CITY OF OELWEIN

INDEPENDENT AUDITOR'S REPORT
BASIC FINANCIAL STATEMENTS &
SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2007

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CITY OF OELWEIN

OFFICIALS

NAME	TITLE	TERM EXPIRES
Larry Murphy	Mayor	January 2008
Duane Brandt	Mayor Pro Tem	January 2008
Mike Kerns	Council Member	January 2010
John Gosse	Council Member	January 2010
Gene Vine	Council Member	January 2008
Curt Solsma	Council Member	January 2008
Rex Ericson	Council Member	January 2010
Steven H. Kendall	City Administrator/Clerk/ Treasurer	Indefinite
Barb Rigdon	Deputy City Clerk/	Indefinite
Ronald VanVeldhuizen	Attorney	Indefinite

RFSW Ridihalgh Fuelling Snitker Weber & Co.
CERTIFIED PUBLIC ACCOUNTANTS

James R. Ridihalgh, C.P.A.
Gene L. Fuelling, C.P.A
Donald A. Snitker, C.P.A.

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Oelwein, IA 50662
(319)283-1173
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Independent Auditor's Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Oelwein, Iowa, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Oelwein's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Oelwein as of June 30, 2007, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our reports dated November 12, 2007 on our consideration of the City of Oelwein's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of those reports is to describe the scope of our testing if internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. Those reports are an integral part of an

audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 20 through 22 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oelwein's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006 (none of which are presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. Other supplementary information included in Schedules 1 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

November 12, 2007

CITY OF OELWEIN

20 2nd Ave SW, Oelwein, IA 50662
319-283-5440 Fax 319-283-4032

Larry Murphy, Mayor
Duane Brandt, Mayor Pro Tem
Curt Solsma, Council At-Large
John Gosse, 2nd Ward Council
Gene Vine, 3rd Ward Council
Rex Ericson, 4th Ward Council
Mike Kerns, Council At-Large

Steven Kendall, City Administrator
Barbara Rigdon, Deputy City Clerk
Ron Van Veldhuizen, City Attorney
Jeremy Logan, Police Chief
Wally Rundle, Fire Chief
Victor Kane, Utilities Superintendent
Tom Stewart, Street Superintendent
Susan Macken, Library Director
Wayne Hannan, Building Inspector
Durango Steggall, Park Superintendent
Jessica Burkhart, Recreation Director
Larry Gordon, Cemetery Sexton

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Oelwein's financial performance provides an overview of the City's activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the City's financial statements that begin on page 4.

FINANCIAL HIGHLIGHTS

- The City's total revenues exceeded total expenses by $2,749,481 for the year, resulting in a decrease in total net assets of approximately 38% over the previous year.

- The City acting as the lead agency received a $366,305 Homeland Security grant for the 15 county LEIN region, providing equipment, salaries and expenses in law enforcement.

- A Brownfields grant in the amount of $187,339 helped the City begin the process of identifying petroleum and hazardous waste sites. The grant will eventually fund up to $400,000 for identification and assessment of waste sites.

- During this fiscal year the City of Oelwein completed building a new wastewater treatment plant. Improvements were mandated by an Administrative Order from the Iowa Department of Natural Resources. The project cost the City $9,736,353. A Community Development Block Grant of $600,000 helped fund the cost. The balance of the project was funded by a State Revolving Loan with interest of 3%.

- The City of Oelwein has nearly completed the downtown streetscape project. Howard R. Green Company was hired to design and oversee construction of the improvements. The Vision Iowa Board approved a Community Attraction and Tourism (CAT) Grant in the amount of $750,000 to help fund the downtown streetscape and library projects. This project is estimated to cost $4.9 million. A majority of this will be paid from Debt Service levies. In addition, property assessments, sales tax revenues, water, sewer and road use tax funds will help fund the improvements.

- During the fiscal year the new Oelwein Public Library was completed at 201 East Charles. Local Option Sales Tax revenues, the CAT grant, other grants and pledges funded this project. City crews moved the contents of the old Library into the new building in July, 2006.

- Industrial property was gifted to the City of Oelwein by Donaldson Company in July 2003. The plant is being marketed to industries for use as a manufacturing facility. Rent produced $70,020 in revenue for the fiscal year. At the close of the F.Y. $155,912 was owed Fidelity Bank in principal and interest.

- Cities are required by statute to contribute to employee retirement plans. The City of Oelwein Police and Fire personnel participate in the Municipal Fire and Police Retirement System of Iowa (MFPRSI). MFPRSI employees contribute 9.35 percent of earnable compensation. Employer (City) contribution for this audit period (2006-2007) was 27.75% of compensation. The employer rate for FY 07-08 will be 25.48%.

- Most other regular City employees are members of Iowa Public Employees Retirement System (IPERS). The City's portion of IPERS was 5.75 percent for regular employees and 9.23% for protection class (non-civil service) employees. Beginning with fiscal year 2007-08 the employer contribution rate will rise by .3% for four consecutive years while the employee share increases .2%.

- Water rates were increased by 26.08 % in May, 2007. Sewer rates were raised 18.6% to provide for repayment of the wastewater treatment plant loan. An additional increase in water rates will be necessary to fund utility maintenance and operations.

- The City's General Fund ended the year with a fund balance of $482,773. This is a decrease of $23,745 since the close of last fiscal year.

USING THIS ANNUAL REPORT

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34. GASB Statement 34 was implemented in 2004 as a new model of financial reporting for state and local governments designed to enhance the usefulness of the City's annual report.

Report Components

This annual report consists of the following parts:

Financial Statements
Notes to the Financial Statements
Required Supplementary Information
Other Supplementary Information

Basis of Accounting

The City of Oelwein has elected to present its financial statements on a cash basis of accounting. A cash basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses and their related assets and liabilities. Under the City's cash basis, revenues and expenses are recorded when they result from cash transactions.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the City's Financial Activities

Government-wide Financial Statement

The Statement of Activities and Net Assets reports information which help express whether the City is better off than one year ago. The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

1 – Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.

2 – Business Type Activities include the waterworks and the sanitary sewer system. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

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

   The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

2) Proprietary funds account for the City's Enterprise Funds and for the Internal Service Fund. Enterprise Funds are used to report business type activities. The City maintains two Enterprise Funds to provide separate information for the water and sewer funds, considered to be major funds of the City. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

   The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

   Reconciliation between the government-wide statement and the fund financial statements follow the fund financial statements.

Government-Wide Financial Analysis

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, from $5,738,198 to $3,104,139. The analysis that follows focuses on the changes in cash balances for governmental activities.

