

ANNUAL FINANCIAL REPORT

CITY OF SHELDON
SHELDON, IOWA

FOR THE YEAR ENDED
JUNE 30, 2025

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City of Sheldon, Iowa
Annual Financial Report
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For the Year Ended June 30, 2025

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INTRODUCTORY SECTION

SHELDON, IOWA

FOR THE YEAR ENDED
JUNE 30, 2025

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City of Sheldon, Iowa
Principal City Officials
For the Year Ended June 30, 2025

ELECTED

Name	Title	Term Expires
Greg Geels	Mayor	12/31/25
Pete Hamill	Ward 1 Councilmember	12/31/27
Ken Snyder	Ward 2 Councilmember	12/31/25
Brad Hindt	Ward 3 Councilmember	12/31/27
Shantel Oostra	At-Large Council Person	12/31/27
Tom Eggers	At-Large Council Person	12/31/25
Sam Kooiker	City Manager	
Angela Beckman	City Clerk	
Micah Schreurs	City Attorney	

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FINANCIAL SECTION

CITY OF SHELDON
SHELDON, IOWA

FOR THE YEAR ENDED
JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Sheldon, Iowa

Opinions

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Sheldon, Iowa (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of June 30, 2025, and the respective changes in cash 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City'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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining fund financial statement and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statement and schedule are fairly stated, in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) and the Schedule of City Contributions on pages 30 through 35 but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2026, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



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Minneapolis, Minnesota
February 5, 2026



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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF SHELDON
SHELDON, IOWA

FOR THE YEAR ENDED
JUNE 30, 2025

City of Sheldon, Iowa
Statement of Activities - Cash Basis
As of and for the Year Ended June 30, 2025

Functions/Programs	Disbursements	Program Receipts		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 857,421	\$ 24,054	\$ 543,660	\$ -
Public safety	1,980,782	591,272	16,853	-
Public works	1,739,990	105,949	782,810	-
Culture and recreation	1,195,021	599,473	17,793	2,000
Community and economic development	528,612	-	2,000	-
Capital outlay	2,622,109	-	-	4,093,924
Principal	1,142,857	-	-	-
Interest	380,360	-	-	-
Total Governmental Activities	<u>10,447,152</u>	<u>1,320,748</u>	<u>1,363,116</u>	<u>4,095,924</u>
Business-type Activities				
Water	2,018,711	1,993,275	-	-
Sewer	1,760,757	1,891,089	-	-
Total Business-type Activities	<u>3,779,468</u>	<u>3,884,364</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u><u>\$ 14,226,620</u></u>	<u><u>\$ 5,205,112</u></u>	<u><u>\$ 1,363,116</u></u>	<u><u>\$ 4,095,924</u></u>
Component units				
Sheldon Volunteer Fire Company	\$ 41,658	\$ -	\$ 65,875	\$ -
Sheldon Community Ambulance Team	10,234	-	24,610	-
Total Component Units	<u><u>\$ 51,892</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 90,485</u></u>	<u><u>\$ -</u></u>
General Receipts and Transfers:				
Property taxes				
Other Taxes				
Tax increments				
Local option sales tax				
Hotel/motel tax				
Franchise taxes/fees				
Commercial and industrial replacement				
Reimbursements				
Special assessments				
Interest				
Miscellaneous				
Gain on sale of capital assets				
Interfund transfers				
Total General Receipts and Transfers				
Change in Cash Basis Net Position				
Cash Basis Net Position, July 1				
Cash Basis Net Position, June 30				
Cash Basis Net Position				
Restricted				
Expendable				
Debt service				
Capital projects				
TIF				
Community betterment				
Other purposes				
Unrestricted				
Total Cash Basis Net Position				

The notes to the financial statements are an integral part of this statement.

