

CITY OF GRINNELL, IOWA

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

JUNE 30, 2024

CITY OF GRINNELL, IOWA  
Table of Contents

	<u>Page</u>
OFFICIALS	1
INDEPENDENT AUDITOR'S REPORT	2
BASIC FINANCIAL STATEMENTS:	
	<u>Exhibit</u>
Government-wide Financial Statement: Cash Basis Statement of Activities and Net Position	A 5
Governmental Funds Financial Statement: Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B 7
Proprietary Funds Financial Statement: Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C 9
Notes to Financial Statements	10
OTHER INFORMATION:	
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Funds	34
Notes to Other Information - Budgetary Reporting	35
Schedule of the City's Proportionate Share of the Net Pension Liability	36 & 39
Schedule of City Contributions	37 & 40
Notes to Other Information - Pension Liability	38 & 41
SUPPLEMENTARY INFORMATION:	
	<u>Schedule</u>
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances - Nonmajor Governmental Funds	1 42
Schedule of Receipts by Source and Disbursements by Function - All Governmental Funds	2 44
Schedule of Expenditures of Federal Awards	3 45
COMMENTS AND RECOMMENDATIONS:	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	47
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance	49
Schedule of Findings and Questioned Costs	52

CITY OF GRINNELL, IOWA  
OFFICIALS  
June 30, 2024

(Before January 2024)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dan Agnew	Mayor	January, 2024
James White	Mayor Pro-tem	January, 2026
Julie Davis	Council Member	January, 2026
Jo Wray	Council Member	January, 2024
Rachel Bly	Council Member	January, 2026
Byron Hueftle-Worley	Council Member	January, 2024
Lamoyne Gaard	Council Member	January, 2024
Russell Behrens	City Manager	Appointed
Ann Wingerter	City Clerk/Finance Director	Appointed
William Sueppel	City Attorney	Appointed

(After January 2024)

Dan Agnew	Mayor	January, 2026
James White	Mayor Pro-tem	January, 2026
Julie Davis	Council Member	January, 2026
Jo Wray	Council Member	January, 2028
Rachel Bly	Council Member	January, 2026
Byron Hueftle-Worley	Council Member	January, 2028
Matthew Karjalahti	Council Member	January, 2028
Russell Behrens	City Manager	Appointed
Ann Wingerter	City Clerk/Finance Director	Appointed
William Sueppel (Retired May, 2024)	City Attorney	
Kristine Stone (Appointed May, 2024)	City Attorney	Appointed

# Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369  
ATLANTIC, IOWA 50022-0369  
(712) 243-1800  
FAX (712) 243-1265  
CPA@GBKCO.COM

KENNETH P. TEGELS  
CHRISTOPHER J. NELSON  
DAVID A. GINTHER  
DUSTIN T. VEENSTRA  
FAITH E. HINRICHS

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and  
Members of the City Council

### **Report on the Audit of the Financial Statements**

#### **Opinions**

We have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Grinnell, Iowa, as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Grinnell, Iowa, as of June 30, 2024, 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 Opinions**

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

To the Honorable Mayor and  
Members of the City Council

### **Responsibilities of Management for the Financial Statements**

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

To the Honorable Mayor and  
Members of the City Council

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Grinnell's basic financial statements. We previously audited, in accordance with the standards referred to in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report, the financial statements for the nine years ended June 30, 2023 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting. The supplementary information included in Schedules 1 through 3, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information in Schedules 1 through 3 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in this report. The other information comprises the Budgetary Comparison Information, the Schedules of the City's Proportionate Share of the Net Pension Liability and the Schedules of City Contributions on pages 34 through 41, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or 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 March 6, 2025 on our consideration of the City of Grinnell'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 City of Grinnell's internal control over financial reporting and compliance.

Grinnell, Bell, Kuhn & Co. P.C.

Atlantic, Iowa  
March 6, 2025

CITY OF GRINNELL, IOWA  
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION

As of and for the year ended June 30, 2024

		Program Receipts	
<u>Disbursements</u>	<u>Charges for Service</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	
Functions/Programs:			
Governmental activities:			
Public safety	\$ 3,375,281	\$ 263,863	\$ 136,953
Public works	1,528,434	3,741	1,378,825
Health and social services	4,200	--	--
Culture and recreation	1,642,635	503,807	70,534
Community and economic development	1,057,354	466,944	64,000
General government	1,717,688	27,879	320,507
Debt service	2,883,848	--	17,080
Capital projects	10,166,806	--	--
Total governmental activities	22,376,246	1,266,234	1,987,899
Business type activities:			
Water	1,813,630	2,241,416	--
Sewer	2,227,156	2,063,523	--
Solid waste	1,228,619	1,509,233	--
Storm sewer	44,958	405,109	--
Total business type activities	5,314,363	6,219,281	--
<b>Total</b>	<b>\$ 27,690,609</b>	<b>\$ 7,485,515</b>	<b>\$ 1,987,899</b>

General Receipts and Transfers:

- Property and other city tax levied for:
  - General purposes
  - Debt service
- Tax increment financing
- Hotel motel tax
- Local option sales tax
- Unrestricted interest on investments
- Sale of assets
- Notes issued for refunding debt
- Payment for refunding debt
- Note proceeds
- Miscellaneous
- Transfers

Total general receipts and transfers

Change in cash basis net position

Cash basis net position beginning of year

Cash basis net position end of year

(continued next page)

Program Receipts Capital Grants, Contributions and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Governmental Activities	Business Type Activities	Total
\$ --	\$( 2,974,465)	\$ --	\$( 2,974,465)
--	( 145,868)	--	( 145,868)
--	( 4,200)	--	( 4,200)
--	( 1,068,294)	--	( 1,068,294)
--	( 526,410)	--	( 526,410)
--	( 1,369,302)	--	( 1,369,302)
--	( 2,866,768)	--	( 2,866,768)
<u>1,192,821</u>	<u>( 8,973,985)</u>	<u>--</u>	<u>( 8,973,985)</u>
<u>1,192,821</u>	<u>( 17,929,292)</u>	<u>--</u>	<u>( 17,929,292)</u>
--	--	427,786	427,786
--	--	( 163,633)	( 163,633)
--	--	280,614	280,614
<u>--</u>	<u>--</u>	<u>360,151</u>	<u>360,151</u>
<u>--</u>	<u>--</u>	<u>904,918</u>	<u>904,918</u>
<u>\$ 1,192,821</u>	<u>( 17,929,292)</u>	<u>904,918</u>	<u>( 17,024,374)</u>
	5,385,639	--	5,385,639
	275,764	--	275,764
	2,695,874	--	2,695,874
	387,919	--	387,919
	1,662,911	--	1,662,911
	935,929	220,176	1,156,105
	22,000	--	22,000
	--	12,079,000	12,079,000
	--	( 12,079,000)	( 12,079,000)
	2,968,280	--	2,968,280
	1,974,843	398,621	2,373,464
	<u>1,206,085</u>	<u>( 1,206,085)</u>	<u>--</u>
	<u>17,515,244</u>	<u>( 587,288)</u>	<u>16,927,956</u>
	( 414,048)	317,630	( 96,418)
	<u>19,946,765</u>	<u>4,282,470</u>	<u>24,229,235</u>
	<u>\$ 19,532,717</u>	<u>\$ 4,600,100</u>	<u>\$ 24,132,817</u>

CITY OF GRINNELL, IOWA  
 CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION - Continued

As of and for the year ended June 30, 2024

		Program Receipts	
<u>Disbursements</u>	<u>Charges for Service</u>	<u>Operating Grants, Contributions and Restricted Interest</u>	
Cash Basis Net Position			
Restricted:			
Nonexpendable:			
Cemetery perpetual care			
Expendable:			
Debt service			
Capital projects			
Urban renewal purposes			
Streets			
Equipment			
Other purposes			
Unrestricted			
Total cash basis net position			

The accompanying notes are an integral part of these statements.