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

		Year ended June 30,	
		2007	2006
Receipts and transfers			
Program receipts:			
Charge for service	$	269	323
Operating grants and contributions		1,370	1,316
Capital grants and contributions		280	593
General receipts:			
Property tax		1,828	1,747
Local option sales tax		508	400

Tax Increment taxes	138	162
Investment Earnings	225	189
Bond proceeds		4,682
Bank Loan		82
Other general receipts	640	187
Transfers, net	407	250
Total receipts and transfers	5,665	9,931
Disbursements:		
Public safety	1,508	1,649
Public works	546	525
Health and social services	15	11
Culture and recreation	596	537
Community and economic development	388	208
General government	249	284
Debt service	1,663	376
Capital projects	3,335	4,367
Total disbursements	8,300	7,956
Increase (decrease) in cash basis net assets	(2,638)	1,975
Cash basis net assets beginning of year	5,738	3,763
Cash basis net assets end of year	$ 3,104	5,738

The City's total receipts for governmental activities decreased by 43% or $4,266,000. The total cost of all programs and services increased by approximately $344,000, or 4%, with capital programs completed this year. The significant decrease in receipts was primarily the result of completing capital projects while not issuing any new debt.

Because the City is at the maximum General Fund rate allowed (8.10) employee benefits are paid from the Trust and Agency levy.

The cost of all governmental activities this year was $8,299,850 compared to $7,956,496 last year. However, as shown in the Statement of Activities and Net Assets on pages 5 and 6, the amount taxpayers ultimately financed for these activities was approximately $6,144,704. This was possible because some of the cost was paid by those directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants, contributions and restricted interest totaling approximately $2,155,146. Overall, the City's governmental activities receipts, including intergovernmental aid and fees for service, decreased in 2007 to $5,665,790, from $9,931,221 in 2006, as capital projects were completed using loan proceeds from prior years.

Changes in Cash Basis Net Assets of Business Type Activities (Expressed in Thousands)	Year ended June 30, 2007	2006
Receipts:		
Program receipts:		
Charges for service:		
Water	$ 488	414
Sewer	1,158	1,035
Landfill	220	241
Recycling	82	84
Williams Center	110	149
Fuel Fund	106	107
Capital grants		566
Operating Grant	-	-
General receipts:		
Unrestricted interest on investments	17	41
Bond proceeds	1,975	5,732
Other general receipts	105	77
Total receipts	4.261	8,446
Disbursements:		
Water	647	473
Sewer	418	430
Landfill	222	222
Recycling	82	81
Fuel fund	103	104
Williams Center	165	165
Capital Projects	1,714	6,267
Debt Service	592	-
Transfers	407	250
Total disbursements and transfers	4,350	7,992
Increase (decrease) in cash balance	(89)	313
Cash basis net assets beginning of year	1,455	1,142
Cash basis net assets end of year	$1,366	1,455

Total business type activities receipts for the fiscal year were $4,261,000 compared to $8,446,000 last year. This decrease was due to completion of the new waste treatment plant. Therefore disbursements and transfers for the fiscal year decreased by $3,401,000.

Individual Major Governmental Fund Analysis

- As Oelwein completed the year, its governmental funds reported a combined balance of $3,104,139; a decrease of $2,634,059 from last year's total of $5,638,198. The following are the major reasons for the changes in fund balances of the major funds from the prior year:

- The General Program cash balance decreased $23,746 from the prior year to $482,772.

- The Road Use Tax Fund cash balance decreased by $29,680 to $337,695 during the fiscal year. This was attributable to increased costs during fiscal year. The City uses R.U.T. money for maintenance of all City roads.

- The Debt Service Fund cash balance decreased by $878,454 to $71,744 during the fiscal year. This decrease was due to early repayment of bond debt on the 2000 bond issue. Bond principal and interest payments decreased by $114,000 in fiscal 2007.

Individual Major Business Type Fund Analysis

- The Water Fund cash balance decreased by $128,605 to -$5,405, due to the
- Streetscape Project and the East Water Tower Painting.

- The Sewer Fund cash balance decreased by $324,576 to $339,012, due primarily to the Streetscape Project.

Budgetary Highlights

The City amended its budget in May. This was necessary because the 2000 GO Bonds were refinanced, property was purchased near the new library, a new shelter was built at City Park, and for additional disbursements in certain City departments. The City had sufficient cash balances and grant funds to absorb these additional costs.

Debt Administration

At June 30, 2007 the City had approximately $4,679,000 in general obligation bonds and $9,124,000 in other long-term debt, compared to $12,908,000 last year as shown below.

Outstanding Debt at Year End
(Expressed in Thousands)

	June 30, 2007	2006
General obligation bonds	$4,595	5,785
Urban renewal tax increment financing revenue bonds	84	108
Total	$4,679	5,893
Sewer Revenue Notes	$8,426	6,785
CEBA Loan Agreement	27	51
Economic Development Loan	143	179
Library Pledge Loan	528	
Total	$13,803	12,908

Debt decreased during the 2007 fiscal year. The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of $4,678,615 is below its constitutional debt limit of $943,610,675.

Economic Factors and Next Year's Budget and Rates

The City considered many factors when setting the fiscal year 2008 budget, tax rates and fees that will be charged for various City activities. City expenditures have been programmed to decrease as three major construction projects have or will end shortly.

Large expenditures from the Economic Development Fund are budgeted for next fiscal year. The City Council has programmed to donate $275,000 to the Regional Math and Science (RAMS) building, $220,000 towards a Tech/Spec building and $125,000 match for a $500,000 revolving loan fund grant.

A replacement firetruck will be received and paid for next fiscal year ($275,000).

The City will begin water and sewer system upgrades during the upcoming fiscal year.

Contacting the City's Financial Management

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

City of Oelwein

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2007

		Program Receipts		
	Disbursements	Charges for Service	Operating Grants, Contributions, and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions / Programs:				
Governmental activities:				
Public safety	$ 1,508,523	56,640	302,102	-
Public works	545,938	79,911	559,791	-
Health and social services	14,927	-	-	-
Culture and recreation	595,684	156,944	42,632	-
Community and economic development	387,696	-	-	98,996
General government	248,696	10,794	-	-
Debt service	1,663,602	-	-	-
Capital projects	3,334,784	-	-	847,336
Enterprise	-	-	-	-
Total governmental activities	8,299,850	304,289	904,525	946,332
Business type activities:				
Water	622,151	474,984	-	-
Sewer	417,610	1,124,675	-	-
WWTP Improvements	1,713,699	-	-	
Nonmajor business type funds	1,189,318	530,843	-	-
Total business type activities	3,942,778	2,130,502	-	-
Total	$ 12,242,628	2,434,791	904,525	946,332

General Receipts:

Property tax levied for:
- General purposes
- Tax increment financing
- Debt service

Local option sales tax
Grant and contributions not restricted to specific purpose
Unrestricted interest
Miscellaneous
SRF Loan Proceeds
Bond Proceeds
Bond Issuance Costs
State Revolving Fund Loan
Rents
Sale of property
Transfers