Net (Disbursements) Receipts and Changes in Cash Basis Net Position			Discretely Presented Component Units			
Primary Government			Sheldon Volunteer Fire Company	Sheldon Community Ambulance Team	Total Component Units	
Governmental Activities	Business-type Activities	Total				
\$ (289,707)	\$ -	\$ (289,707)	\$ -	\$ -	\$ -	
(1,372,657)	-	(1,372,657)	-	-	-	
(851,231)	-	(851,231)	-	-	-	
(575,755)	-	(575,755)	-	-	-	
(526,612)	-	(526,612)	-	-	-	
1,471,815	-	1,471,815	-	-	-	
(1,142,857)	-	(1,142,857)	-	-	-	
(380,360)	-	(380,360)	-	-	-	
<u>(3,667,364)</u>	<u>-</u>	<u>(3,667,364)</u>	<u>-</u>	<u>-</u>	<u>-</u>	
 - (25,436)	 130,332	 104,896	 - (25,436)	 - 130,332	 - 104,896	
 <u>(3,667,364)</u>	 <u>104,896</u>	 <u>(3,562,468)</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>	
 2,351,627	 -	 2,351,627	 -	 -	 -	
4,217,309	-	4,217,309	-	-	-	
1,021,175	-	1,021,175	-	-	-	
290,666	-	290,666	-	-	-	
78,579	-	78,579	-	-	-	
84,699	-	84,699	-	-	-	
97,594	-	97,594	-	-	-	
1,346	-	1,346	-	-	-	
541,695	241,181	782,876	-	-	-	
118,628	87,303	205,931	-	-	-	
84,538	-	84,538	-	-	-	
809,436	(809,436)	-	-	-	-	
<u>9,697,292</u>	<u>(480,952)</u>	<u>9,216,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	
 6,029,928	 (376,056)	 5,653,872	 24,217	 14,376	 38,593	
 8,083,674	 6,477,063	 14,560,737	 41,830	 27,867	 69,697	
 <u>\$ 14,113,602</u>	 <u>\$ 6,101,007</u>	 <u>\$ 20,214,609</u>	 <u>\$ 66,047</u>	 <u>\$ 42,243</u>	 <u>\$ 108,290</u>	
 \$ 363,048	 \$ 758,884	 \$ 1,121,932	 \$ -	 \$ -	 \$ -	
5,984,105	-	5,984,105	-	-	-	
2,482,314	-	2,482,314	-	-	-	
495,382	-	495,382	-	-	-	
995,580	-	995,580	-	-	-	
3,793,173	5,342,123	9,135,296	66,047	42,243	108,290	
<u>\$ 14,113,602</u>	<u>\$ 6,101,007</u>	<u>\$ 20,214,609</u>	<u>\$ 66,047</u>	<u>\$ 42,243</u>	<u>\$ 108,290</u>	

The notes to the financial statements are an integral part of this statement.

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FUND FINANCIAL STATEMENTS

CITY OF SHELDON
SHELDON, IOWA

FOR THE YEAR ENDED
JUNE 30, 2025

City of Sheldon, Iowa
Statement of Cash Receipts, Disbursements and
Changes in Cash Basis Fund Balances
Governmental Funds
As of and for the Year Ended June 30, 2025