<u>Program Receipts</u> Capital Grants, Contributions and Restricted Interest	<u>Net (Disbursements) Receipts and Changes in Cash Basis Net Position</u>		
	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
	\$ 547,332	\$ --	\$ 547,332
	97,328	72,771	170,099
	5,109,320	30,000	5,139,320
	1,030,101	--	1,030,101
	912,842	--	912,842
	1,529,025	--	1,529,025
	4,835,356	--	4,835,356
	<u>5,471,413</u>	<u>4,497,329</u>	<u>9,968,742</u>
	<u>\$ 19,532,717</u>	<u>\$ 4,600,100</u>	<u>\$ 24,132,817</u>

CITY OF GRINNELL, IOWA  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2024

	General	Special Revenue	
		Road Use	Local Option Sales Tax
Receipts:			
Property tax	\$ 2,925,945	\$ --	\$ --
Local option sales tax	--	--	--
Tax increment financing	--	--	--
Other city tax	852,285	--	--
Licenses and permits	27,647	--	--
Use of money and property	394,586	48,998	--
Intergovernmental	536,460	1,350,940	--
Charges for service	895,868	--	--
Miscellaneous	1,974,559	19,031	--
Total receipts	7,607,350	1,418,969	--
Disbursements:			
Operating:			
Public safety	2,856,443	--	--
Public works	513,597	914,070	--
Health and social services	4,200	--	--
Culture and recreation	1,623,203	--	--
Community and economic development	503,908	--	--
General government	390,348	--	--
Debt service	--	--	--
Capital projects	--	--	--
Total disbursements	5,891,699	914,070	--
Excess (deficiency) of receipts over (under) disbursements	1,715,651	504,899	--
Other financing sources (uses):			
Sale of assets	20,000	--	--
Note proceeds	--	--	--
Transfers in	1,905,300	--	--
Transfers out	( 596,703)	( 1,002,043)	--
Total other financing sources (uses)	1,328,597	( 1,002,043)	--
Change in cash balances	3,044,248	( 497,144)	--
Cash balances beginning of year	2,427,165	1,409,986	1,029,300
Major fund to nonmajor (See Note 17)	--	--	( 1,029,300)
Cash balance, restated	2,427,165	1,409,986	--
Cash balances end of year	\$ 5,471,413	\$ 912,842	\$ --

(continued next page)

<u>Special Revenue</u>						
<u>Equipment Replacement</u>	<u>Tax Increment Financing</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>	
\$ --	\$ --	\$ 273,931	\$ --	\$ 1,593,835	\$ 4,793,711	
--	--	--	--	1,662,911	1,662,911	
--	2,695,874	--	--	--	2,695,874	
--	--	1,833	--	401,493	1,255,611	
--	--	--	--	--	27,647	
--	41,314	37,300	273,098	285,098	1,080,394	
--	--	17,080	1,142,821	124,577	3,171,878	
--	--	--	--	--	895,868	
--	--	--	110,799	77,550	2,181,939	
--	<u>2,737,188</u>	<u>330,144</u>	<u>1,526,718</u>	<u>4,145,464</u>	<u>17,765,833</u>	
--	--	--	--	518,838	3,375,281	
--	--	--	--	100,767	1,528,434	
--	--	--	--	--	4,200	
--	--	--	--	19,432	1,642,635	
--	126,072	--	--	427,374	1,057,354	
--	--	--	--	1,327,340	1,717,688	
--	--	2,883,848	--	--	2,883,848	
--	--	--	10,166,806	--	10,166,806	
--	<u>126,072</u>	<u>2,883,848</u>	<u>10,166,806</u>	<u>2,393,751</u>	<u>22,376,246</u>	
--	2,611,116	( 2,553,704)	( 8,640,088)	1,751,713	( 4,610,413)	
--	--	--	2,000	--	22,000	
--	--	--	2,968,280	--	2,968,280	
--	--	2,791,038	2,660,947	774,567	8,131,852	
--	( 1,969,555)	( 183,540)	( 1,158,572)	( 2,015,354)	( 6,925,767)	
--	<u>( 1,969,555)</u>	<u>2,607,498</u>	<u>4,472,655</u>	<u>( 1,240,787)</u>	<u>4,196,365</u>	
--	641,561	53,794	( 4,167,433)	510,926	( 414,048)	
1,811,903	388,540	43,534	9,276,753	3,559,584	19,946,765	
( 1,811,903)	--	--	--	2,841,203	--	
--	<u>388,540</u>	<u>43,534</u>	<u>9,276,753</u>	<u>6,400,787</u>	<u>19,946,765</u>	
\$ --	\$ 1,030,101	\$ 97,328	\$ 5,109,320	\$ 6,911,713	\$ 19,532,717	

CITY OF GRINNELL, IOWA  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES - Continued  
GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2024

	General	Special Revenue	
		Road Use	Local Option Sales Tax
Cash Basis Fund Balances			
Nonspendable - Cemetery perpetual care	\$ --	\$ --	\$ --
Restricted for:			
Debt service	--	--	--
Capital projects	--	--	--
Urban renewal purpose	--	--	--
Streets	--	912,842	--
Equipment	--	--	--
Other purposes	--	--	--
Unassigned	5,471,413	--	--
Total cash basis fund balances	\$ 5,471,413	\$ 912,842	\$ --

The accompanying notes are an integral part of these statements.

<u>Special Revenue</u>		<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
<u>Equipment Replacement</u>	<u>Tax Increment Financing</u>				
\$ --	\$ --	\$ --	\$ --	\$ 547,332	\$ 547,332
--	--	97,328	--	--	97,328
--	--	--	5,109,320	--	5,109,320
--	1,030,101	--	--	--	1,030,101
--	--	--	--	--	912,842
--	--	--	--	1,529,025	1,529,025
--	--	--	--	4,835,356	4,835,356
--	--	--	--	--	5,471,413
<u>\$ --</u>	<u>\$ 1,030,101</u>	<u>\$ 97,328</u>	<u>\$ 5,109,320</u>	<u>\$ 6,911,713</u>	<u>\$ 19,532,717</u>

CITY OF GRINNELL, IOWA  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
PROPRIETARY FUNDS

As of and for the year ended June 30, 2024

	Enterprise	
	Water	Sewer
Operating receipts:		
Use of money and property	\$ --	\$ 10,785
Charges for service	<u>2,241,416</u>	<u>2,052,738</u>
Total operating receipts	2,241,416	2,063,523
Operating disbursements:		
Business type activities	<u>1,813,630</u>	<u>1,322,940</u>
Total operating disbursements	1,813,630	1,322,940
Excess of operating receipts over operating disbursements	427,786	740,583
Non-operating receipts (disbursements):		
Interest on investments	73,067	54,320
Miscellaneous	226,496	134,359
Capital projects	--	( 30,000)
Debt service	<u>--</u>	<u>( 874,216)</u>
Net non-operating receipts (disbursements)	299,563	( 715,537)
Excess of receipts over disbursements	727,349	25,046
Other financing sources (uses):		
Notes issued for refunding debt	--	12,079,000
Payment for refunding debt	--	( 12,079,000)
Transfers in	40,438	46,808
Transfers out	<u>( 991,731)</u>	<u>( 65,700)</u>
Total other financing sources (uses)	( 951,293)	( 18,892)
Change in cash balances	( 223,944)	6,154
Cash balances beginning of year	<u>1,694,550</u>	<u>816,953</u>
Cash balances end of year	<u>\$ 1,470,606</u>	<u>\$ 823,107</u>
Cash Basis Fund Balances		
Restricted for:		
Debt service	\$ --	\$ 72,771
Capital projects	--	30,000
Unrestricted	<u>1,470,606</u>	<u>720,336</u>
Total cash basis fund balances	<u>\$ 1,470,606</u>	<u>\$ 823,107</u>

The accompanying notes are an integral part of these statements.

	Enterprise		
<u>Solid Waste</u>	<u>Nonmajor Storm Sewer</u>	<u>Total</u>	
\$ --	\$ --	\$ 10,785	
<u>1,509,233</u>	<u>405,109</u>	<u>6,208,496</u>	
1,509,233	405,109	6,219,281	
<u>1,228,619</u>	<u>44,958</u>	<u>4,410,147</u>	
1,228,619	44,958	4,410,147	
280,614	360,151	1,809,134	
59,999	32,790	220,176	
37,766	--	398,621	
--	--	( 30,000)	
--	--	( 874,216)	
<u>97,765</u>	<u>32,790</u>	<u>( 285,419)</u>	
378,379	392,941	1,523,715	
--	--	12,079,000	
--	--	( 12,079,000)	
--	--	87,246	
<u>( 135,900)</u>	<u>( 100,000)</u>	<u>( 1,293,331)</u>	
( 135,900)	( 100,000)	( 1,206,085)	
242,479	292,941	317,630	
<u>1,172,995</u>	<u>597,972</u>	<u>4,282,470</u>	
<u>\$ 1,415,474</u>	<u>\$ 890,913</u>	<u>\$ 4,600,100</u>	
\$ --	\$ --	\$ 72,771	
--	--	30,000	
<u>1,415,474</u>	<u>890,913</u>	<u>4,497,329</u>	
<u>\$ 1,415,474</u>	<u>\$ 890,913</u>	<u>\$ 4,600,100</u>	

CITY OF GRINNELL, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Grinnell, Iowa is a political subdivision of the State of Iowa located in Poweshiek County. It was first incorporated in 1865 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water, sewer, storm sewer and solid waste utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Grinnell 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. The City of Grinnell has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Poweshiek County Assessor's Conference Board, Poweshiek County Emergency Management Commission and the Poweshiek County Joint E911 Service Board.

