

CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT
OSKALOOSA, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
OTHER INFORMATION
SCHEDULE OF FINDINGS

June 30, 2025

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CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Tony Erwin	Chairman	July, 2028
Tom Walling	Secretary	July, 2028
Kolby Kitzman	Trustee	July, 2030
Lacey Van Den Heuvel	Trustee	July, 2030
Joel Struik	Trustee (Resigned March 2025)	
Mark Strasser	Trustee (Appointed March 2025)	July, 2026
Kelly Hefner	General Manager	Indefinite
Crystal Breuklander	Office Manager	Indefinite
Tammy Vos	Billings Clerk	Indefinite
Chanel Kauffman	Customer Service	Indefinite
Erin Clanton	Attorney	Indefinite

TERPSTRA HOKE and ASSOCIATES P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
City of Oskaloosa Municipal Water Department

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities, each major fund and the aggregate remaining fund information of the City of Oskaloosa Municipal Water Department, a component unit of the City of Oskaloosa, Iowa, as of and for the year ended June 30, 2025, and the related Notes to Financial Statements, which collectively comprise the Water Department's basic financial statements 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 business-type activities, each major fund and the aggregate remaining fund information of the City of Oskaloosa Municipal Water Department as of June 30, 2025, 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), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and Chapter 11 of the Code of Iowa. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the City of Oskaloosa Municipal Water Department, 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.

Emphasis of Matter - Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Water Department'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 Water Department'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.

Other Information

Management is responsible for the other information included in this report. The other information comprises the Budgetary Comparison Information, the Schedule of the Water Department's Proportionate Share of the Net Pension Liability (Asset) and the Schedule of Water Department Contributions on pages 26 through 32 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 October 27, 2025, on our consideration of the City of Oskaloosa Municipal Water Department'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 Water Department's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Oskaloosa Municipal Water Department's internal control over financial reporting and compliance.

Terpstra Hoke and Associates P.C.

Knoxville, Iowa
October 27, 2025

Basic Financial Statements

CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT

CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION
As of and for the year ended June 30, 2025

	Program Receipts	Charges for Services	Net Receipts (Disbursements) and Changes in Cash Basis	Net Position
	Disbursements			
Functions/Programs:				
Business-type Activities:				
Water operating	\$ 7,569,591	\$ 3,584,063	\$ (3,985,528)	
Debt service	480,803	-	(480,803)	
	<hr/> <u>8,050,394</u>	<hr/> <u>3,584,063</u>	<hr/> <u>(4,466,331)</u>	
General receipts:				
Unrestricted investment earnings			116,759	
Rents collected			46,373	
Miscellaneous			862,335	
Note proceeds			<hr/> <u>3,344,766</u>	
			<hr/> <u>4,370,233</u>	
Change in cash basis net position			(96,098)	
Cash basis net position beginning of year			<hr/> <u>4,458,089</u>	
Cash basis net position end of year			<hr/> <u>\$ 4,361,991</u>	
Cash basis net position:				
Restricted for:				
Debt service	\$ 93,254			
Unrestricted			<hr/> <u>4,268,737</u>	
Total cash basis net position	<hr/> <u>\$ 4,361,991</u>			

See notes to financial statements.

CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
As of and for the year ended June 30, 2025

	Enterprise Funds			
	Water	Utility Operating	Sinking Fund	Total
Operating receipts:				
Use of money and property:				
Meter rent	\$ 38,708	\$ -	\$ 38,708	
House and land rent	2,360	-	2,360	
Sprinkler and hydrant rent	5,305	-	5,305	
	<u>46,373</u>	<u>-</u>	<u>46,373</u>	
Charges for services:				
Meter water sales	3,283,286	-	3,283,286	
Late and inspection fees	51,993	-	51,993	
Labor charges	9,460	-	9,460	
Sales and excise tax collected	239,324	-	239,324	
	<u>3,584,063</u>	<u>-</u>	<u>3,584,063</u>	
Miscellaneous:				
Materials sold	8,730	-	8,730	
Reimbursements/refunds	827,167	-	827,167	
Tower rental	13,688	-	13,688	
Miscellaneous	12,750	-	12,750	
	<u>862,335</u>	<u>-</u>	<u>862,335</u>	
Total operating receipts	<u>4,492,771</u>	<u>-</u>	<u>4,492,771</u>	
Operating disbursements:				
Business-type activities:				
Administration:				
Labor	290,155	-	290,155	
Labor benefits	128,985	-	128,985	
Publications	2,070	-	2,070	
Audit fees	13,925	-	13,925	
Computer expense	81,865	-	81,865	
Insurance	86,679	-	86,679	
Postage	35,401	-	35,401	
Telephone	1,596	-	1,596	
Dues and subscriptions	180	-	180	
Building maintenance	1,837	-	1,837	
Custodial expense	3,666	-	3,666	
Legal expense	7,950	-	7,950	
Office supplies	9,801	-	9,801	

CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
As of and for the year ended June 30, 2025

	Enterprise Funds		
	Water Operating	Utility Fund	Total
Operating disbursements (continued):			
Business-type activities (continued):			
Administration (continued):			
Miscellaneous supplies	\$ 88	\$ -	\$ 88
Miscellaneous expense	4,094	-	4,094
Credit card fees	32,698	-	32,698
Capital outlay	11,351	-	11,351
	<u>712,341</u>	<u>-</u>	<u>712,341</u>
Plant operation and maintenance:			
Labor	169,806	-	169,806
Labor benefits	57,524	-	57,524
Lab expense	24,400	-	24,400
Maintenance:			
Buildings	30,687	-	30,687
Wells	3,888	-	3,888
Grounds	2,424	-	2,424
Machinery	34,537	-	34,537
Education/Seminars	6,837	-	6,837
Utilities	98,834	-	98,834
Miscellaneous supplies	8,649	-	8,649
Miscellaneous expense	832	-	832
Chemicals	335,851	-	335,851
Capital outlay	117,621	-	117,621
	<u>891,890</u>	<u>-</u>	<u>891,890</u>
Distribution operations:			
Labor	218,799	-	218,799
Labor benefits	86,895	-	86,895
Maintenance:			
Meters	68,526	-	68,526
Water system	58,748	-	58,748
Building and grounds	10,432	-	10,432
Machinery	2,360	-	2,360
Grounds	42,053	-	42,053
Gasoline	17,716	-	17,716
Truck expense	21,062	-	21,062
Education/Seminars	3,955	-	3,955
Utilities	8,087	-	8,087
Services	775	-	775

CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
As of and for the year ended June 30, 2025

	Enterprise Funds		
	Water Operating	Utility Fund	Total
Operating disbursements (continued):			
Business-type activities (continued):			
Distribution operations (continued):			
Small tools	\$ 4,289	\$ -	\$ 4,289
Miscellaneous supplies	1,528	-	1,528
Miscellaneous expense	25,748	-	25,748
Capital outlay and replacements	4,418,674	-	4,418,674
Debt service	-	480,803	480,803
	<u>4,989,647</u>	<u>480,803</u>	<u>5,470,450</u>
Total water disbursements	<u>6,593,878</u>	<u>480,803</u>	<u>7,074,681</u>
Waste Water Treatment:			
Labor	120,867	-	120,867
Labor benefits	31,152	-	31,152
Miscellaneous	175	-	175
	<u>152,194</u>	<u>-</u>	<u>152,194</u>
Waste Water Collections:			
Labor	391,550	-	391,550
Labor benefits	190,139	-	190,139
Uniforms	1,691	-	1,691
Miscellaneous	1,625	-	1,625
	<u>585,005</u>	<u>-</u>	<u>585,005</u>
Total waste water disbursements	<u>737,199</u>	<u>-</u>	<u>737,199</u>
Other:			
Sales and excise tax remitted	<u>238,514</u>	<u>-</u>	<u>238,514</u>
Total operating disbursements	<u>7,569,591</u>	<u>480,803</u>	<u>8,050,394</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	(3,076,820)	(480,803)	(3,557,623)

CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
As of and for the year ended June 30, 2025