	Special Revenue Funds						Other Governmental Funds	Total Governmental Funds		
	General	Local Option Sales Tax		Debt Service	Capital Projects					
		TIF								
Receipts										
Property taxes	\$ 1,278,730	\$ -	\$ -	\$ 176,894	\$ -	\$ 896,003	\$ 2,351,627			
Tax increment financing		4,217,309						4,217,309		
Other city taxes	331,362	-	1,021,175	10,488	-	27,395	1,390,420			
Licenses and permits	17,575	-	-	-	-	-	17,575			
Intergovernmental	614,010	1,815	-	6,887	-	1,021,351	1,644,063			
Charges for services	744,672	-	-	-	-	-	744,672			
Special assessments	1,346	-	-	-	-	-	1,346			
Rental of city property	236,718	-	-	-	-	-	236,718			
Interest earnings	144,120	126,351	33,246	24,469	166,916	46,593	541,695			
Miscellaneous	530,302	-	2,000	-	-	19,356	551,658			
Total Receipts	3,898,835	4,345,475	1,056,421	218,738	166,916	2,010,698	11,697,083			
Disbursements										
Current										
General government	454,939	-	370,427	-	-	29,320	854,686			
Public safety	1,598,169	-	-	-	-	341,577	1,939,746			
Public works	229,517	-	-	-	-	1,490,639	1,720,156			
Culture and recreation	1,030,290	-	-	-	-	150,368	1,180,658			
Community and economic development	137,615	390,997	-	-	-	-	528,612			
Capital outlay										
Capital service	-	1,692,897	199,578	-	729,634	-	2,622,109			
Debt service										
Principal	-	-	-	1,142,857	-	-	1,142,857			
Interest and other	-	-	-	264,404	-	-	264,404			
Bond issuance costs				-	-	115,956	-	115,956		
Total Disbursements	3,450,530	2,083,894	570,005	1,407,261	845,590	2,011,904	10,369,184			
Excess (Deficiency) of Receipts										
Over (Under) Disbursements	448,305	2,261,581	486,416	(1,188,523)	(678,674)	(1,206)	1,327,899			
Other Financing Sources (Uses)										
Sale of capital assets	11,100	-	-	-	73,438	-	84,538			
Bond proceeds	-	-	-	-	3,700,000	-	3,700,000			
Bond premiums	-	-	-	-	186,023	-	186,023			
Transfers in	832,168	-	-	1,227,863	789,270	321,556	3,170,857			
Transfers out	(208,548)	(1,246,863)	(563,076)	-	-	(480,830)	(2,499,317)			
Total other financing sources (uses)	634,720	(1,246,863)	(563,076)	1,227,863	4,748,731	(159,274)	4,642,101			
Net Change in Cash Balances	1,083,025	1,014,718	(76,660)	39,340	4,070,057	(160,480)	5,970,000			
Cash Balances, July 1	2,641,827	1,467,596	572,042	323,708	1,914,048	875,560	7,794,781			
Cash Balances, June 30	\$ 3,724,852	\$ 2,482,314	\$ 495,382	\$ 363,048	\$ 5,984,105	\$ 715,080	\$ 13,764,781			
Cash Basis Fund Balances										
Restricted for:										
Debt service	\$ -	\$ -	\$ 363,048	\$ -	\$ -	\$ -	\$ 363,048			
Capital projects	-	-	-	-	5,984,105	-	5,984,105			
Streets	-	-	-	-	-	-	426,698	426,698		
Tax increment financing	-	2,482,314	-	-	-	-	-	2,482,314		
Employee benefits	-	-	-	-	-	-	447,419	447,419		
Community and economic development	-	-	-	-	-	-	114,076	114,076		
Community betterment	-	-	495,382	-	-	-	-	495,382		
Police	-	-	-	-	-	-	7,387	7,387		
Committed for:										
Library purposes	45,828	-	-	-	-	-	-	45,828		
Airport purposes	174,183	-	-	-	-	-	-	174,183		
Park purposes	197,022	-	-	-	-	-	-	197,022		
Museum purposes	142,840	-	-	-	-	-	-	142,840		
Assigned for:										
Equipment purchases	30,562	-	-	-	-	-	-	30,562		
Public safety purposes	1,376,097	-	-	-	-	-	-	1,376,097		
Recreation trails maintenance	398,236	-	-	-	-	-	-	398,236		
Cemetery purposes	1,248	-	-	-	-	-	-	1,248		
Tourism and recreation	59,107	-	-	-	-	-	-	59,107		
Unassigned	1,299,729	-	-	-	-	(280,500)	1,019,229			
Total Cash Basis Fund Balances	\$ 3,724,852	\$ 2,482,314	\$ 495,382	\$ 363,048	\$ 5,984,105	\$ 715,080	\$ 13,764,781			

The notes to the financial statements are an integral part of this statement.

City of Sheldon, Iowa
Reconciliation of the Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances to the Statement of Activities and
Net Position - Cash Basis
Governmental Funds
As of and for the Year Ended June 30, 2025

Total Governmental Funds Cash Balances \$ 13,764,781

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

The internal service fund is used by the City to charge the cost of funding the City's health insurance benefit plan to the individual funds. A portion of the cash balance of the internal service fund is included in governmental activities in the Statement of Activities and Net Position - Cash Basis. 348,821

Cash Basis Net Position of Governmental Activities \$ 14,113,602

Net Change in Cash Balances 5,970,000

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

The internal service fund is used by the City to charge the cost of funding the City's health insurance benefit plan to the individual funds. A portion of the change in the cash balance of the internal service fund is reported with governmental activities in the Statement of Activities and Net Position - Cash Basis. 59,928

Change in Cash Basis Net Position of Governmental Activities \$ 6,029,928

City of Sheldon, Iowa
Statement of Cash Receipts, Disbursements and
Changes in Cash Basis Fund Balances
Proprietary Funds
As of and for the Year Ended June 30, 2025