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 receipts 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 the following categories:

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

CITY OF GRINNELL, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

Special Revenue:

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

The Tax Increment Financing Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness.

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

CITY OF GRINNELL, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities with the exception of those financed through Enterprise Funds.

The City reports the following major proprietary funds:

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

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

The Enterprise, Solid Waste Fund accounts for the operation of the City's residential and commercial waste collection, composting and recycling.

C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating receipts and disbursements from 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.

CITY OF GRINNELL, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Property Taxes and Governmental Cash Basis Fund Balances

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

Property tax receipts recognized in the governmental funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2022 assessed property valuations; is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects tax asking contained in the budget certified to the City Council in April 2023.

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

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

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

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

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.

NOTE 2 - CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2024 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

CITY OF GRINNELL, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

NOTE 2 - CASH AND POOLED INVESTMENTS - Continued

At June 30, 2024, the City had the following investments:

<u>Investment</u>	<u>Fair Value</u>	<u>Maturity</u>
U.S. Treasury Notes	\$ 4,639,983	October 2024

The City uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The recurring fair value measurements for the U.S. Treasury Notes was determined using the last sales price at current exchange rates. (Level 1 inputs)

The City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$12,534,455. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in the Iowa Public Agency Investment Trust is unrated.

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

NOTE 3 - BONDS AND NOTES PAYABLE

A summary of changes in bonds and notes payable for the year ended June 30, 2024 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental activities:					
General Obligation Bonds/Notes	\$ 17,529,000	\$ --	\$ 2,411,000	\$ 15,118,000	\$ 2,393,000
Business type activities:					
Sewer Revenue Notes - Direct Borrowing	\$ 12,079,000	\$ 13,040,254	\$ 12,829,000	\$ 12,290,254	\$ 781,000
Water Revenue Notes - Direct Borrowing	238,974	2,007,026	--	2,246,000	--
Business type activities total	\$ 12,317,974	\$ 15,047,280	\$ 12,829,000	\$ 14,536,254	\$ 781,000

CITY OF GRINNELL, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

General Obligation Bonds and Notes

A summary of the City's June 30, 2024 general obligation bonds and notes payable is as follows:

Year Ending June 30,	Local Option Sales Tax Refunding Capital Loan Notes Issued September 18, 2014			General Obligation Bonds Issued July 20, 2016		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	2.75%	\$ 780,000	\$ 53,550	2.00%	\$ 720,000	\$ 55,670
2026	3.00	800,000	32,100	2.00	735,000	41,270
2027	3.00	270,000	8,100	2.00	495,000	26,570
2028		--	--	2.20	65,000	16,670
2029		--	--	2.20	65,000	15,240
2030-2034		--	--	2.20-3.00	345,000	52,740
2035-2036		--	--	3.00	150,000	6,750
		<u>\$1,850,000</u>	<u>\$ 93,750</u>		<u>\$2,575,000</u>	<u>\$ 214,910</u>

Year Ending June 30,	Urban Renewal Capital Loan Notes Issued June 19, 2018			Capital Loan Notes Issued September 24, 2020		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	3.25%	\$ 73,000	\$ 10,010	2.00%	\$ 745,000	\$ 97,000
2026	3.25	76,000	7,637	2.00	760,000	82,100
2027	3.25	78,000	5,168	2.00	775,000	66,900
2028	3.25	81,000	2,632	2.00	1,230,000	51,400
2029		--	--	2.00	1,340,000	26,800
2030-2034		--	--		--	--
2035-2036		--	--		--	--
		<u>\$ 308,000</u>	<u>\$ 25,447</u>		<u>\$4,850,000</u>	<u>\$ 324,200</u>

Year Ending June 30,	Refunding Capital Loan Notes Issued September 24, 2020			Capital Loan Notes Issued July 21, 2022		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	2.00%	\$ 75,000	\$ 8,000	3.00%	\$ --	\$ 183,650
2026	2.00	80,000	6,500	3.00	--	183,650
2027	2.00	80,000	4,900	3.00	520,000	183,650
2028	2.00	85,000	3,300	3.00	810,000	168,050
2029	2.00	80,000	1,600	3.00	845,000	143,750
2030-2034		--	--	4.00	2,960,000	239,800
2035-2036		--	--		--	--
		<u>\$ 400,000</u>	<u>\$ 24,300</u>		<u>\$5,135,000</u>	<u>\$1,102,550</u>

CITY OF GRINNELL, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

Year Ending June 30,	Totals		
	Principal	Interest	Total
2025	\$ 2,393,000	\$ 407,880	\$ 2,800,880
2026	2,451,000	353,257	2,804,257
2027	2,218,000	295,288	2,513,288
2028	2,271,000	242,052	2,513,052
2029	2,330,000	187,390	2,517,390
2030-2034	3,305,000	292,540	3,597,540
2035-2036	150,000	6,750	156,750
	<u>\$15,118,000</u>	<u>\$1,785,157</u>	<u>\$16,903,157</u>

On September 18, 2014, the City issued \$5,995,000 of general obligation LOST notes with interest rates ranging from 2.00% to 3.00% per annum. The notes were issued for refunding prior general obligation notes. During the year ended June 30, 2024, the City paid \$760,000 of principal and \$72,550 of interest on the notes. The notes mature in fiscal year 2027.

On July 20, 2016, the City issued \$7,460,000 of general obligation bonds with interest rates ranging from 2.00% to 3.00% per annum. The bonds were issued for park and water improvements and urban renewal projects. During the year ended June 30, 2024, the City paid \$715,000 of principal and \$69,970 of interest on the bonds. The bonds mature in fiscal year 2036.

On June 19, 2018, the city issued \$700,000 of general obligation capital loan notes with an interest rate of 3.25% per annum. The notes were issued for airport and park improvements and urban renewal projects. During the year ended June 30, 2024, the City paid \$71,000 of principal and \$12,338 of interest on the notes. The notes mature in fiscal year 2028.

On March 8, 2019, the City issued \$425,000 of general obligation capital loan notes with an interest rate of 3.90% per annum. The notes were issued for costs of equipping the fire department. During the year ended June 30, 2024, the City paid \$85,000 of principal and \$3,440 of interest on the notes. The notes were paid off in fiscal year 2024.

On September 24, 2020, the City issued \$5,000,000 of general obligation capital loan notes with an interest rate of 2.00% per annum. The notes were issued for urban renewal projects. During the year ended June 30, 2024, the City paid \$75,000 of principal and \$98,500 of interest on the notes. The notes mature in fiscal year 2029.

On September 24, 2020, the City issued \$3,125,000 of general obligation refunding capital loan notes with interest rates ranging from 2.00% to 3.00% per annum. The notes were issued for refunding prior general obligation notes and bonds. During the year ended June 30, 2024, the City paid \$705,000 of principal and \$29,150 of interest on the notes. The notes mature in fiscal year 2029.

On July 21, 2022, the City issued \$5,135,000 of general obligation capital loan notes with interest rates ranging from 3.00% to 4.00% per annum. The notes were issued for public safety, library and aquatic center improvements, road construction and urban renewal projects. During the year ended June 30, 2024, the City paid \$ - 0 - of principal and \$183,650 of interest on the notes. The notes mature in fiscal year 2032.