	Enterprise Funds		
	Water Operating	Utility Fund	Total
Non-operating receipts:			
Interest on investments	\$ 116,759	\$ -	\$ 116,759
Deficiency of receipts under disbursements	(2,960,061)	(480,803)	(3,440,864)
Other financing sources (uses):			
Note proceeds	3,344,766	-	3,344,766
Transfers in	-	523,352	523,352
Transfers out	(523,352)	-	(523,352)
Total other financing sources (uses)	2,821,414	523,352	3,344,766
Change in cash balances	(138,647)	42,549	(96,098)
Cash balances beginning of year	4,407,384	50,705	4,458,089
Cash balances end of year	\$ 4,268,737	\$ 93,254	\$ 4,361,991
Cash basis fund balances:			
Restricted for:			
Debt service	\$ -	\$ 93,254	\$ 93,254
Unrestricted	4,268,737	-	4,268,737
Total cash basis fund balances	\$ 4,268,737	\$ 93,254	\$ 4,361,991

See notes to financial statements.

CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
CUSTODIAL FUNDS
As of and for the year ended June 30, 2025

	<u>Customer Deposits</u>	<u>Sewer Receipts</u>	<u>Total</u>
Receipts:			
Charges for services:			
Sanitary sewer receipts	\$ -	\$ 4,654,227	\$ 4,654,227
Sewer penalties	-	18,786	18,786
Stormwater receipts	-	374,368	374,368
Miscellaneous:			
Customer deposits	<u>36,300</u>	-	<u>36,300</u>
Total receipts	<u>36,300</u>	<u>5,047,381</u>	<u>5,083,681</u>
 Disbursements:			
Business type activities:			
Customers' deposits refunded	41,725	-	41,725
Sanitary sewer receipts remitted to City	-	4,636,279	4,636,279
Sewer penalties remitted to City	-	16,515	16,515
Stormwater receipts remitted to City	-	361,868	361,868
Total disbursements	<u>41,725</u>	<u>5,014,662</u>	<u>5,056,387</u>
Excess (deficiency) of receipts over (under) disbursements	(5,425)	32,719	27,294
Cash balance beginning of year	<u>87,300</u>	<u>393,419</u>	<u>480,719</u>
Cash balance end of year	<u>\$ 81,875</u>	<u>\$ 426,138</u>	<u>\$ 508,013</u>

See notes to financial statements.

**CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

Note 1. Summary of Significant Accounting Policies

The City of Oskaloosa Municipal Water Department (Water Department) is an independent department and a component unit of the City of Oskaloosa, Iowa. The Water Department operates under an appointed Board of Trustees. The Water Department provides water service to the residents of Oskaloosa, Iowa located in Mahaska County.

A. Reporting Entity

For financial reporting purposes, the Municipal Water Department of the City of Oskaloosa, Iowa, has included all funds, organizations, agencies, boards, commissions and authorities. The Water Department 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 Water Department are such that exclusion would cause the Water Department'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 Water Department 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 Water Department. The Water Department has no component units which meet the Governmental Accounting Standards Board criteria. These statements do not include any other City of Oskaloosa funds or transactions.

B. Basis of Presentation

Government-wide Financial Statements – The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the Water Department. For the most part, the effect of interfund activity has been removed from this financial statement.

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

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

Unrestricted net position consists of cash balances not meeting the definition of the preceding category. 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. Other items not properly included among program receipts are reported instead as general receipts.

**CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Fund Financial Statements – Separate financial statements are provided for proprietary and fiduciary funds. Major individual proprietary funds are reported as separate columns in the fund financial statements.

The Water Department reports the following major proprietary funds:

Water Utility Operating and Sinking Fund Enterprise Funds - The Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services that are supported by user charges.

Additionally, the Water Department reports the following fiduciary funds:

Custodial Funds are utilized to account for monies and properties received and held by the City of Oskaloosa Municipal Water Department in a trustee capacity as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

C. Measurement Focus and Basis of Accounting

The Water Department maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the Water Department are prepared on this 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.

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 Other Information. During the year ended June 30, 2025, disbursements did not exceed the amount budgeted.

Note 2. Cash and Pooled Investments

The City of Oskaloosa Municipal Water Department's deposits in banks at June 30, 2025, 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.

CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT

NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 2. Cash and Pooled Investments (continued)

The Water Department 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 of Oskaloosa Municipal Water Department's Trustees; 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.

Interest rate risk – The Water Department'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 Water Department.

Credit risk - The Water Department's investments, held in financial depositories, are not subject to level of risk categorization.

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

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2025, is as follows:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>
Proprietary Enterprise: Water Utility Operating	Proprietary Enterprise: Sinking Fund	\$ <u>523,352</u>

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

CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT

NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 4. Water Tower Lease Receivable

The Water Department owns a water tower. During the year ended June 30, 2008, the Water Department entered into a five-year lease for the use of space on the water tower. The lease includes options to renew for five additional five-year terms and has an implicit interest rate of 3.00%.

Year Ending June 30,	Amount
2026	\$ 13,688
2027	13,688
2028	13,688
2029	15,741
2030	15,741
2031-2035	83,427
2036-2037	<u>36,204</u>
Total	192,177
Less interest	<u>(32,601)</u>
Present value	<u>\$ 159,576</u>

Note 5. Indebtedness

A summary of changes in indebtedness for the year ended June 30, 2025, is as follows:

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Business-type activities:					
Water Revenue Capital Loan Notes -					
Direct Borrowing	\$ 2,303,756	\$ 3,344,766	\$ 1,334,333	\$ 4,314,189	\$ 457,189

CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT

NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 5. Indebtedness (continued)

Water Revenue Capital Loan Notes - Direct Borrowing

On January 14, 2009, the Water Department authorized and the Iowa Finance Authority approved Water Revenue Capital Loan Notes issued through the State Revolving Fund not to exceed \$6,500,000. On May 11, 2012, the amount was finalized at \$6,095,000. On January 14, 2019, the State Revolving Fund approved a rate modification agreement which lowered the interest rate on the outstanding notes from 3.00% to 1.75% annually.

On April 8, 2024, the Water Department authorized and the Iowa Finance Authority approved Water Revenue Capital Loan Notes issued through the State Revolving Fund not to exceed \$3,692,000. The Water Department borrowed \$3,344,766 during the year. On June 13, 2025, the amount was finalized at \$3,396,522. The Water Department also received loan forgiveness of \$953,333, which lowered the final amount to \$2,443,189. The agreement includes 2.43% interest and is payable through June 1, 2044.

The annual debt service requirements to maturity for the revenue capital loan notes are as follows:

Year Ending June 30,	Issued January 14, 2009				
	Interest Rate	Interest	Service Fee	Principal	Total
2026	1.75 %	\$ 33,355	\$ 4,765	\$ 357,000	\$ 395,120
2027	1.75	27,108	3,872	369,000	399,980
2028	1.75	20,650	2,950	381,000	404,600
2029	1.75	13,982	1,997	393,000	408,979
2030	1.75	7,105	1,015	406,000	414,120
		\$ 102,200	\$ 14,599	\$ 1,906,000	\$ 2,022,799

Year Ending June 30,	Issued April 8, 2024				
	Interest Rate	Interest	Service Fee	Principal	Total
2026	2.43 %	\$ 64,483	\$ 6,634	\$ 100,189	\$ 171,306
2027	2.43	56,084	5,770	104,000	165,854
2028	2.43	53,557	5,510	106,000	165,067
2029	2.43	50,981	5,245	109,000	165,226
2030	2.43	48,333	4,972	111,000	164,305
2031-2035	2.43	199,745	20,551	600,000	820,296
2036-2040	2.43	123,201	12,675	676,000	811,876
2041-2044	2.43	37,009	3,808	602,000	642,817
		\$ 633,393	\$ 65,165	\$ 2,408,189	\$ 3,106,747

CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT

NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 5. Indebtedness (continued)

Water Revenue Capital Loan Notes - Direct Borrowing (continued)