Total general receipts and transfers

Change in cash basis net assets
Cash basis net assets beginning of year

Cash basis net assets end of year

Cash Basis Net Assets

Restricted:
- Debt service

Unrestricted

Total cash basis net assets

See notes to financial statements

Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
Governmental Activities	Business Type Activities	Total
(1,149,781)	-	(1,149,781)
93,764	-	93,764
(14,927)	-	(14,927)
(396,108)	-	(396,108)
(288,700)	-	(288,700)
(237,902)	-	(237,902)
(1,663,602)	-	(1,663,602)
(2,487,448)	-	(2,487,448)
-	-	-
(6,144,704)	-	(6,144,704)
-	(147,167)	(147,167)
-	707,065	707,065
-	(1,713,699)	(1,713,699)
-	(658,475)	(658,475)
-	(1,812,276)	(1,812,276)
(6,144,704)	(1,812,276)	(7,956,980)
1,478,236	-	1,478,236
138,100	-	138,100
349,950	-	349,950
508,516	-	508,516
-	-	-
171,273	56,035	227,308
346,076	98,492	444,568
-	1,974,689	1,974,689
-	-	-
-	-	-
-	-	-
96,157	-	96,157
15,722	-	15,722
406,615	(406,615)	-
3,510,645	1,722,601	5,233,246
(2,634,059)	(89,675)	(2,723,734)
5,738,198	1,455,301	7,193,499
$ 3,104,139	1,365,626	4,469,765
$ 923,522	91,603	1,015,125
2,180,617	1,274,023	3,454,640
$ 3,104,139	1,365,626	4,469,765

City of Oelwein

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

As of and for the year ended June 30, 2007

		Special Revenue		
	General	Employee Benefits	Road Use Tax	Library Bequests
Receipts:				
Property tax	$ 883,518	565,646	-	-
Tax increment financing collections	-	-	-	-
Other city tax	-	-	-	-
Licenses and permits	73,689	-	-	-
Use of money and property	84,404	6,511	-	16,617
Intergovernmental	85,634	-	559,791	-
Special assessments	-	-	-	-
Charges for service	157,803	-	-	-
Miscellaneous	116,880	13,624	-	5,941
Total receipts	1,401,928	585,781	559,791	22,558
Disbursements:				
Operating:				
Public safety	847,020	394,782	-	-
Public works	56,037	22,575	467,280	-
Health and social services	-	-	-	-
Culture and recreation	496,001	96,073	-	3,610
Community and economic development	-	509	-	-
General government	192,839	55,857	-	-
Debt service	-	-	-	-
Capital projects	55,478	236	83,571	-
Enterprise	-	-	-	-
Total disbursements	1,647,375	570,032	550,851	3,610
Excess of receipts over disbursements	(245,447)	15,749	8,940	18,948
Other financing sources (uses):				
Sale of capital assets	15,722	-	-	
Operating transfers in	205,979	-	-	-
Operating transfers out	-	-	(38,620)	-
Total other financing sources (uses)	221,701	-	(38,620)	-
Net change in cash balances	(23,746)	15,749	(29,680)	18,948
Cash balances beginning of year	506,518	174,156	367,375	400,522
Cash balances end of year	$ 482,772	189,905	337,695	419,470
Cash Basis Fund Balances				
Reserved for debt service	$ -	-	-	-
Unreserved				
General fund	482,772	-	-	-
Special revenue funds	-	189,905	337,695	419,470
Capital projects	-	-	-	-
Pemanent fund	-	-	-	-
Total cash basis fund balances	$ 482,772	189,905	337,695	419,470

See notes to financial statements

Debt Service	Capital Projects			Nonmajor	
Debt Service	Downtown Betterment	Capital Equipment	Economic Development	Governmental Funds	Total
349,950	-	-	-	29,072	1,828,186
-	-	-	-	138,099	138,099
-	-	-	-	508,516	508,516
-	-	-	-	-	73,689
12,056	10,587	16,456	8,427	44,210	199,268
-	234,550	-	-	818,892	1,698,867
-	-	-	-	37,166	37,166
-	-	-	-	-	157,803
-	1,029	-	90,124	348,512	576,110
362,006	246,166	16,456	98,551	1,924,467	5,217,704
-	-	-	-	266,721	1,508,523
-	-	-	46	-	545,938
-	-	-	-	14,927	14,927
-	-	-	-	-	595,684
-	-	-	238,855	148,332	387,696
-	-	-	-	-	248,696
1,405,089	-	-	-	232,764	1,637,853
-	2,168,178	3,789	-	1,023,532	3,334,784
-	-	-	-	-	-
1,405,089	2,168,178	3,789	238,901	1,686,276	8,274,101
(1,043,083)	(1,922,012)	12,667	(140,350)	238,191	(3,056,397)
-	-	-	-	-	15,722
198,377	360,000	-	356,216	77,744	1,198,316
-	-	-	(20,000)	(733,081)	(791,701)
198,377	360,000	-	336,216	(655,337)	422,337
(844,706)	(1,562,012)	12,667	195,866	(417,146)	(2,634,060)
916,450	1,456,051	370,300	302,907	1,243,920	5,738,199
71,744	(105,961)	382,967	498,773	826,774	3,104,139
71,744	-	-	-	7,843	79,587
-	-	-	-	-	482,772
-	-	-	-	227,954	1,175,024
-	(105,961)	382,967	498,773	347,509	1,123,288
-	-	-	-	243,468	243,468
71,744	(105,961)	382,967	498,773	826,774	3,104,139

EXHIBIT C

City of Oelwein

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Statement of Activities and Net Assets -
Governmental Funds

As of and for the year ended June 30, 2007

Total governmental funds cash balances (page 8)	$ 3,104,139
The city does not have an internal service fund. Therefore there are no reconciling items.	-
Cash basis net assets of governmental activities (page 6)	$ 3,104,139
Net change in cash balances (page 8)	$ (2,634,060)
The city does not have an internal service fund. Therefore there are no reconciling items.	-
Change in cash balance of governmental activities (page 6)	$ (2,634,060)

See notes to financial statements

EXHIBIT D

City of Oelwein

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

As of and for the year ended June 30, 2007

	Enterprise Funds				
	Water	Sewer	WWTP Improvement	Nonmajor	Total
Operating receipts:					
Use of money and property	$ 3,293	22,537	16,603	13,600	56,033
Charges for service	445,093	1,124,675	-	531,936	2,101,704
Miscellaneous	39,314	10,888	40,798	-	91,000
Total operating receipts	487,700	1,158,100	57,401	545,536	2,248,737
Operating disbursements:					
Business type activities	622,151	417,610	1,713,699	596,865	3,350,325
Debt service					
Principal	-	-	-	333,000	333,000
Interest	-	-	-	259,453	259,453
Total operating disbursements	622,151	417,610	1,713,699	1,189,318	3,942,778
Excess (deficiency) of operating receipts over (under) operating disbursements	(134,451)	740,490	(1,656,298)	(643,782)	(1,694,041)
Non-operating receipts (disbursements):					
SRF Loan	-	-	1,974,689	-	1,974,689
Miscellaneous	-	-	-	36,292	36,292
Total non-operating receipts (disbursements)	-	-	1,974,689	36,292	2,010,981
Excess (deficiency) of receipts over (under)disbursements	(134,451)	740,490	318,391	(607,490)	316,940
Operating transfers in	103,910	-	-	652,605	756,515
Operating transfers out	(98,065)	(1,065,065)	-	-	(1,163,130)
Net transfers	5,845	(1,065,065)	-	652,605	(406,615)
Net change in cash balances	(128,606)	(324,575)	318,391	45,115	(89,675)
Cash balances beginning of year	123,200	663,587	488,235	180,279	1,455,301
Cash balances end of year	$ (5,406)	339,012	806,626	225,394	1,365,626
Cash Basis Fund Balances					
Reserved for debt service	$ -	-	-	134,025	134,025
Unreserved	(5,406)	339,012	806,626	91,369	1,231,601
Total cash basis fund balances	$ (5,406)	339,012	806,626	225,394	1,365,626