	Enterprise			Internal Service
	Water Utility	Sewer Utility	Total	Self Insurance
Operating Receipts				
Charges for services	\$ 1,993,275	\$ 1,891,089	\$ 3,884,364	\$ 42,250
Operating Disbursements				
Operating disbursements	1,588,992	917,506	2,506,498	191,911
Excess (Deficiency) of Operating Receipts Over (Under) Operating Disbursements	404,283	973,583	1,377,866	(149,661)
Non-Operating Receipts (Disbursements)				
Interest income	110,521	130,660	241,181	26,553
Miscellaneous	73,582	13,721	87,303	-
Debt service	-	(487,125)	(487,125)	-
Capital outlay	(407,149)	(333,556)	(740,705)	-
Total Non-Operating Receipts (Disbursements)	(223,046)	(676,300)	(899,346)	26,553
Excess (Deficiency) of Receipts Over (Under) Disbursements	181,237	297,283	478,520	(123,108)
Transfers in	675,000	853,575	1,528,575	217,730
Transfers out	(1,514,270)	(903,575)	(2,417,845)	-
Net Change in Cash Balances	(658,033)	247,283	(410,750)	94,622
Cash Balances, July 1	3,285,359	2,964,310	6,249,669	516,287
Cash Basis Fund Balances, June 30	<u>\$ 2,627,326</u>	<u>\$ 3,211,593</u>	<u>\$ 5,838,919</u>	<u>\$ 610,909</u>
Cash Basis Net Position				
Restricted for:				
Debt service	\$ -	\$ 758,884	\$ 758,884	\$ -
Unrestricted	<u>2,627,326</u>	<u>2,452,709</u>	<u>5,080,035</u>	<u>610,909</u>
Total Cash Basis Net Position	<u>\$ 2,627,326</u>	<u>\$ 3,211,593</u>	<u>\$ 5,838,919</u>	<u>\$ 610,909</u>

The notes to the financial statements are an integral part of this statement.

City of Sheldon, Iowa
Reconciliation of the Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances to the Cash Basis Statement of Activities and
Net Position - Cash Basis
Proprietary Funds
As of and for the Year Ended June 30, 2025

Total Enterprise Funds Cash Balances	\$ 5,838,919
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The internal service fund is used by the City to charge the cost of funding the City's health insurance benefit plan to the individual funds. A portion of the cash balance of the internal service fund is included in governmental activities in the Statement of Activities and Net Position - Cash Basis.

262,088

Cash Basis Net Position of Governmental Activities	<u>\$ 6,101,007</u>
--	---------------------

Net Change in Cash Balances	(410,750)
-----------------------------	-----------

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

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

34,694

Change in Cash Basis Net Position of Business Type Activities	<u>\$ (376,056)</u>
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City of Sheldon, Iowa
Statement of Cash Receipts, Disbursements and
Changes in Fiduciary Cash Basis Fund Balances
Fiduciary Funds
As of and for the Year Ended June 30, 2025

	Custodial Fund
Receipts	
Charges for services	\$ 5,000
Interest	8
Total Receipts	5,008
 Disbursements	
Agency remittances	
Benefits paid	5,000
 Net Change in Cash Balances	8
 Cash Balances, July 1	147
 Cash Balances, June 30	\$ 155
 Cash Basis Net Position	
Restricted for:	
Individuals	\$ 155

The notes to the financial statements are an integral part of this statement.

City of Sheldon, Iowa
Notes to the Financial Statements
June 30, 2025

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Sheldon is a political subdivision of the State of Iowa located in O'Brien and Sioux Counties. It was first incorporated in 1876 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council Manager form of government with the Mayor and Council Members elected on a nonpartisan basis. The City of Sheldon provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. It also provides water and sewer utilities services for its citizens.

The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government 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 primary government. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the City.

Discretely Presented Component Units

The City has determined the Sheldon Volunteer Fire Company and the Sheldon Community Ambulance Team meets the Governmental Accounting Standards Board criteria for a discretely presented component unit due to the nature and significance of its relationship with the City. Almost all of the component unit's resources are ultimately used for the City and its constituents.

B. Government-wide and Fund Financial Statements

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

The Cash Basis Statement of Activities and Net Position 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.

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.