CITY OF GRINNELL, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

Revenue Notes

A summary of the City's June 30, 2024 revenue notes payable is as follows:

Year Ending June 30,	<u>Sewer Revenue Capital Loan Notes</u> Issued December 15, 2023			<u>Water Revenue Capital Loan Notes</u> Issued April 21, 2023		
	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>
2025	0.75%	\$ 781,000	\$ 92,250	0.00%	\$ --	\$ --
2026	0.75	815,000	86,392	0.00	2,246,000	--
2027	0.75	844,000	80,280		--	--
2028	0.75	853,000	73,950		--	--
2029	0.75	860,000	67,552		--	--
2030-2034	0.75	4,435,000	239,633		--	--
2035-2038	0.75	<u>3,702,254</u>	<u>69,968</u>		--	--
		<u>\$ 12,290,254</u>	<u>\$ 710,025</u>		<u>\$2,246,000</u>	<u>\$ --</u>
				<u>Totals</u>		
<u>Year Ending June 30,</u>				<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025				\$ 781,000	\$ 92,250	\$ 873,250
2026				3,061,000	86,392	3,147,392
2027				844,000	80,280	924,280
2028				853,000	73,950	926,950
2029				860,000	67,552	927,552
2030-2034				4,435,000	239,633	4,674,633
2035-2038				<u>3,702,254</u>	<u>69,968</u>	<u>3,772,222</u>
				<u>\$14,536,254</u>	<u>\$ 710,025</u>	<u>\$15,246,279</u>

Sewer Revenue Notes - Direct Borrowing

On April 13, 2018, the City entered into an agreement with the Iowa Finance Authority (IFA) for the issuance of \$14,300,000 of sewer revenue notes with interest at 1.75% per annum. The notes were issued pursuant to Chapters 384.24A and 384.83 of the Code of Iowa to provide financing for the construction of improvements to the sewer treatment plant. In the event of a default, the issuer shall have the right to take any action authorized under the regulations, the revenue note or the agreement and to take whatever action at law or equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the agreement or to enforce the performance and observance of any duty, covenant, obligation or agreement of the participant under the agreement. During the year ended June 30, 2024, the City paid principal of \$12,079,000 and interest of \$45,296 on the notes. The notes were paid off in fiscal year 2024 through the issuance of sewer revenue notes dated December 15, 2023.

CITY OF GRINNELL, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

On December 15, 2023, the City entered into an agreement with the Iowa Finance Authority (IFA) for the issuance of \$13,050,000 of sewer revenue capital loan notes with interest at 0.75% per annum. The notes were issued pursuant to Chapters 384.24A and 384.83 of the Code of Iowa to provide financing for the construction of improvements to the sewer treatment plant. In the event of a default, the issuer shall have the right to take any action authorized under the regulations, the revenue note or the agreement and to take whatever action at law or equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the agreement or to enforce the performance and observance of any duty, covenant, obligation or agreement of the participant under the agreement. During the year ended June 30, 2024, the City paid principal of \$750,000 and interest of \$47,865 on the notes. The notes mature in fiscal year 2038.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$13,050,000 of sewer revenue notes issued in December, 2023. The notes are payable solely from sewer customer net receipts. Annual principal and interest payments on the notes are expected to require more than 100% of net receipts. The total principal and interest remaining to be paid on the notes is \$13,000,279. For the current year, principal and interest paid and total customer net receipts were \$797,865 and \$740,583, respectively.

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

- a. The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- b. Sufficient transfers shall be made into a separate and special fund to pay current expenses. The fund shall be known as the Sewer Utility Operation and Maintenance Fund. There shall be deposited in the fund each month an amount sufficient to meet the current expenses of the month plus an amount equal to 1/12 of expenses payable on an annual basis such as insurance.
- c. Moneys shall next be disbursed to a separate and special fund to pay principal of and interest on the Notes and Parity Obligations known as the Sewer Revenue Note Principal and Interest Sinking Fund (the "Sinking Fund"). The required amount to be deposited in the Sinking Fund in any month shall be an amount equal to 1/6 of the installment of interest coming due on the next payment and 1/12 of the installment of principal coming due on the next payment date.

Water Revenue Notes - Direct Borrowing

On April 21, 2023, the City entered into a State Revolving Fund (SRF) loan and disbursement agreement with the Iowa Finance Authority (IFA) for the issuance of up to \$2,246,000 water revenue notes with interest at 0.00% per annum. The notes were issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the costs of constructing improvements and extensions to the City's water system. The City will draw down funds from the IFA upon request to reimburse the City for costs as they are incurred. In the event of default, the issuer shall have the right to take any action authorized under the regulations, the revenue note or the agreement and to take whatever other action at law or equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the agreement or to enforce the performance and observance of any duty, covenant, obligation or agreement of the participant under the agreement. During the year ended June 30, 2024, the City drew down \$2,007,026 of the authorized amount, leaving a balance of \$ - 0 - to draw. \$ - 0 - in principal and \$ - 0 - in interest payments were made during the year ended June 30, 2024. The notes mature in fiscal year 2026.

CITY OF GRINNELL, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

NOTE 4 - IPERS PENSION PLAN

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

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

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

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

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.

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 on or after July 1, 2012, the reduction is 0.50% for each month 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.

CITY OF GRINNELL, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

NOTE 4 - IPERS PENSION PLAN - Continued

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 2024, 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%. Protection 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, 2024 totaled \$264,079.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2024, the City reported a liability of \$1,359,281 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2023, the City's proportion was 0.030115%, which was a decrease of 0.000446% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$115,588, \$1,068,193 and \$831,830, respectively.

There were no non-employer contributing entities to IPERS.

CITY OF GRINNELL, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

NOTE 4 - IPERS PENSION PLAN - Continued

Actuarial Assumptions - The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rate 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, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2023 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	21.0%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
Total	<u>100%</u>	

CITY OF GRINNELL, IOWA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2024

NOTE 4 - IPERS PENSION PLAN - Continued

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 2,894,839	\$ 1,359,281	\$ 72,455

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

NOTE 5 - MFPRSI PENSION PLAN

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

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

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

CITY OF GRINNELL, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

NOTE 5 - MFPRSI PENSION PLAN - Continued

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

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

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

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

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

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

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2024.

CITY OF GRINNELL, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

NOTE 5 - MFPRSI PENSION PLAN - Continued

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa, the City's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 22.98% for the year ended June 30, 2024.

The City's contributions to MFPRSI for the year ended June 30, 2024 totaled \$343,907.

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

There were no state appropriations to MFPRSI during the year ended June 30, 2024.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2024, the City reported a liability of \$2,317,544 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2023, the City's proportion was 0.003704% which was a decrease of 0.000191% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$331,216, \$1,215,380 and \$879,072, respectively.

Actuarial Assumptions - The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation	3.00%
Salary increases	3.75 to 15.11%, including inflation
Investment rate of return	7.50%, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 to June 30, 2022.

CITY OF GRINNELL, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

NOTE 5 - MFPRSI PENSION PLAN - Continued

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

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

Asset Class	Long-Term Expected Real Rate of Return
Broad Fixed Income	4.9%
Broad U.S. Equity	7.1
Global Equity	7.2
Broad Non-US Equity	7.4
Managed Futures	5.2
Core Real Estate	6.8
Opportunistic Real Estate	11.1
Global Infrastructure	6.9
Private Credit	10.1
Private Equity	12.1

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

CITY OF GRINNELL, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

NOTE 5 - MFPRSI PENSION PLAN - Continued

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 4,058,782	\$ 2,317,544	\$ 876,140

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

NOTE 6 - CITY FARM AND HANGAR LEASES

The City owns farm land and a hangar within Poweshiek County, Iowa. Effective March 1, 2022, the City entered into two three-year leases and effective June 20, 2023, the City entered into a nine-year lease with an individual whereby the individual operates the farm or the hangar. The City is to receive \$10,785, \$12,600 and \$20,000 in land rent annually with an implicit rate of 3.5%.

Year Ending June 30,	Amount
2025	\$ 43,385
2026	20,000
2027	20,000
2028	20,000
2029	20,000
2030-2032	60,000
Total	183,385
Less interest	( 23,312)
Present value	\$ 160,073

CITY OF GRINNELL, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

NOTE 7 - COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation and comp time and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and comp time and sick leave payable to employees at June 30, 2024, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation and Comp Time	\$ 180,000
Sick Leave	<u>345,000</u>
Total	<u>\$ 525,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2024.

NOTE 8 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2024 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Hotel Motel Tax	\$ 92,500
	Road Use	715,918
	Employee Benefits	86,521
	Local Option Sales Tax	125,000
	Tax Increment Financing	30,000
	Insurance Deductible	2,000
	Capital Projects	827,361
	Enterprise:	
	Water	13,000
	Sewer	<u>13,000</u>
		1,905,300
Special Revenue:	Special Revenue:	
Local Option Sales Tax	IEDA Rural Housing Access	6,667
	Capital Projects	<u>242,145</u>
		248,812
Special Revenue:	Special Revenue:	
Equipment Replacement	Road Use	95,000
	Capital Projects	1,820
	Enterprise:	
	Solid Waste	<u>112,500</u>
		209,320

CITY OF GRINNELL, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

NOTE 8 - INTERFUND TRANSFERS - Continued

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Insurance Reserve	Special Revenue: Employee Benefits	\$ 209,475
	Enterprise: Water	16,860
	Sewer	16,700
	Solid Waste	<u>23,400</u>
		266,435
Special Revenue: Insurance Escrow	Special Revenue: Employee Benefits	50,000
Debt Service	Special Revenue: Local Option Sales Tax	1,099,900
	Road Use	191,125
	Tax Increment Financing	1,430,888
	Enterprise: Water	<u>69,125</u>
		2,791,038
Capital Projects	General	596,703
	Special Revenue: Local Option Sales Tax	243,291
	Hotel Motel Tax	100,000
	Tax Increment Financing	508,667
	Debt Service	183,540
	Enterprise: Water	892,746
	Sewer	36,000
	Storm Sewer	<u>100,000</u>
		2,660,947
Enterprise: Water	Capital Projects	40,438
Enterprise: Sewer	Capital Projects	<u>46,808</u>
		<u>\$ 8,219,098</u>

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

CITY OF GRINNELL, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

NOTE 9 - RISK MANAGEMENT

The City is a member of 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 803 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, employment practices liability, public officials liability, cyber liability and law enforcement liability. 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 casualty 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% 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.