See notes to financial statements

SCHEDULE E

City of Oelwein

Reconciliation of the Statement of Cash
Receipts, Disbursements and Changes in Cash Balances
to the Statement of Activities and Net Assets -
Proprietary Funds

As of and for the year ended June 30, 2007

Total enterprise funds cash balances (page 10)	$ 1,365,626
The city does not have an internal service fund. Therefore there are no reconciling items.	-
Cash basis net assets of business type activities (page 6)	$ 1,365,626
Net change in cash balances (page 10)	$ (89,675)
The city does not have an internal service fund. Therefore there are no reconciling items.	-
Change in cash balance of business type activities (page 6)	$ (89,675)

See notes to financial statements

CITY OF OELWEIN

Notes to Financial Statements

June 30, 2007

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Fayette County's Assessor's Conference Board; Fayette County Homeland Security/Emergency Management Commission; Fayette County Compensation Board; Fayette County E911 Board; Fayette County Emergency Medical Services; the Fayette County Local Emergency Planning Committee; Fayette County Solid Waste Management Commission, Bremer County/City of Oelwein Law Enforcement Mutual Aid, Upper Explorerland Regional Planning Commission, Fayette County Firemen's Association, Buchanan County Firemen's Association, Iowa Firemen's Association, Iowa Fire Chief's Association, Iowa Arson Investigators Association, International Fire Chief's Association, Oelwein Chamber Area Development, Northeast Iowa City Managers, Northeast Iowa Regional League, Iowa League of Cities, Iowa City Management Association, Iowa Water Pollution Control Association, Iowa Rural Water, Northeast Iowa Clerks

Association, Iowa Municipal Finance Officers Association, Fayette County Library Association and American Public Works Association.

B. Basis of Presentation

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

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net assets consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

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

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

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this

fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

Special Revenue:

The Employee Benefits Fund is used to account for receipt of property tax allocated for employee benefits.

The Road Use Tax Funds is used to account for receipt and disbursements of Road Use Tax Funds from the State of Iowa.

The Library Bequest Fund is used to account for receipts and disbursements of funds bequested to the Library.

The Debt Services Fund is used to account for the principal and interest on the City's general long-term debt.

Capital Projects:

The Downtown Betterment Fund is used to account for the Downtown Revitalization Initiative project.

The Capital Equipment Fund is used to account for purchase of equipment.

The Economic Development Fund is used to account for Community and Economic Development projects.

The City reports the following major proprietary funds:

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

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

The Waste Plant Improvement Fund is used to account for the cost of the improvements being made to the Wastewater Treatment Plant.

C. Measurement Focus and Basis of Accounting

The City of Oelwein 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.

C. Measurement Focus and Basis of Accounting (continued)

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

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2007, disbursements did not exceed the amounts budgeted.

2. Cash and Pooled Investments

The City's deposits at June 30, 2007, were entirely covered by Federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds. The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidence of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts, and warrants or improvement certificates of a drainage district.

The City had no investments at June 30, 2007.

3. Bonded Indebtedness

Annual debt service requirements to maturity for general obligation and urban renewal tax increment financing revenue bonded indebtedness are as follows:

Year Ending June 30,	General Obligation Notes & Bonds		Urban Renewal Tax Increment Financing (TIF) Revenue Bond		Revenue Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	345,000	145,605	25,220	6,413	343,000	258,630	713,220	410,648
2009	350,000	140,020	27,212	4,416	354,000	248,340	731,212	392,776
2010	365,000	133,450	29,362	2,261	364,000	237,720	758,362	373,431
2011	295,000	125,520	1,827	306	375,000	226,800	671,827	352,626
2012	305,000	118,970	-	-	386,000	215,550	691,000	334,520
2013-2017	1,965,000	433,288	-	-	2,113,000	896,820	4,078,000	1,330,108
2018-2022	970,000	62,758	-	-	2,449,000	560,310	3,419,000	623,068
2022-2026	-	-	-	-	2,042,363	161,460	2,042,363	161,460
Tot.	$4,595,000	1,159,611	83,621	13,396	8,426,363	2,805,630	13,104,984	3,978,637

On December 23, 1998, the City issued $221,000 in Urban Renewal Tax Increment Revenue Bond with Union Planters Bank of Oelwein, Iowa. Interest rate is 6.61%. Interest only to be paid December 1, 1999 and June 1, 2000. Thereafter, semi-annual installments of principal and interest of $15,845 on December 1 and June 1 until paid. Bond was issued to defray a portion of the costs of carrying out an urban renewal project in the Oelwein Industrial Park Urban Renewal Area of the City, consisting of an economic development grant to Bertch Cabinet Mfg, Inc. This note had a June 30, 2007 balance of $83,615. The City reserves the right to call and prepay any principal amount of this Bond at any time.

On February 1, 2000, the City issued $1,255,000 in General Obligation Corporate Purpose Note. Interest rates vary between 4.9% to 5.5%. Bankers Trust Company, N.S. of Des Moines, Iowa, is the Registrar and Paying Agent for the Notes. The Notes mature on June 1 of each year, commencing June 1, 2002, and interest is paid semiannually commencing December 1, 2000. The City reserves the right to prepay part or all of the Notes maturing in each of the years 2008 and 2010. This note was paid off during year ended June 30, 2007.

General Corporate Purpose Loan Agreement dated May 28, 2003. The loan matures on June 1 of each year, starting June 1, 2004, and interest is paid semiannually, commencing December 1, 2003. Interest rates are from 1.50% to 4.00%. The notes maturing in each of the years 2011 to 2014, inclusive, are subject to redemption prior to maturity at the times and on the terms specified in the notes.
Essential Corporate Purpose Loan Agreement dated May 28, 2003. The loan agreement matures on June 1 of each year, starting June 1, 2004, and interest is paid semiannually, commencing December 1, 2003. Interest rates are from 1.50% to 4.00%. The notes maturing in each of the years 2011 to 2014, inclusive, are subject to redemption prior to maturity at the times and on the terms specified in the notes.
The combined General Corporate Purpose Loan and the Essential Corporate Purpose Loan had a combined balance of $670,000 at June 30, 2007.

On November 30, 2005, the City issued $3,995,000 in General Obligation Corporate Purpose and Refunding Bonds, Series 2005A. The loan matures on June 1 of each year, starting June 1, 2006. Interest is payable June 1, 2006 and semiannually thereafter on the first day of June and December of each year. Principal is payable June 1, 2006 and annually thereafter on the first day of June each year. The City has the right to repay part or all of the Bonds, maturing in the years 2013 to 2019. Prior to and in any order of maturity on June 1, 2012 or any date thereafter upon the terms of par and accrued interest.