Year Ending June 30,	Total			
	Interest	Service Fee	Principal	Total
2026	\$ 97,838	\$ 11,399	\$ 457,189	\$ 566,426
2027	83,192	9,642	473,000	565,834
2028	74,207	8,460	487,000	569,667
2029	64,963	7,242	502,000	574,205
2030	55,438	5,987	517,000	578,425
2031-2035	199,745	20,551	600,000	820,296
2036-2040	123,201	12,675	676,000	811,876
2041-2044	37,009	3,808	602,000	642,817
	<u>\$ 735,593</u>	<u>\$ 79,764</u>	<u>\$ 4,314,189</u>	<u>\$ 5,129,546</u>

The Water Department has pledged future water customer receipts, net of specified operating disbursements, (net revenues) to repay the \$6,095,000 and net \$2,443,189 water revenue capital loan notes issued in January 2009 and April 2024, respectively. The notes were issued to provide financing for water system improvements. The notes are payable solely from water customer net revenues and are payable through 2044. Annual principal, interest and service fee payments on the notes are expected to require approximately 29 percent of the net revenues. The total principal, interest, and service fees remaining to be paid on the notes is \$5,129,546. For the current year, principal, interest, and service fees of \$381,000, \$90,227, and \$9,576, respectively, were paid on the notes and total water customer net revenues were \$1,470,826.

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

- a) The notes will only be redeemed from the future earnings of the enterprise activity.
- b) Sufficient monthly cash transfers shall be made to a sinking fund account for the purpose of making the capital loan note principal, interest, and service fee payments when due.
- c) On or before the beginning of each fiscal year, the governing body will adopt or continue in effect rates for all services rendered by the Water Department determined to be sufficient to produce net revenues for the next succeeding fiscal year which are (i) adequate to pay the principal and interest requirements thereof and to create or maintain the reserves as provided in this resolution, and (ii) not less than 110 percent of the principal and interest requirements of the next succeeding fiscal year.

CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT

NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 6. Pension Plan

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

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

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

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

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

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

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

**CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT**

**NOTES TO FINANCIAL STATEMENTS
June 30, 2025**

Note 6. Pension Plan (continued)

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 that 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 2025, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Water Department contributed 9.44% of covered payroll, for a total rate of 15.73%.

The Water Department's contributions to IPERS for the year ended June 30, 2025, totaled \$111,010.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2025, the Water Department had a liability of \$434,698 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Water Department's proportion of the net pension liability was based on the Water Department's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2024, the Water Department's proportion was 0.011937 percent, which was an increase of 0.000068 from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Water Department's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$49,963, \$272,997 and \$233,248, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increases (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, 2024 valuation were based on the results of a quadriennial experience study covering the period of July 1, 2017 through June 30, 2021.

CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT

NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 6. Pension Plan (continued)

Mortality rates used in the June 30, 2024 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:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	21.0 %	3.52%
International equity	13.0	5.18
Global smart beta equity	5.0	4.12
Core plus fixed income	25.5	3.04
Public credit	3.0	4.53
Cash	1.0	1.69
Private equity	17.0	8.89
Private real assets	9.0	4.25
Private credit	5.5	6.62
Total	<u><u>100 %</u></u>	

Discount Rate – The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Water Department 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.

**CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT**

NOTES TO FINANCIAL STATEMENTS

June 30, 2025

Note 6. Pension Plan (continued)

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Water Department's proportionate share of the net pension liability (asset)	\$ 1,066,740	\$ 434,698	\$ (94,641)

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.

Note 7. Other Postemployment Benefits (OPEB)

Plan Description – The City of Oskaloosa Municipal Water Department operates a benefit plan which provides medical/prescription drug and dental benefits for employees and their families. Group insurance benefits are established under Iowa Code Chapter 509A.13. The contribution requirements of plan members are established and may be amended by the Water Department. The Water Department currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2025, the Water Department contributed \$264,474 and plan members eligible for benefits contributed \$14,361 to the plan. At June 30, 2025, 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 of Oskaloosa Municipal Water Department and are eligible to participate in the group health plan are eligible to continue health care benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug and dental benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement. At June 30, 2025, the following employees were covered by the benefit terms.