The City's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The City's contributions to the Pool for the year ended June 30, 2024 were approximately \$326,000.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, employment practices, law enforcement, cyber, 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 \$500,000 each occurrence, each location. Property risks 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.

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, 2024, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

CITY OF GRINNELL, IOWA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2024

NOTE 9 - RISK MANAGEMENT - Continued

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 claims 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 also carries commercial insurance purchased from other insurers for coverage associated with airport liability, cyber risks, and workers' compensation in the amount of \$4,000,000, \$1,000,000 and \$1,000,000, respectively. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2024, the City contributed \$824,728 and plan members eligible for benefits contributed \$122,249 to the plan. At June 30, 2024, 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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	<u>56</u>
Total	<u><u>59</u></u>

NOTE 11 - DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 for employees. The 457 plan is available to all City employees and permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

CITY OF GRINNELL, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

NOTE 11 - DEFERRED COMPENSATION PLAN - Continued

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights must be held in trust of the exclusive benefit of plan participants and beneficiaries. These funds are invested and held by VOYA and do not constitute a liability of the City.

NOTE 12 - TAX ABATEMENTS

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

For the year ended June 30, 2024, \$56,760 of property tax was diverted from the City under the urban renewal and economic development agreements.

NOTE 13 - DEVELOPMENT AGREEMENTS

The City entered into a development agreement with Casey's Marketing Company (company) for the construction of infrastructure improvements with a minimum assessed value of \$1,000,000. The City has agreed to pay the company an amount not to exceed \$195,000, subject to annual appropriation by the City Council. The agreement requires five annual payments, provided the company is in compliance with the terms of the agreement. During the year ended June 30, 2024, the City rebated \$38,027 of incremental property tax to the company. At June 30, 2024, the remaining balance to be paid on the agreement was \$ - 0 -.

The City entered into a development agreement with Grinnell Center, LLC (company) for the construction of hotel and event center with a minimum assessed value of \$3,000,000. The City has agreed to pay the company an amount not to exceed \$561,540, subject to annual appropriation by the City Council. The agreement requires ten annual payments, provided the company is in compliance with the terms of the agreement. During the year ended June 30, 2024, the City rebated \$49,597 in incremental property tax to the company. At June 30, 2024, the remaining balance to be paid on the agreement was \$291,285.

CITY OF GRINNELL, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2024

NOTE 13 - DEVELOPMENT AGREEMENTS - Continued

The City entered into a development agreement with 606 Stagecoach, LLC (company) for the construction of improvements to an office building with a minimum assessed value of \$759,000. The City has agreed to pay the company an amount not to exceed \$258,540, subject to annual appropriation by the City Council. The agreement requires ten annual payments, provided the company is in compliance with the terms of the agreement. During the year ended June 30, 2024, the City rebated \$ - 0 - of incremental property tax to the company. At June 30, 2024, the remaining balance to be paid on the agreement was \$258,540.

The City entered into a development agreement with OPG South Lake Partners, LLC (company) for the construction of a multi-family housing complex with a minimum assessed value of \$9,000,000. The City has agreed to pay the company an amount not to exceed \$130,000, subject to annual appropriation by the City Council. The agreement requires fifteen annual payments, provided the company is in compliance with the terms of the agreement. During the year ended June 30, 2024, the City rebated \$ - 0 - of incremental property tax to the company. At June 30, 2024, the remaining balance to be paid on the agreement was \$130,000.

The City entered into a development agreement with Langhals Enterprises LLC (company) for the construction of an addition to an existing building. The City has agreed to pay the company an amount not to exceed \$899,000, subject to annual appropriation by the City Council. The agreement requires five annual payments, provided the company is in compliance with the terms of the agreement. During the year ended June 30, 2024, the City rebated \$ - 0 - of incremental property tax to the company. At June 30, 2024, the remaining balance to be paid on the agreement was \$899,000.

NOTE 14 - DEFICIT BALANCE

The Reinvestment Project, Capital Projects Fund had a deficit balance of \$54,383 at June 30, 2024. The deficit will be eliminated by receipt of grant funds.

NOTE 15 - SUBSEQUENT EVENTS

In August 2024, the City issued \$3,921,000 of Water Revenue Capital Loan Notes and in November 2024, issued \$2,202,000 of General Obligation Capital Loan Notes.

The City has evaluated all subsequent events through March 6, 2025, the date the financial statements were available to be issued.

NOTE 16 - COMMITMENTS AND CONTINGENCIES

Construction Contracts

The City has entered into several construction contracts totaling approximately \$32,005,000 that are still in process as of June 30, 2024. The net remaining amount committed to these contracts is approximately \$11,951,000, which will be paid with existing capital project funds, debt proceeds, local option sales tax revenue, tax increment financing revenues and grant proceeds.

CITY OF GRINNELL, IOWA  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2024

NOTE 17 - RESTATEMENTS AND ADJUSTMENTS OF BEGINNING CASH BALANCES

During the year ended June 30, 2024, the City's Local Options Sales Tax and Equipment Replacement, Special Revenue Funds were changed from major governmental funds to nonmajor governmental funds, resulting in an increase of the beginning cash balance for the nonmajor governmental funds of \$2,841,203.

Reporting Units Affected by Adjustments to and Restatements of Beginning Balances

	<u>Local Option Sales Tax Fund</u>	<u>Equipment Replacement Fund</u>	<u>Nonmajor Governmental Funds</u>
6/30/2023, as previously reported	\$ 1,029,300	\$ 1,811,903	\$ 3,559,584
Change from major to nonmajor	<u>( 1,029,300)</u>	<u>( 1,811,903)</u>	<u>2,841,203</u>
6/30/2023, as adjusted or restated	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 6,400,787</u>

\* \* \*

## OTHER INFORMATION

CITY OF GRINNELL, IOWA  
 BUDGETARY COMPARISON SCHEDULE  
 OF RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -  
 BUDGET AND ACTUAL - ALL GOVERNMENTAL  
 FUNDS AND PROPRIETRY FUNDS

OTHER INFORMATION

Year ended June 30, 2024

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>	<u>Total</u>
Receipts:			
Property tax	\$ 4,793,711	\$ --	\$ 4,793,711
Tax increment financing	2,695,874	--	2,695,874
Other city tax	2,918,522	--	2,918,522
Licenses and permits	27,647	--	27,647
Use of money and property	1,080,394	230,961	1,311,355
Intergovernmental	3,171,878	--	3,171,878
Charges for service	895,868	6,208,496	7,104,364
Miscellaneous	2,181,939	398,621	2,580,560
Total receipts	<u>17,765,833</u>	<u>6,838,078</u>	<u>24,603,911</u>
Disbursements:			
Public safety	3,375,281	--	3,375,281
Public works	1,528,434	--	1,528,434
Health and social services	4,200	--	4,200
Culture and recreation	1,642,635	--	1,642,635
Community and economic development	1,057,354	--	1,057,354
General government	1,717,688	--	1,717,688
Debt service	2,883,848	--	2,883,848
Capital projects	10,166,806	--	10,166,806
Business type activities	--	5,314,363	5,314,363
Total disbursements	<u>22,376,246</u>	<u>5,314,363</u>	<u>27,690,609</u>
Excess (deficiency) of receipts over (under) disbursements	( 4,610,413)	1,523,715	( 3,086,698)
Other financing sources (uses), net	<u>4,196,365</u>	<u>( 1,206,085)</u>	<u>2,990,280</u>
Change in balances	( 414,048)	317,630	( 96,418)
Balances beginning of year	<u>19,946,765</u>	<u>4,282,470</u>	<u>24,229,235</u>
Balances end of year	<u>\$ 19,532,717</u>	<u>\$ 4,600,100</u>	<u>\$ 24,132,817</u>

See accompanying independent auditor's report.

