<u>Transaction/Description</u>			
Downtown Hardware, owned by Council Member, Brad Hindt	Supplies	\$	16,563	(1)
Super Hi Tech, owned by Council Member, Wayne Barahona	IT Services	\$	19,936	(1)
Vogel Paint & Glass, owned by Mayor, Greg Geels	Paint & Supplies	\$	22,011	(1)

(1) This transaction may represent a conflict of interest and the City should contact legal counsel for determination as per Chapter 331.342 (j) of the Code of Iowa. Per City management it was noted that the City's board did approve the transactions.

2023-006 Restricted Donor Activity - No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

2023-007 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.

2023-008 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

2023-009 Deposits and Investments – We noted no instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policies.

2023-010 Revenue Bonds and Notes – No instances of non-compliance with the revenue bond and note resolutions were noted.

2023-011 Urban Renewal Annual Report – The urban renewal annual report was approved and certified to the Iowa Department of Management on or before December 1.

2023-012 Annual Financial Report – The annual financial report was filed by December 1.