Active employees 13

CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT

NOTES TO FINANCIAL STATEMENTS
June 30, 2025

Note 8. Compensated Absences

Water Department employees accumulate a limited amount of earned but unused paid time off (PTO) and sick leave hours for subsequent use or for payment upon termination, retirement, or death. These accumulations are not recognized as disbursements by the Water Department until used or paid. All vacation time previously accumulated by employees was converted to PTO effective July 1, 2022. Sick leave is only payable if the employee enters a bona fide retirement pursuant to IPERS. Sick leave is not payable for employees hired after December 31, 2015. The Water Department's approximate liability for the leave which is attributable to services already rendered, accumulates and carries forward from one reporting period to the next, and is more likely than not to be used for time off or otherwise paid in cash for earned paid time off and sick leave to employees at June 30, 2025, is as follows:

<u>Type of Benefits</u>	<u>Amount</u>
Paid Time Off	\$ 68,221
Sick Leave	<u>41,102</u>
Total	<u><u>109,323</u></u>

This liability has been computed based on rates of pay in effect at June 30, 2025.

Note 9. Risk Management

The Oskaloosa Municipal Water Department 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 Water Department 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.

Note 10. Sewer and Stormwater Receipts

The Water Department assesses and collects sewer and stormwater charges for the City of Oskaloosa, Iowa. The receipts from collections from customers and remittances to the City of Oskaloosa are accounted for in the Custodial - Sewer Receipts Fund.

Note 11. Construction Commitments

The Water Department has entered into a contract totaling \$899,417 for transmission main upgrades. At June 30, 2025, work on the project had not yet begun.

Note 12. Subsequent Event

On October 3, 2025, the Water Department authorized and the Iowa Finance Authority approved Water Revenue Capital Loan Notes not to exceed \$1,144,000. The agreement includes 3.12% interest and is payable through June 1, 2045.

Other Information

CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT

BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) – PROPRIETARY FUNDS

Other Information
Year Ended June 30, 2025

	<u>Budgeted Amounts</u>			Final to Actual Variance	
	Actual	Original	Final		
Receipts:					
Water:					
Use of money and property	\$ 163,132	\$ 80,360	\$ 135,360	\$ 27,772	
Charges for services	3,584,063	3,128,000	3,342,355	241,708	
Miscellaneous	862,335	889,900	898,200	(35,865)	
	<u>4,609,530</u>	<u>4,098,260</u>	<u>4,375,915</u>	<u>233,615</u>	
Disbursements:					
Business-type activities:					
Water	8,050,394	7,794,759	9,957,122	1,906,728	
Excess (deficiency) of receipts over (under) disbursements	(3,440,864)	(3,696,499)	(5,581,207)	2,140,343	
Other financing sources, net	<u>3,344,766</u>	<u>3,075,000</u>	<u>4,510,700</u>	<u>(1,165,934)</u>	
Change in cash balances	(96,098)	<u>\$ (621,499)</u>	<u>\$ (1,070,507)</u>	<u>\$ 974,409</u>	
Cash balances beginning of year		<u>4,458,089</u>			
Cash balances end of year	<u>\$ 4,361,991</u>				

See accompanying independent auditor's report.

CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT

NOTES TO OTHER INFORMATION – BUDGETARY REPORTING
June 30, 2025

The budgetary comparison is presented in accordance with Government 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 Water Department's Trustees annually adopts a budget on the cash basis following required public notice and hearing for all funds, except Custodial 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 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 Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregate function level, not by fund. During the year, the Water Department approved one budget amendment increasing budgeted disbursements by \$2,162,363.

During the year ended June 30, 2025, disbursements did not exceed the amount budgeted.

**CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT**

Schedule of the Water Department's Proportionate Share of the Net Pension Liability (Asset)

**Iowa Public Employees' Retirement System
For the Last Ten Years***

Other Information

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Water Department's proportion of the net pension liability (asset)	0.011937%	0.011869%	0.012567%	(0.004988)%
Water Department's proportionate share of the net pension liability (asset)	\$ 434,698	\$ 535,728	\$ 474,789	\$ 17,220
Water Department's covered payroll	\$ 1,101,511	\$ 1,042,338	\$ 1,012,128	\$ 996,928
Water Department's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	39.46%	51.40%	46.91%	1.73%
IPERS' net position as a percentage of the total pension liability (asset)	92.30%	90.13%	91.40%	100.81%