In order to establish a Municipal Sanitary Sewer System, the City has entered into a Loan and disbursement Agreement with Iowa Finance Authority not to exceed $8,954,000. Sewer Revenue Bonds will be issued in evidence of the obligation at the rate of 3% per annum. The City borrowed $1,974,689 during the year ended June 30, 2007, of which the federal share was $1,411,186. As of June 30, 2007 the City had borrowed $8,759,363. Interest is payable each December 1 and June 1, with the first interest payment due December 1, 2005. During fiscal year ended June 30, 2007, the City paid $333,000 in principal and $259,453 in interest on this debt. Since the full amount has not been borrowed a final payment schedule had not been determined. The city will establish a Sewer Revenue Bond Sinking Fund, from which will be paid the principal and interest on this debt. The Bonds are not general obligations of the City, and thus not payable in any manner by taxation. The Bonds are subject to optional redemption by the City at a price of par plus accrued interest on any interest payment date after the ten year anniversary of the Agreement. Any optional redemption may be made from any funds regardless of source.

4. Pension and Retirement Benefits

Municipal Fire and Police Retirement System of Iowa - The City contributes to the Municipal Fire and Police Retirement System of Iowa (the Plan), which is a cost-sharing multiple-employer defined benefit pension plan administered by a Board of Trustees. The Plan provides retirement, disability and death benefits, which are established by state statute to plan members and beneficiaries. The Plan issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Municipal Fire and Police Retirement System of Iowa, 2836 104th St., Urbandale, Iowa 50322.

Plan members are required to contribute 9.35% of earnable compensation and the City's contribution rate may not be less than 17%, actual was 27.75%, of earnable compensation. Contribution requirements are established by State statute. The City's contribution to the Plan for the years ended June 30, 2007, 2006 and 2005 were $140,069, $100,961, and $81,913 respectively, which met the required minimum contribution for each year.

Other City Employees - The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 3.70% of their annual salary and the City is required to contribute 5.75% of covered salary.

Certain employees in special risk occupations contribute an actuarially determined contribution rate. Contributions requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were $61,535, $60,065 and $52,819 respectively, equal to the required contributions for each year.

5. Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate maximum liability for employee vacation hours is $63,240. This liability has been computed based on rates of pay in effect at June 30, 2007.

Sick leave hours are accumulated for subsequent use. Sick leave is not payable upon termination, retirement or death. These accumulations are not recognized as expenditures by the City, until used or paid.

6. Related Party Transactions

No business between the City and City officials was noted for the year ended June 30, 2007.

7. Landfill Contract

The City has contracted with Fayette County Solid Waste Management Commission for solid waste disposal for all household residences within the City. For the year ended June 30, 2007, $299,167 was paid pursuant to the agreement.

8. Deficit Fund Balances

Capital Project Funds City Park Shelter and Brownsfield Grant Special Revenue – Sales Tax had deficit balances at June 30, 2007, which the City considers temporary in nature.

9. Risk Management

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

10. CEBA Grant

On April 18, 2002 the City was awarded $234,000 from the Iowa Department of Economics Development (IDED) under the Community Economic Betterment Account (CEBA) program for the benefit of Transco. The award consisted of a loan for $117,000 with interest at 0% for five years, and a forgivable loan portion for $117,000. The City has entered into a similar loan/forgivable loan agreement with Transco.

The funds were received by the City in June of 2003. The City transferred this money to Transco. Payments on the $117,000 loan are $1,950 per month, to be received from Transco and then remitted to IDED beginning September 1, 2003. Per letter dated June 23, 2003 IDED has requested that Transco make payments directly to IDED.
The balance of this forgivable loan at June 30, 2007 was $27,300.

11. Gift of Donaldson Property

On July 1, 2003 the Donaldson Corporation gifted the property at 301 5th Ave SW to the City.

On January 9, 2004 the City secured a revolving line of credit for $600,000 from the First National Bank of Oelwein, Iowa for the purpose of paying the expenses of the Donaldson property. It is the intention of the City to sell the building and then to pay off the revolving loan. The loan matures January 9, 2008. Interest rate is Wall Street Journal Prime minus .50%. Interest rate at June 30, 2007 was 7.75%. The loan is secured by property at 301 5th Ave SW, Oelwein, Iowa. The balance of the loan at June 30, 2007 was $143,191.

12. Litigation

The City is subject to one pending lawsuit. No amount of possible damages is ascertainable at this time, but the City has insurance coverage for this claim.

13. Subsequent Events

In July, 2007 the City approved the purchase of a fire truck for $275,000. The funds will be paid out of the Capital Equipment fund.

City of Oelwein
Budgetary Comparison Schedule
of Receipts, Disbursements and Changes in Balances-
Budgetary Comparison Schedule
All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2007

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	$ 1,799,114	-	-
Tax increment financing collections	138,099	-	-
Other city tax	508,516	-	-
Licenses and permits	73,689		-
Use of money and property	225,017	56,033	-
Intergovernmental	1,767,649	-	-
Charges for services	157,803	2,101,704	-
Special assessments	37,166	-	-
Miscellaneous	536,400	91,000	-
Total Receipts	5,243,453	2,248,737	-
Disbursements:			
Public Safety	1,508,523	-	-
Public Works	545,938	-	-
Health and Social Services	14,927	-	-
Culture and Recreation	834,539	3,084	-
Community and Economic Development	49,845	-	-
General Geovernment	248,696	-	-
Debt Service	1,663,602	-	-
Capital Projects	3,433,733	-	-
Business type activities	47	3,939,694	-
Total Disbursements	8,299,850	3,942,778	-
Excess (deficiency) of receipts over (under) disbursements	(3,056,397)	(1,694,041)	-
Other financing sources (uses):	422,337	1,604,366	
Net	(2,634,060)	(89,675)	-
Balance, beginning of year	5,738,199	1,455,301	-
Balance, end of year	$ 3,104,139	1,365,626	-

See accompanying independent auditor's report

Net	Budgeted Amounts Original	Budgeted Amounts Final	Final to Net Variance
1,799,114	1,753,432	1,753,432	45,682
138,099	144,760	144,760	(6,661)
508,516	467,632	587,632	(79,116)
73,689	66,770	66,770	6,919
281,050	124,800	159,800	121,250
1,767,649	1,862,435	2,120,135	(352,486)
2,259,507	2,380,785	2,380,785	(121,278)
37,166	29,975	29,975	7,191
627,400	286,550	321,848	305,552
7,492,190	7,117,139	7,565,137	(72,947)
1,508,523	1,365,790	1,667,197	158,674
545,938	620,685	664,585	118,647
14,927	12,870	17,870	2,943
837,623	852,780	888,881	51,258
49,845	130,585	391,885	342,040
248,696	345,960	345,960	97,264
1,663,602	717,765	1,792,765	129,163
3,433,733	5,491,073	5,732,664	2,298,931
3,939,741	4,918,495	4,918,495	978,754
12,242,628	14,456,003	16,420,302	4,177,674
(4,750,438)	(7,338,864)	(8,855,165)	4,104,727
2,026,703	2,812,500	2,812,500	(785,797)
(2,723,735)	(4,526,364)	(6,042,665)	3,318,930
7,193,500	8,223,628	8,223,628	(1,030,128)
4,469,765	3,697,264	2,180,963	2,288,802

City of Oelwein

Notes to Required Supplementary Information-Budgetary Reporting

June 30, 2007

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

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary 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 the budget amendment increased budgeted disbursements by $1,964,299. The budget amendment is reflected in the final budgeted amounts.