<u>Budgeted Amounts</u>		<u>Final to Total</u>
<u>Original</u>	<u>Final</u>	<u>Variance</u>
\$ 4,755,839	\$ 4,755,839	\$ 37,872
2,619,854	2,619,854	76,020
2,931,858	3,116,041	( 197,519)
7,120	29,945	( 2,298)
324,886	1,283,892	27,463
4,838,126	4,296,900	( 1,125,022)
7,139,604	7,641,787	( 537,423)
<u>5,669,395</u>	<u>8,142,265</u>	<u>( 5,561,705)</u>
<u>28,286,682</u>	<u>31,886,523</u>	<u>( 7,282,612)</u>
3,111,496	3,873,388	498,107
1,529,864	2,217,771	689,337
2,000	5,000	800
1,644,874	2,158,328	515,693
3,211,293	1,894,281	836,927
2,284,019	2,504,975	787,287
2,883,208	2,884,208	360
17,859,772	13,724,880	3,558,074
<u>6,194,853</u>	<u>9,514,519</u>	<u>4,200,156</u>
<u>38,721,379</u>	<u>38,777,350</u>	<u>11,086,741</u>
( 10,434,697)	( 6,890,827)	3,804,129
<u>4,877,310</u>	<u>2,929,355</u>	<u>60,925</u>
( 5,557,387)	( 3,961,472)	3,865,054
<u>21,966,620</u>	<u>22,707,943</u>	<u>1,521,292</u>
<u>\$ 16,409,233</u>	<u>\$ 18,746,471</u>	<u>\$ 5,386,346</u>

CITY OF GRINNELL, IOWA  
NOTES TO OTHER INFORMATION -  
BUDGETARY REPORTING

June 30, 2024

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. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Funds and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, three budget amendments increased budgeted disbursements by \$55,971. The budget amendments are reflected in the final budgeted amounts.

CITY OF GRINNELL, IOWA  
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
 OF THE NET PENSION LIABILITY  
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
 FOR THE LAST TEN YEARS\*

OTHER INFORMATION

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
City's proportion of the net pension liability	0.030115%	0.030561%	( 0.007200)%	0.028814%
City's proportionate share of the net pension liability	\$ 1,359,000	\$ 1,155,000	\$ 25,000	\$ 2,024,000
City's covered payroll	\$ 2,651,000	\$ 2,471,000	\$ 2,401,000	\$ 2,289,000
City's proportionate share of the net pension liability as a percentage of its covered payroll	51.26%	46.74%	1.04%	88.42%
IPERS' net position as a percentage of the total pension liability	90.13%	91.40%	100.81%	82.90%

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

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.028485%	0.029004%	0.029418%	0.030154%	0.032385%	0.032324%
\$ 1,649,000	\$ 1,835,000	\$ 1,960,000	\$ 1,898,000	\$ 1,600,000	\$ 1,308,000
\$ 2,180,000	\$ 2,187,000	\$ 2,205,000	\$ 2,170,000	\$ 2,239,000	\$ 2,159,000
75.64%	83.90%	88.89%	87.47%	71.46%	60.58%
85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

CITY OF GRINNELL, IOWA  
SCHEDULE OF CITY CONTRIBUTIONS  
IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
FOR THE LAST TEN YEARS

OTHER INFORMATION

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutorily required contribution	\$ 264,000	\$ 250,000	\$ 230,000	\$ 230,000
Contributions in relation to the statutorily required contribution	<u>( 264,000)</u>	<u>( 250,000)</u>	<u>( 230,000)</u>	<u>( 230,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll	\$ 2,820,000	\$ 2,651,000	\$ 2,471,000	\$ 2,401,000
Contributions as a percentage of covered payroll	9.36%	9.43%	9.31%	9.58%

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 216,000	\$ 205,000	\$ 195,000	\$ 197,000	\$ 192,000	\$ 200,000
<u>( 216,000)</u>	<u>( 205,000)</u>	<u>( 195,000)</u>	<u>( 197,000)</u>	<u>( 192,000)</u>	<u>( 200,000)</u>
<u>\$ --</u>					
\$ 2,289,000	\$ 2,180,000	\$ 2,187,000	\$ 2,205,000	\$ 2,170,000	\$ 2,239,000
9.44%	9.40%	8.92%	8.93%	8.85%	8.93%

CITY OF GRINNELL, IOWA  
NOTES TO OTHER INFORMATION - IPERS PENSION LIABILITY  
YEAR ENDED JUNE 30, 2024

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

CITY OF GRINNELL, IOWA  
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
 OF THE NET PENSION LIABILITY  
 MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA  
 FOR THE LAST TEN YEARS\*

OTHER INFORMATION

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
City's proportion of the net pension liability	0.003704%	0.003895%	0.361787%	0.381252%
City's proportionate share of the net pension liability	\$ 2,318,000	\$ 2,187,000	\$ 812,000	\$ 3,041,000
City's covered payroll	\$ 1,386,000	\$ 1,325,000	\$ 1,168,000	\$ 1,211,000
City's proportionate share of the net pension liability as a percentage of its covered payroll	167.24%	165.06%	69.52%	251.11%
MFPRSI's net position as a percentage of the total pension liability	83.53%	84.62%	93.62%	76.47%

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

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.410547%	0.399172%	0.412931%	0.406216%	0.383656%	0.407200%
\$ 2,693,000	\$ 2,377,000	\$ 2,422,000	\$ 2,540,000	\$ 1,802,000	\$ 1,476,000
\$ 1,243,000	\$ 1,160,000	\$ 1,170,000	\$ 1,101,000	\$ 1,006,000	\$ 1,006,000
216.65%	204.91%	207.01%	230.73%	179.13%	146.72%
79.94%	81.07%	80.60%	78.20%	83.04%	86.27%

CITY OF GRINNELL, IOWA  
 SCHEDULE OF CITY CONTRIBUTIONS  
 MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA  
 FOR THE LAST TEN YEARS

OTHER INFORMATION

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutorily required contribution	\$ 344,000	\$ 320,000	\$ 344,000	\$ 298,000
Contributions in relation to the statutorily required contribution	<u>( 344,000)</u>	<u>( 320,000)</u>	<u>( 344,000)</u>	<u>( 298,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll	\$ 1,456,000	\$ 1,386,000	\$ 1,325,000	\$ 1,168,000
Contributions as a percentage of covered payroll	23.63%	23.09%	25.97%	25.51%

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 296,000	\$ 323,000	\$ 298,000	\$ 303,000	\$ 306,000	\$ 306,000
<u>( 296,000)</u>	<u>( 323,000)</u>	<u>( 298,000)</u>	<u>( 303,000)</u>	<u>( 306,000)</u>	<u>( 306,000)</u>
<u>\$ --</u>					
\$ 1,211,000	\$ 1,243,000	\$ 1,160,000	\$ 1,170,000	\$ 1,101,000	\$ 1,006,000
24.44%	25.99%	25.69%	25.90%	27.79%	30.41%

CITY OF GRINNELL, IOWA  
NOTES TO OTHER INFORMATION - MFPRSI PENSION LIABILITY  
YEAR ENDED JUNE 30, 2024

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

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

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

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

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

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

SUPPLEMENTARY INFORMATION

CITY OF GRINNELL, IOWA  
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
NONMAJOR GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2024

	Special Revenue	
	Employee Benefits	Local Option Sales Tax
Receipts:		
Property tax	\$ 1,593,835	\$ --
Local option sales tax	--	1,662,911
Other City tax	13,574	--
Use of money and property	38,518	60,334
Intergovernmental	114,577	--
Miscellaneous	395	--
Total receipts	1,760,899	1,723,245
Disbursements:		
Operating:		
Public safety	343,907	--
Public works	--	--
Culture and recreation	--	--
Community and economic development	--	181,514
General government	938,221	--
Total disbursements	1,282,128	181,514
Excess (deficiency) of receipts over (under) disbursements	478,771	1,541,731
Other financing sources (uses):		
Transfers in	--	248,812
Transfers out	( 345,996)	( 1,468,191)
Total other financing sources (uses)	( 345,996)	( 1,219,379)
Change in cash balances	132,775	322,352
Cash balances beginning of year	772,029	--
Major fund to nonmajor (See Note 17)	--	1,029,300
Cash balance, restated	772,029	1,029,300
Cash balances end of year	\$ 904,804	\$ 1,351,652
Cash Basis Fund Balances		
Nonspendable - Cemetery perpetual care	\$ --	\$ --
Restricted for:		
Equipment	--	--
Other purposes	904,804	1,351,652
Total cash basis fund balances	\$ 904,804	\$ 1,351,652