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

See accompanying independent auditor's report.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
0.009819%	0.010647%	0.010554%	0.010176%	0.008830%	0.007497%
\$ 689,777	\$ 616,508	\$ 667,907	\$ 677,862	\$ 555,669	\$ 370,369
\$ 779,276	\$ 810,246	\$ 786,766	\$ 759,604	\$ 633,639	\$ 508,235
88.51%	76.09%	84.89%	89.24%	87.70%	72.87%
82.90%	85.45%	83.62%	82.21%	81.82%	85.19%

CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT

Schedule of Water Department Contributions

Iowa Public Employees' Retirement System
Last Ten Fiscal Years

Other Information

	2025	2024	2023	2022
Statutorily required contribution	\$ 111,010	\$ 103,983	\$ 98,397	\$ 95,545
Contributions in relation to the statutorily required contribution	<u>(111,010)</u>	<u>(103,983)</u>	<u>(98,397)</u>	<u>(95,545)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Water Department's covered payroll	\$ 1,175,955	\$ 1,101,511	\$ 1,042,338	\$ 1,012,128
Contributions as a percentage of covered payroll	9.44%	9.44%	9.44%	9.44%

See accompanying independent auditor's report.

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$	94,110	\$ 73,564	\$ 76,487	\$ 70,258	\$ 67,833	\$ 56,584
	<u>(94,110)</u>	<u>(73,564)</u>	<u>(76,487)</u>	<u>(70,258)</u>	<u>(67,833)</u>	<u>(56,584)</u>
\$	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
\$	996,928	\$ 779,276	\$ 810,246	\$ 786,766	\$ 759,604	\$ 633,639
	9.44%	9.44%	9.44%	8.93%	8.93%	8.93%

CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT

Notes to Other Information – Pension Liability

Year Ended June 30, 2025

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%.

TERPSTRA HOKE and ASSOCIATES P.C.

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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 Board of Trustees of
City of Oskaloosa Municipal Water Department

We have audited, 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, and Chapter 11 of the Code of Iowa, the financial statements of the business-type activities, each major fund and the aggregate remaining fund information of Oskaloosa Municipal Water Department, a component unit of the City of Oskaloosa, Iowa, as of and for the year ended June 30, 2025, and the related Notes to Financial Statements, which collectively comprise the Water Department's basic financial statements, and have issued our report thereon dated October 27, 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 Oskaloosa Municipal Water Department'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 Oskaloosa Municipal Water Department's internal control. Accordingly, we do not express an opinion on the effectiveness of Oskaloosa Municipal Water Department'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 Oskaloosa Municipal Water Department's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

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 Water Department'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 Water Department's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of City of Oskaloosa Municipal Water Department 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.

Terpstra Hoke and Associates P.C.

Knoxville, Iowa
October 27, 2025

CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT

SCHEDULE OF FINDINGS

Year Ended June 30, 2025

Part I: Findings Related to the Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

CITY OF OSKALOOSA
MUNICIPAL WATER DEPARTMENT

SCHEDULE OF FINDINGS

Year Ended June 30, 2025

Part II: Other Findings Related to Required Statutory Reporting:

- 2025-A Certified Budget - Disbursements during the year ended June 30, 2025, did not exceed the amount budgeted in the business-type activities function.
- 2025-B Questionable Disbursements - No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.
- 2025-C Travel Expense - No disbursements of the Water Department's money for travel expenses of spouses of Water Department officials or employees were noted.
- 2025-D Business Transactions - No business transactions between the Water Department and the Water Department's officials or employees were noted.
- 2025-E Restricted Donor Activity - No transactions were noted between the Water Department, Water Department officials, Water Department employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- 2025-F Bond Coverage - Surety bond coverage of Water Department officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- 2025-G Board Minutes - No transactions requiring Board approval which had not been approved by the Board were noted.
- 2025-H Deposits and Investments - No instances of non-compliance with deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Water Department's investment policy were noted.
- 2025-I Revenue Notes - No instances of non-compliance with the revenue note resolutions were noted.