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE 1

City of Oelwein

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

As of and for the year ended June 30, 2007

	Special Revenue	Capital Projects	Debt Service Special Assessments	Permanant Cemetary Perpetual Care	Total
Receipts:					
Property tax	$ 29,072	-	-	-	29,072
TIF Collections	138,099	-	-	-	138,099
Other city tax	508,516	-	-	-	508,516
Use of money and property	19,591	23,848	771	-	44,210
Intergovernmental	254,390	564,502	-	-	818,892
Special assessments	-	-	37,166	-	37,166
Charges for services	-	-	-	-	-
Miscellaneous	27,009	313,022	-	8,481	348,512
Total receipts	976,677	901,372	37,937	8,481	1,924,467
Disbursements:					
Operating:					
Public safety	266,721	-	-	-	266,721
Public works	-	-	-	-	-
Health & Social Services	14,927	-	-	-	14,927
Culture and recreation	-	-	-	-	-
Community and economic devel.	49,336	98,996	-	-	148,332
General government	-	-	-	-	-
Debt service	31,690	201,074	-	-	232,764
Capital projects	-	1,023,532	-	-	1,023,532
Enterprise	-	-	-	-	-
Total disbursements	362,674	1,323,602	-	-	1,686,276
Excess (deficiency) of receipts over (under) disbursements	614,003	(422,230)	37,937	8,481	238,191
Other financing sources:					
Operating transfers in	29,880	47,864	-	-	77,744
Operating transfers out	(655,705)	(40,210)	(37,166)	-	(733,081)
Net change in cash balances	(11,822)	(414,576)	771	8,481	(417,146)
Cash balances beginning of year	239,776	762,085	7,072	234,987	1,243,920
Cash balances end of year	$ 227,954	347,509	7,843	243,468	826,774
Cash Basis Fund Balances					
Reserved for debt service	$ -	-	7,843	-	7,843
Unreserved:					
Special revenue	227,954	-	-	-	227,954
Capital projects fund	-	347,509	-	-	347,509
Permanent Fund	-	-	-	243,468	243,468
Total cash basis fund balances	$ 227,954	347,509	7,843	243,468	826,774

See accompanying independent auditor's report

City of Oelwein

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds-Special Revenue

As of and for the year ended June 30, 2007

	Lein3-03	DARE	Flex Spending	Sales Tax	Emergency
Receipts:					
Property tax	$ -	-	-	-	29,072
Tax increemnt financing	-	-	-	-	-
Other city tax	-	-	-	508,516	-
Use of money and property	-	-	-	8,831	-
Intergovernmental	254,390	-	-	-	-
Miscellaneous	-	6,100	15,747	-	-
Total receipts	254,390	6,100	15,747	517,347	29,072
Disbursements:					
Operating:					
Public safety	253,714	3,969	-	-	-
Public works	-	-	-	-	-
Health & Social Service	-	-	14,927	-	-
Culture and recreation	-	-	-	-	-
Community and economic development	-	-	-	-	-
General government	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	253,714	3,969	14,927	-	-
Excess (deficiency) of receipts over (under) disbursements	676	2,131	820	517,347	29,072
Other financing sources:					
Operating transfers in	-	-	-	-	-
Operating transfers out	-	-	-	(517,376)	(28,893)
Net change in cash balances	676	2,131	820	(29)	179
Cash balances beginning of year	2,818	7,269	91	-	-
Cash balances end of year	$ 3,494	9,400	911	(29)	179
Cash Basis Fund Balances					
Unreserved:					
Special revenue funds	$ 3,494	9,400	911	(29)	179
Total cash basis fund balances	$ 3,494	9,400	911	(29)	179

See accompanying independent auditor's report

SCHEDULE 2

Municipal Trust	Forfitted Assets	Industrial Park TIF	Bertch TIF	James Dev TIF	Total
-	-	-	-	-	29,072
-	-	51,958	31,323	54,818	138,099
-	-	-	-	-	508,516
10,021	-	424	271	44	19,591
-	-	-	-	-	254,390
-	5,162	-	-	-	27,009
10,021	5,162	52,382	31,594	54,862	976,677
-	9,038	-	-	-	266,721
-	-	-	-	-	-
-	-	-	-	-	14,927
-	-	-	-	-	-
-	-	-	-	49,336	49,336
-	-	-	-	-	-
-	-	-	31,690	-	31,690
-	-	-	-	-	-
-	9,038	-	31,690	49,336	362,674
10,021	(3,876)	52,382	(96)	5,526	614,003
29,880	-	-	-	-	29,880
(49,910)	-	(54,000)	-	(5,526)	(655,705)
(10,009)	(3,876)	(1,618)	(96)	-	(11,822)
223,132	6,253	-	213	-	239,776
213,123	2,377	(1,618)	117	-	227,954
213,123	2,377	(1,618)	117	-	227,954
213,123	2,377	(1,618)	117	-	227,954

City of Oelwein

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds-Capital Projects

As of and for the year ended June 30, 2007

	Housing Grant	Capital Improvement Fund	TRAILS	City Park Shelter	Wings Trail
Receipts:					
Tax increemnt financing	$ -	-	-	-	-
Other city tax	-	-	-	-	-
Use of money and property	-	408	6,759	-	-
Intergovernmental	98,671	134,928	-	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	4,000	39,710	-	-	-
Total receipts	102,671	175,046	6,759	-	-
Disbursements:					
Operating:					
Public safety	-	-	-	-	-
Public works	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Community and economic development	-	-	-	-	-
General government	-	-	-	-	-
Debt service	-	-	-	-	-
Capital projects	111,555	170,009	12	28,099	-
Enterprise	-	-	-	-	-
Total disbursements	111,555	170,009	12	28,099	-
Excess (deficiency) of receipts over (under) disbursements	(8,884)	5,037	6,747	(28,099)	-
Other financing sources:					
Operating transfers in	20,000	-	-	27,864	-
Operating transfers out	-	-	-	-	-
Net change in cash balances	11,116	5,037	6,747	(235)	-
Cash balances beginning of year	(1,535)	-	120,725	-	4,487
Cash balances end of year	$ 9,581	5,037	127,472	(235)	4,487
Cash Basis Fund Balances					
Unreserved:					
Capital projects fund	$ 9,581	5,037	127,472	(235)	4,487