(continued next page)

Special Revenue				
IEDA Rural Housing Access	Unemployment Reserve	Insurance Deductible	Insurance Reserve	Insurance Escrow
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	--
--	604	2,581	40,139	45,888
--	--	--	--	--
--	--	--	39,824	35
<u>--</u>	<u>604</u>	<u>2,581</u>	<u>79,963</u>	<u>45,923</u>
--	--	--	--	9,940
--	--	--	--	--
--	--	--	--	--
--	--	--	56,907	--
<u>--</u>	<u>--</u>	<u>--</u>	<u>56,907</u>	<u>9,940</u>
--	604	2,581	23,056	35,983
--	--	--	266,435	50,000
<u>( 6,667)</u>	<u>--</u>	<u>( 2,000)</u>	<u>--</u>	<u>--</u>
<u>( 6,667)</u>	<u>--</u>	<u>( 2,000)</u>	<u>266,435</u>	<u>50,000</u>
<u>( 6,667)</u>	<u>604</u>	<u>581</u>	<u>289,491</u>	<u>85,983</u>
<u>6,667</u>	<u>13,243</u>	<u>58,495</u>	<u>697,803</u>	<u>969,446</u>
<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>6,667</u>	<u>13,243</u>	<u>58,495</u>	<u>697,803</u>	<u>969,446</u>
<u>\$ --</u>	<u>\$ 13,847</u>	<u>\$ 59,076</u>	<u>\$ 987,294</u>	<u>\$ 1,055,429</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
<u>--</u>	<u>13,847</u>	<u>59,076</u>	<u>987,294</u>	<u>1,055,429</u>
<u>\$ --</u>	<u>\$ 13,847</u>	<u>\$ 59,076</u>	<u>\$ 987,294</u>	<u>\$ 1,055,429</u>

CITY OF GRINNELL, IOWA  
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCES  
NONMAJOR GOVERNMENTAL FUNDS - Continued

As of and for the year ended June 30, 2024

	Special Revenue	
	Hotel Motel Tax	Library Gifts
Receipts:		
Property tax	\$       --	\$       --
Local option sales tax	--	--
Other City tax	387,919	--
Use of money and property	15,373	4,805
Intergovernmental	--	--
Miscellaneous	6,907	8,038
Total receipts	410,199	12,843
Disbursements:		
Operating:		
Public safety	--	--
Public works	--	--
Culture and recreation	--	19,432
Community and economic development	245,860	--
General government	--	--
Total disbursements	245,860	19,432
Excess (deficiency) of receipts over (under) disbursements	164,339	(       6,589)
Other financing sources (uses):		
Transfers in	--	--
Transfers out	( 192,500)	--
Total other financing sources (uses)	( 192,500)	--
Change in cash balances	(   28,161)	(       6,589)
Cash balances beginning of year	370,830	102,203
Major fund to nonmajor (See Note 17)	--	--
Cash balance, restated	370,830	102,203
Cash balances end of year	\$   342,669	\$     95,614
Cash Basis Fund Balances		
Nonspendable - Cemetery perpetual care	\$       --	\$       --
Restricted for:		
Equipment	--	--
Other purposes	342,669	95,614
Total cash basis fund balances	\$   342,669	\$     95,614

See accompanying independent auditor's report.

<u>Special Revenue</u>		<u>Permanent</u>	
<u>Police</u>	<u>Equipment</u>	<u>Cemetery</u>	<u>Total</u>
<u>Forfeiture</u>	<u>Replacement</u>	<u>Perpetual Care</u>	
\$ --	\$ --	\$ --	\$ 1,593,835
--	--	--	1,662,911
--	--	--	401,493
1,084	75,772	--	285,098
--	10,000	--	124,577
<u>56</u>	<u>20,000</u>	<u>2,295</u>	<u>77,550</u>
1,140	105,772	2,295	4,145,464
--	164,991	--	518,838
--	100,767	--	100,767
--	--	--	19,432
--	--	--	427,374
--	<u>332,212</u>	--	<u>1,327,340</u>
--	<u>597,970</u>	--	<u>2,393,751</u>
1,140	( 492,198)	2,295	1,751,713
--	209,320	--	774,567
--	--	--	( 2,015,354)
--	<u>209,320</u>	--	<u>( 1,240,787)</u>
1,140	( 282,878)	2,295	510,926
23,831	--	545,037	3,559,584
--	<u>1,811,903</u>	--	<u>2,841,203</u>
<u>23,831</u>	<u>1,811,903</u>	<u>545,037</u>	<u>6,400,787</u>
<u>\$ 24,971</u>	<u>\$ 1,529,025</u>	<u>\$ 547,332</u>	<u>\$ 6,911,713</u>
\$ --	\$ --	\$ 547,332	\$ 547,332
--	1,529,025	--	1,529,025
<u>24,971</u>	<u>--</u>	<u>--</u>	<u>4,835,356</u>
<u>\$ 24,971</u>	<u>\$ 1,529,025</u>	<u>\$ 547,332</u>	<u>\$ 6,911,713</u>

CITY OF GRINNELL, IOWA  
 SCHEDULE OF RECEIPTS BY SOURCE AND  
 DISBURSEMENTS BY FUNCTION -  
 ALL GOVERNMENTAL FUNDS  
 For the Last Ten Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Receipts:				
Property tax	\$ 4,793,711	\$ 5,058,595	\$ 4,563,921	\$ 4,443,669
Local option sales tax	1,662,911	1,513,652	1,662,881	1,377,259
Tax increment financing	2,695,874	2,453,346	2,440,843	2,642,860
Other city tax	1,255,611	1,448,051	1,260,423	1,041,638
Licenses and permits	27,647	27,241	5,682	18,213
Use of money and property	1,080,394	268,662	204,209	178,021
Intergovernmental	3,171,878	4,746,924	3,330,259	2,827,377
Charges for service	895,868	872,795	479,010	403,447
Miscellaneous	<u>2,181,939</u>	<u>475,717</u>	<u>815,501</u>	<u>683,183</u>
Total	<u>\$ 17,765,833</u>	<u>\$ 16,864,983</u>	<u>\$ 14,762,729</u>	<u>\$ 13,615,667</u>
Disbursements:				
Operating:				
Public safety	\$ 3,375,281	\$ 2,821,418	\$ 2,570,306	\$ 2,374,733
Public works	1,528,434	1,407,433	1,590,733	3,098,326
Health and social services	4,200	1,089	800	1,200
Culture and recreation	1,642,635	1,917,606	1,423,625	1,489,734
Community and economic development	1,057,354	881,973	698,377	857,299
General government	1,717,688	1,436,666	1,274,518	1,216,171
Debt service	2,883,848	2,912,398	2,622,374	2,717,023
Capital projects	<u>10,166,806</u>	<u>7,386,561</u>	<u>4,455,036</u>	<u>2,265,190</u>
Total	<u>\$ 22,376,246</u>	<u>\$ 18,765,144</u>	<u>\$ 14,635,769</u>	<u>\$ 14,019,676</u>

See accompanying independent auditor's report.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 4,017,686	\$ 4,034,033	\$ 4,026,596	\$ 3,605,298	\$ 3,807,749	\$ 3,770,195
1,214,678	1,128,746	989,701	1,116,924	927,718	1,088,829
2,573,791	2,218,739	2,297,392	2,321,532	1,963,204	1,811,065
1,191,552	1,289,201	1,178,931	1,186,973	846,074	561,037
9,506	8,132	17,067	8,329	12,910	15,791
156,287	123,928	146,603	125,390	156,706	317,872
4,589,636	2,765,564	2,410,010	3,316,948	2,400,351	2,197,370
287,313	385,740	583,536	815,476	485,634	470,858
<u>484,396</u>	<u>407,146</u>	<u>753,963</u>	<u>955,764</u>	<u>564,966</u>	<u>664,082</u>
<u>\$ 14,524,845</u>	<u>\$ 12,361,229</u>	<u>\$ 12,403,799</u>	<u>\$ 13,452,634</u>	<u>\$ 11,165,312</u>	<u>\$ 10,897,099</u>
\$ 2,221,262	\$ 2,189,223	\$ 2,065,401	\$ 2,091,413	\$ 1,971,259	\$ 1,947,474
1,374,041	2,487,930	1,422,878	1,110,449	1,518,669	2,089,766
800	1,000	1,200	1,223	821	1,274
1,370,460	1,413,005	1,351,880	1,311,774	1,322,184	1,245,017
897,413	726,831	462,182	653,921	554,911	596,593
1,112,466	1,166,458	1,177,654	1,376,462	1,297,022	1,078,948
2,640,820	2,541,715	2,789,577	2,360,513	2,026,423	2,154,619
<u>5,860,408</u>	<u>4,985,094</u>	<u>7,413,403</u>	<u>11,740,328</u>	<u>5,867,967</u>	<u>3,825,114</u>
<u>\$ 15,477,670</u>	<u>\$ 15,511,256</u>	<u>\$ 16,684,175</u>	<u>\$ 20,646,083</u>	<u>\$ 14,559,256</u>	<u>\$ 12,938,805</u>

CITY OF GRINNELL, IOWA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2024

Grantor/Program	Assistance Listings Number	Pass-through Entity Identifying Number	Program Expenditures
U.S. Department of Housing and Urban Development: Passed through Iowa Economic Development Authority: Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	21-WS-003	\$ 13,488
Total U.S. Department of Housing and Urban Development			13,488
U.S. Department of Justice: Passed through Polk County Sheriff's Office: Patrick Leahy Bulletproof Vest Partnership Grant Program	16.607		425
Total U.S. Department of Justice			425
U.S. Department of the Treasury: Passed through the Iowa Finance Authority: COVID-19, Coronavirus State and Local Fiscal Recovery Funds	21.027	23-HRBGPP-002	830,718
Total U.S. Department of the Treasury			830,718
U.S. Department of Transportation: Airport Improvement Program	20.106	3-19-0039-019-2022	33,755
Airport Improvement Program	20.106	3-19-0039-020-2023	636,330
Passed through Iowa Department of Public Safety: Highway Safety Cluster: State and Community Highway Safety	20.600	23-402-M00T Task 95-30-00	1,177
State and Community Highway Safety	20.600	PAP 402-PT-2024 Task 05-90-22	6,285
Total U.S. Department of Transportation			677,547
U.S. Department of Homeland Security: Passed through Iowa Department of Homeland Security and Emergency Management: Homeland Security Grant Program	97.067	HSGP-22-11-02	28,600
Total U.S. Department of Homeland Security			28,600
Total			\$ 1,550,778

Basis of Presentation -The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Grinnell under programs of the federal government for the year ended June 30, 2024. 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 Grinnell, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City of Grinnell.

(continued next page)

CITY OF GRINNELL, IOWA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - Continued

Year ended June 30, 2024

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

Indirect Cost Rate - The City of Grinnell has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

## COMMENTS AND RECOMMENDATIONS

# Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369  
ATLANTIC, IOWA 50022-0369  
(712) 243-1800  
FAX (712) 243-1265  
CPA@GBKCO.COM

KENNETH P. TEGELS  
CHRISTOPHER J. NELSON  
DAVID A. GINTHER  
DUSTIN T. VEENSTRA  
FAITH E. HINRICHS

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

To the Honorable Mayor and  
Members of the City Council

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Grinnell, Iowa, as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 6, 2025. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

## **Report on Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City of Grinnell'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.

To the Honorable Mayor and  
Members of the City Council

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as item 2024-001 to be a significant deficiency.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Grinnell's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance 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 noncompliance or other matters which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2024 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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

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

### **Purpose of This Report**

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

Grnewold, Bell, Kyhn & Co. P.C.

Atlantic, Iowa  
March 6, 2025

# Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369  
ATLANTIC, IOWA 50022-0369  
(712) 243-1800  
FAX (712) 243-1265  
CPA@GBKCO.COM

KENNETH P. TEGELS  
CHRISTOPHER J. NELSON  
DAVID A. GINTHER  
DUSTIN T. VEENSTRA  
FAITH E. HINRICHS

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

To the Honorable Mayor and  
Members of the City Council

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

#### **Opinion on Each Major Federal Program**

We have audited the City of Grinnell, Iowa's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the City of Grinnell's major federal program for the year ended June 30, 2024. The City of Grinnell's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Grinnell complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

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

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

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

#### **Responsibilities of Management for Compliance**

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

To the Honorable Mayor and  
Members of the City Council

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

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Grinnell's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Grinnell's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Grinnell'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 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.

To the Honorable Mayor and  
Members of the City Council

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. 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.

Groenewald, Bell, Kuhn & Co. P.C.

Atlantic, Iowa  
March 6, 2025

CITY OF GRINNELL, IOWA  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2024

PART I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements prepared on the cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements. The audit did not disclose any material weaknesses in internal control over financial reporting.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) The audit did not disclose any material weaknesses or significant deficiencies in internal control over the major program.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose any audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was Assistance Listings Number 21.027 - COVID-19, Coronavirus State and Local Fiscal Recovery Funds.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) The City of Grinnell did not qualify as a low-risk auditee.

CITY OF GRINNELL, IOWA

Schedule of Findings and Questioned Costs

Year ended June 30, 2024

PART II: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

2024-001 Segregation of Duties:

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

Condition: A limited number of people have the primary responsibility for most of the accounting and financial reporting duties.

Cause: The City has a limited number of employees which does not allow procedures to be established to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect: Inadequate segregation of duties could adversely affect the City's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation: The City should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response: We will continue work in this area to increase segregation of duties.

Conclusion: Response accepted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

CITY OF GRINNELL, IOWA  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2024

PART III: Findings and Questioned Costs For Federal Awards

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

PART IV: Other Findings Related to Required Statutory Reporting

- 2024-A Certified Budget: Disbursements during the year ended June 30, 2024 did not exceed the amounts budgeted.
- 2024-B Questionable Disbursements: During the audit, we did not note any disbursements that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 2024-C Travel Expense: No disbursements of City money for travel expenses of spouses of City officials and/or employees were noted.
- 2024-D Business Transactions: In accordance with Chapter 362.5 of the Code of Iowa, no transactions between the City and the City officials and City employees were noted that represented conflicts of interest.
- 2024-E 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.
- 2024-F Bond Coverage: Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- 2024-G City Council Minutes: No transactions were found that we believe should have been approved in the Council minutes but were not.

CITY OF GRINNELL, IOWA

Schedule of Findings and Questioned Costs

Year ended June 30, 2024

PART IV: Other Findings Related to Required Statutory Reporting - Continued

2024-H Deposits and Investments: Except as noted below, 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 policy were noted.

A resolution naming the official depositories of the City has been adopted by the City Council as required by Chapter 12.C2 of the Code of Iowa. However, one of the depositories is not listed on the City's depository resolution.

Recommendation: The City should implement procedures to ensure that the City's depository resolution is in compliance with the Code of Iowa.

Response: We will ensure that the City's depository resolution is in compliance with the Code of Iowa in the future.

Conclusion: Response accepted.

2024-I Revenue Notes: No instances of noncompliance with the revenue note resolutions were noted.

2024-J Annual Urban Renewal Report: The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

2024-K Tax Increment Financing (TIF): Chapter 403.19 of the Code of Iowa provides a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax. The County Auditor provides for the division of property tax to repay the certified indebtedness and provides available incremental property tax in subsequent fiscal years without further certification by the City until the amount of certified indebtedness is paid. No exceptions were noted.

2024-L Financial Condition: The following fund had a deficit balance at June 30, 2024.

Capital Projects:	
Reinvestment Project	\$ 54,383

Recommendation: The City should investigate alternatives to eliminate this deficit in order to return this fund to a sound financial position.

Response: This deficit fund balance will be eliminated during fiscal year 2025 after the receipt of grant funds.

Conclusion: Response accepted.

CITY OF GRINNELL, IOWA  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2024

PART IV: Other Findings Related to Required Statutory Reporting - Continued

2024-M Economic Development: During the year ended June 30, 2024, the City paid \$2,740 to the Greater Poweshiek Community Foundation. In accordance with Chapter 15A of the Code of Iowa, the City is providing oversight of these funds to determine the funds are being spent in accordance with the agreements and expenses meet the test of public purpose.

2024-N Interfund Transfers: Section 545-2 of the City Finance Committee Rules requires "A fund transfer resolution must be completed for all transfers between funds and must include a clear statement of reason or purpose for the transfer, the name of the fund from which the transfer is originating, the name of the fund into which the transfer is to be received, and the dollar amount to be transferred."

One transfer made in fiscal year 2024 was not approved by a fund transfer resolution.

Recommendation: The resolutions approving all fund transfers should include the information required by Section 545-2 of the City Finance Committee Rules.

Response: We will approve all transfers by resolution containing the information required during future fiscal years.

Conclusion: Response accepted.

\* \* \*