See accompanying independent auditor's report

Sports Complex	Library Construction	Library Bond	Harkin Grant	Brownsfield Grant	2003 Bonding	2005 Bonds	Total
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
2,513	7,162	4,748	-	-	1,042	1,216	23,848
-	44,568	-	98,996	187,339	-	-	564,502
-	-	-	-	-	-	-	-
-	29,517	239,795	-	-	-	-	313,022
2,513	81,247	244,543	98,996	187,339	1,042	1,216	901,372
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	98,996	-	-	-	98,996
-	-	-	-	-	-	-	-
-	-	201,074	-	-	-	-	201,074
730	486,217	-	-	197,649	29,261	-	1,023,532
-	-	-	-	-	-	-	-
730	486,217	201,074	98,996	197,649	29,261	-	1,323,602
1,783	(404,970)	43,469	-	(10,310)	(28,219)	1,216	(422,230)
-	-	-		-	-	-	47,864
(37,864)	-	-	-	-	(2,346)	-	(40,210)
(36,081)	(404,970)	43,469	-	(10,310)	(30,565)	1,216	(414,576)
65,679	511,171	-	-	(145)	30,565	31,138	762,085
29,598	106,201	43,469	-	(10,455)	-	32,354	347,509
29,598	106,201	43,469	-	(10,455)	-	32,354	347,509

City of Oelwein

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Proprietory Funds

As of and for the year ended June 30, 2007

	Housing Authority	Landfill	Recycling
Receipts:			
Use of money and property	$ -	628	85
Charges for services	-	219,263	81,873
Total receipts	-	219,891	81,958
Disbursements:			
Operating:			
Enterprise	-	221,740	81,832
Debt Service			
Principal	-	-	-
Interest	-	-	-
Total disbursements	-	221,740	81,832
Excess (deficiency) of receipts over (under) disbursements	-	(1,849)	126
Other financing sources:			
Miscellaneous	-	-	-
Operating transfers in	-	-	-
Operating transfers out	-	-	-
Net change in cash balances	-	(1,849)	126
Cash balances beginning of year	(585)	21,128	10,887
Cash balances end of year	$ (585)	19,279	11,013
Cash Basis Fund Balances			
Reserved	$ -	-	-
Unreserved	(585)	19,279	11,013
Total cash basis fund balances	$ (585)	19,279	11,013

See accompanying independent auditor's report

Williams Center	Williams Center Reserve	Customer Deposits-Water	Fuel	Sewer Bond Sinking	Total
116	-	1,317	-	11,454	13,600
130,418	-	-	100,382	-	531,936
130,534	-	1,317	100,382	11,454	545,536
162,352	3,084	25,317	102,540	-	596,865
-	-	-	-	333,000	333,000
-	-	-	-	259,453	259,453
162,352	3,084	25,317	102,540	592,453	1,189,318
(31,818)	(3,084)	(24,000)	(2,158)	(580,999)	(643,782)
9,019	-	21,900	5,373	-	36,292
26,100	2,500	-	-	624,005	652,605
-	-	-	-	-	-
3,301	(584)	(2,100)	3,215	43,006	45,115
-	9,641	51,807	5,439	81,962	180,279
3,301	9,057	49,707	8,654	124,968	225,394
-	9,057	-	-	124,968	134,025
3,301	-	49,707	8,654	-	91,369
3,301	9,057	49,707	8,654	124,968	225,394

CITY OF OELWEIN

STATEMENT OF INDEBTEDNESS
YEAR ENDED JUNE 30, 2007

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation notes:			
General obligation corporate purpose note	2-1-00	4.90-5.50%	$ 1,255,000
General obligation corporate purpose and refunding notes	5-28-03	7.00%	1,025,000
General obligation corporate purpose and refunding notes Series 2005A	11-30-05	3.1-4.35%	3,995,000
Revenue notes:			
Sewer revenue bonds, series 2005 State Revolving Funds	5-23-05	3.00%	8,954,000
Urban renewal tax increment financing (TIF) revenue bond	12-23-98	6.61%	221,000
CEBA Loan Agreement	6-24-03	0%	117,000
			Amount Available
Revolving Line of Credit with First National Bank of Oelwein, IA James Development TIF	1-9-04	Variable 3.5% at 6/30/05 Due 1/9/08	600,000
Short Term Note with First National Bank of Oelwein, IA Library Loan	5-18-06	4.00%	700,000

see accompanying independent auditor's report

SCHEDULE 5

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
1,140,000	-	1,140,000	-	60,221	-
700,000	-	30,000	670,000	25,425	-
3,945,000	-	20,000	3,925,000	153,993	-
$ 5,785,000	-	1,190,000	4,595,000	239,639	-
$ 6,784,674	1,974,689	333,000	8,426,363	259,453	-
$ 108,445	-	24,830	83,615	6,860	-
$ 50,700	-	23,400	27,300	-	-
$ 178,691	-	35,500	143,191	13,837	-
$ 700,000	-	172,000	528,000	29,074	-

CITY OF OELWEIN

BOND MATURITIES AND NOTES
June 30, 2007

	General & Essential Corporate Purpose Loan Agreements		General Obligation Corporate Purpose and Refunding Note	
	Issued May 28, 2003		Issued November 30, 2005	
Year Ending June 30,	Interest Rates	Amount	Interest Rates	Amount
2008	2.70%	30,000	3.30%	315,000
2009	3.00%	30,000	3.40%	320,000
2010	3.30%	30,000	3.50%	335,000
2011	3.50%	125,000	3.60%	170,000
2012	3.70%	125,000	3.70%	180,000
2013	3.85%	130,000	3.80%	235,000
2014	4.00%	200,000	3.90%	165,000
2015			4.00%	385,000
2016			4.10%	395,000
2017			4.15%	455,000
2018			4.25%	475,000
2019			4.35%	495,000
		$ 670,000		3,925,000

	Urban Renewal Tax Increment Financing (TIF) Revenue Bond		CEBA Loan Agreement		Revenue Notes Sewer Revenue Bond	
	Issued December 23, 1998		Dated June 24, 2003		Issued May 23, 2005	
Year Ending June 30,	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2008	6.61%	25,220	0%	23,400	3.00%	343,000
2009	6.61%	27,212	0%	3,900	3.00%	354,000
2010	6.61%	29,362			3.00%	364,000
2011	6.61%	1,821			3.00%	375,000
2012					3.00%	386,000
2013					3.00%	398,000
2014					3.00%	410,000
2015					3.00%	422,000
2016					3.00%	435,000
2017					3.00%	448,000
2018					3.00%	461,000
2019					3.00%	475,000
2020					3.00%	490,000
2021					3.00%	504,000
2022					3.00%	519,000
2023					3.00%	535,000
2024					3.00%	551,000
2025					3.00%	567,000
2026					3.00%	389,363
		$ 83,615		27,300		8,426,363

See accompanying independent auditor's report

Schedule 7

City of Oelwein

Schedule of Receipts by Source and Disbursements by Function
All Governmental Funds
For the Last Four Years

	2007	2006	2005	2004
Receipts:				
Property tax	$ 1,828,186	1,746,846	1,653,158	1,706,870
Tax increment financing	138,099	161,607	155,521	90,268
Other city tax	508,516	399,905	394,643	417,543
Licenses and permits	73,689	67,977	61,375	78,327
Use of money and property	199,268	184,814	104,457	107,734
Intergovernmental	1,698,867	1,743,440	1,375,291	1,303,511
Special assessments	37,166	41,252	45,058	56,469
Charges for service	157,803	144,706	407,599	232,155
Miscellaneous	576,110	397,606	341,271	548,122
Total	$ 5,217,704	4,888,153	4,538,373	4,540,999
Disbursements:				
Operating:				
Public safety	$ 1,508,523	1,649,099	1,952,294	1,131,217
Public works	545,938	525,040	531,129	464,877
Health and social services	14,927	10,929	-	-
Culture and recreation	595,684	536,794	495,819	662,826
Community and economic development	387,696	207,295	155,908	368,224
General government	248,696	283,983	224,816	179,565
Debt service	1,637,853	375,937	261,230	263,285
Capital projects	3,334,784	4,373,910	2,056,814	1,758,826
Enterprise	-	-	-	168,583
Total	$ 8,274,101	7,962,987	5,678,010	4,997,403

See accompanying independent auditor's report

Schedule 8

City of Oelwein
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007

Grantor/Program	CFDA Number	Agency Pass-through Number	Program Expenditures
Direct:			
U.S. Department of Education			
Planning for Higher Education Job Training Facility	84.116	P116Z050262	$ 98,996
Indirect:			
Department of Homeland Security			
Iowa Department of Public Defense			
LETPP Fusion Center	97.067	0168-LTPL-L3	254,390
U.S. Department of Housing and Urban Development:			
Iowa Department of Economic Development			
Community Development Block Grant	14.228	05-HSG-063	98,671
U.S. Department of Justice			
Iowa Department of Justice			
Stop Violence Against Women	16.588	VW-07-66B	7,570
Buchanan County			
RAID	16.579		20,933
U.S. Department of Transportation			
Iowa Department of Public Safety			
STEP 05-06	20.604	06-157, Task 125	1,541
STEP 06-07	20.604	07-157, Task 137	2,447
Airport Improvement Program	20.106	69-AA-3092	134,928
Environmental Protection Agency			
Iowa Department of Natural Resources			
Brownsfield Grant	66.818	BF-98761301-0	117,224
Brownsfield Grant	66.818	BF-98761201-0	70,115
Capitalization Grant for Clean Water State Revolving Funds	66.458	CS192168 01	1,411,186
	Total		$ 2,218,001

Basis of Presentation-

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Oelwen and is presented in conformity With an other comprehensive basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, **Audits of States, Local Governments, and Non-Profit Organizations.** Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the presentation of the basic financial statements.

See accompanying independent auditor's report

RFSW Ridihalgh Fuelling Snitker Weber & Co.
CERTIFIED PUBLIC ACCOUNTANTS

James R. Ridihalgh, C.P.A.
Gene L. Fuelling, C.P.A
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Honorable Mayor and
Members of the City Council:

We have audited the financial statements of the City of Oelwein, Iowa, as of and for the year ended June 30, 2007, and have issued our report thereon dated November 12, 2007. We conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City of Oelwein's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance that 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, 2007 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. Prior year statutory comments have been resolved.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Oelwein's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming

to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Oelwein's ability to record process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Oelwein and other parties to whom City of Oelwein may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

RIDIHALGH, FUELLING, SNITKER, WEBER AND COMPANY, P.C.
CERTIFIED PUBLIC ACCOUNTS

November 12, 2007

Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over compliance

RFSW Ridihalgh Fuelling Snitker Weber & Co.
CERTIFIED PUBLIC ACCOUNTANTS

James R. Ridihalgh, C.P.A.
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Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance

To the Honorable Mayor and
Member of the City Council:

Compliance

We have audited the compliance of the City of Oelwein, Iowa, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended June 30, 2007. The City of Oelwein's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Oelwein's management. Our responsibility is to express an opinion on the City of Oelwein's compliance based on our audit.

We conducted our audit of compliance in accordance wit U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about he city of Oelwein's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Oelwein's compliance with those requirements.

In our opinion, the City of Oelwein complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The management of the City of Oelwein is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Oelwein's internal control over compliance with requirements that could have a direct and material effect on a major federal program

in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the formation and use of the officials, employees and citizens of the City of Oelwein and other parties to whom the City of Oelwein may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.

Ridihalgh, Fuelling, Snitker, Weber & Co. P.C.

November 12, 2007

CITY OF OELWEIN

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2007

Part I - Summary of the Independent Auditor's Results

a.) An unqualified opinion was issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

b.) No reportable conditions in internal control over financial reporting were disclosed by the audit of the financial statements.

c.) The audit did not disclose any non-compliance which is material to the financial statements.

d.) No reportable condition in internal control over the major program was disclosed by the audit of the financial statements.

e.) An unqualified 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 Office of Management and Budget Circular A-133, Section 510(a).

g.) The major program was CFDA Number 66.458

h.) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

i.) The City of Oelwein did qualify as a low-risk auditee.

CITY OF OELWEIN

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2007

Part II – Other Findings Related to Statutory Reporting:

II-A-07 Official Depositories--A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2007.

II-B-07 Questionable Disbursements--No expenditures were noted for parties, banquets, or other entertainment for employees that we believe may constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.

II-C-07 Travel Expenses--No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

II-D-07 Business Transactions—No business transactions between the City and City officials or employees were noted.

II-E-07 Bond Coverage--Security bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that coverage is adequate for current operations.

II-F-07 Council Minutes--No transactions were found that we believe should have been approved in the Council minutes but were not.

II-G-07 Deposits and Investments--We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.

II-H-07 Temporary Investments--The City has a systematic investment program. During the year ended June 30, 2007, the investments resulted in interest income of $247,512.

II-I-07 Financial Condition--At June 30, 2007 the City had a deficit balance in the Industrail Park TIF fund, the Downtown Betterment fund, the City Park Shelter Replacement fund, the Housing Authority fund, and the Brownsfield Grant fund which the City considers temporary in nature.

CITY OF OELWEIN

SCHEDULE OF FINDINGS

YEAR ENDED JUNE 30, 2007

Part II – Other Findings Related to Statutory Reporting (continued):

II-J-07 Closed Session –We noted two instances in the minutes in which the Council went into closed session, but the minutes do not document the specific exemption regarding the closed session as required by Chapter 21 of the Code of Iowa, commonly known as open meeting law.

Recommendation – The City should comply with Chapter 21 of the Code of Iowa when going into closed session.

Response – We will comply with the Code requirements for closed sessions in the future.

Conclusion – Response accepted.

Part III – Findings Related to the Financial Statements:

Instances of non-compliance:

No matters were noted.

Reportable Conditions:

None

Part IV: Findings and Questioned Cost for Federal Awards:

Instances of non-compliance:

No matters were noted.

Reportable Conditions:

None

CITY OF OELWEIN

AUDIT STAFF

This audit was performed by:

Donald A. Snitker, CPA