City of Sheldon, Iowa
Notes to the Financial Statements
June 30, 2025

Note 1: Summary of Significant Accounting Policies (Continued)

The City reports the following major governmental funds:

The General fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

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

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

The City reports the following major proprietary funds:

The Water fund is used to account for the operation, maintenance, and capital improvements of the City's water system.

The Sewer fund is used to account for the operation, maintenance, and capital improvements of the City's sewer system.

Additionally, the City reports the following fund types:

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

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

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements.

C. Measurement Focus and Basis of Accounting

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

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

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

City of Sheldon, Iowa
Notes to the Financial Statements
June 30, 2025

Note 1: Summary of Significant Accounting Policies (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 nonoperating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

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

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

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

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

Note 2: Detailed Notes on All Funds

A. Deposits and Investments

Deposits

The City's deposits 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 insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved pursuant to Chapter 12C, Code of Iowa; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City's cash and investments consisted of the following at June 30, 2025.

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>	<u>Total Reporting Entity</u>
Deposits	<u>\$ 20,214,609</u>	<u>\$ 108,290</u>	<u>\$ 20,322,899</u>

City of Sheldon, Iowa
 Notes to the Financial Statements
 June 30, 2025

Note 2: Detailed Notes on All Funds (Continued)

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

B. Interfund Transfers

The following transfers were made for the year ended June 30, 2025:

Fund	Transfer Out								Total	
	Local Option		TIF	Nonmajor		Water	Sewer			
	General	Sales Tax		Governmental						
Transfer In										
General	\$ 208,548	\$ 504,620	\$ 19,000	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ 832,168		
Debt Service	-	-	1,227,863	-	-	-	-	-	1,227,863	
Capital Projects	-	-	-	-	789,270	-	-	789,270		
Nonmajor governmental	-	58,456	-	263,100	-	-	-	321,556		
Water	-	-	-	-	675,000	-	-	675,000		
Sewer	-	-	-	-	-	853,575	-	853,575		
Internal Service funds	-	-	-	217,730	-	-	-	217,730		
Total	\$ 208,548	\$ 563,076	\$ 1,246,863	\$ 480,830	\$ 1,514,270	\$ 903,575	\$ 4,917,162			

For the year ended June 30, 2025, the City made various routine transfers as budgeted.

C. Long-term Debt

General Obligation Bonds and Notes

General Obligation Bonds and Notes. The City issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund both general obligation and revenue bonds. These bonds and notes were issued to finance various construction projects and capital purchases and will be repaid primarily by ad valorem tax levies

General obligation bonds and notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
General Obligation Bonds, Series 2017B	\$ 4,445,000	1.75 - 4.00 %	11/30/17	06/01/37	\$ 3,495,000
General Obligation Bonds, Series 2019	650,000	2.70	10/24/19	06/01/26	92,857
General Obligation Bonds, Series 2021	3,500,000	1.50 - 2.00	09/01/21	06/01/26	2,530,000
General Obligation Bonds, Series 2022	3,500,000	3.00 - 4.00	09/15/22	06/01/33	1,740,000
Total G.O. Bonds					\$ 7,857,857

City of Sheldon, Iowa
 Notes to the Financial Statements
 June 30, 2025

Note 2: Detailed Notes on All Funds (Continued)

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	General Obligation Bonds Governmental Activities			Total
	Principal	Interest	Principal	
2026	\$ 867,857	\$ 233,921	\$ 1,101,778	
2027	800,000	212,113	1,012,113	
2028	820,000	192,250	1,012,250	
2029	835,000	169,800	1,004,800	
2030	860,000	146,250	1,006,250	
2031 - 2035	2,910,000	392,850	3,302,850	
2036 - 2037	<u>765,000</u>	<u>42,600</u>	<u>807,600</u>	
Total	<u>\$ 7,857,857</u>	<u>\$ 1,389,783</u>	<u>\$ 9,247,640</u>	

General obligation notes currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance	
					at Year End	
General Obligation Notes, Series 2024	\$ 3,700,000	4.00 - 5.00 %	11/12/24	06/01/2039	<u>\$ 3,700,000</u>	

The annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending June 30	General Obligation Notes Governmental Activities			Total
	Principal	Interest	Principal	
2026	\$ -	\$ 256,429	\$ 256,429	
2027	210,000	168,150	378,150	
2028	220,000	157,650	377,650	
2029	235,000	146,650	381,650	
2030	245,000	134,900	379,900	
2031 - 2035	1,415,000	478,500	1,893,500	
2036 - 2038	<u>1,375,000</u>	<u>140,200</u>	<u>1,515,200</u>	
Total	<u>\$ 3,700,000</u>	<u>\$ 1,482,479</u>	<u>\$ 5,182,479</u>	

Revenue Bonds

These bonds were issued to finance capital improvements in the Sewer fund. These bonds will be retired from net revenue of this enterprise fund.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance	
					at Year End	
Sewer Revenue Bonds	\$ 7,840,000	3.00 %	06/01/18	06/01/48	<u>\$ 6,890,000</u>	

City of Sheldon, Iowa
 Notes to the Financial Statements
 June 30, 2025

Note 2: Detailed Notes on All Funds (Continued)

The annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending June 30	Revenue Bonds		
	Business-type Activities		
	Principal	Interest	Total
2026	\$ 190,000	\$ 301,725	\$ 491,725
2027	195,000	296,025	491,025
2028	200,000	288,225	488,225
2029	210,000	280,225	490,225
2030	215,000	271,825	486,825
2031 - 2035	1,225,000	1,222,125	2,447,125
2036 - 2040	1,485,000	956,150	2,441,150
2041 - 2045	1,835,000	606,600	2,441,600
2046 - 2048	1,335,000	135,500	1,470,500
Total	\$ 6,890,000	\$ 4,358,400	\$ 11,248,400

The G.O. revenue and revenue bonds were issued to finance capital improvements. The bonds are payable from future revenues pledged from the Sewer funds and are backed by the full faith and credit of the City. Annual revenues from charges for services, restricted sales tax revenues, principal and interest payments, and percentage of revenue required to cover principal and interest payments are as follows:

	Sewer
Revenue	\$ 973,583
Principal and Interest	491,725
Percent of Revenue	50.5%

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable					
General obligation bonds	\$ 9,000,714	\$ -	\$ (1,142,857)	\$ 7,857,857	\$ 867,857
Notes Payable					
General obligation loan	-	3,700,000	-	3,700,000	-
Governmental Activities					
Long-term Liabilities	\$ 9,000,714	\$ 3,700,000	\$ (1,142,857)	\$ 11,557,857	\$ 867,857
Business-type Activities					
Bonds Payable					
Revenue bonds	\$ 7,070,000	\$ -	\$ (180,000)	\$ 6,890,000	\$ 190,000

City of Sheldon, Iowa
Notes to the Financial Statements
June 30, 2025

Note 3: Defined Benefit Pension Plan – Iowa Public Employees Retirement System (IPERS)

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

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

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

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

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

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

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

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

City of Sheldon, Iowa
Notes to the Financial Statements
June 30, 2025

**Note 3: Defined Benefit Pension Plan – Iowa Public Employees Retirement System (IPERS)
(Continued)**

In fiscal year 2025, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.21% of covered payroll and the City contributed 9.31% of covered payroll, for a total rate of 15.52%.

The City's contributions to IPERS for the year ended June 30, 2025 totaled \$230,867.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2025, the City reported a liability of \$640,973 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 City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2024, the City's proportion was 0.1813340%, which was an increase of 0% over its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$107,996, \$677,361 and \$556,001, 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 increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2024 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

City of Sheldon, Iowa
 Notes to the Financial Statements
 June 30, 2025

Note 3: Defined Benefit Pension Plan – Iowa Public Employees Retirement System (IPERS) (Continued)

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%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
Total	100.0%	

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

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

IPERS	City Proportionate Share of NPL (Asset)		
	1 Percent		1 Percent
	Decrease (6%)	Current (7%)	Increase (8%)
Regular Group	\$ 1,572,935	\$ 640,973	\$ (189,551)
Protection Occupation Membership Group	255,839	(209,019)	(598,715)

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

City of Sheldon, Iowa
Notes to the Financial Statements
June 30, 2025

Note 4: Postemployment Benefits Other Than Pensions

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2025, the City contributed \$573,440 and plan members eligible for benefits contributed \$42,250 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 Sample Cash City and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2025, the city had 2 inactive employees or beneficiaries receiving benefits and 29 active employees.

Note 5: Other Information

A. Risk Management

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

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

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

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's contributions to the Pool for the year ended June 30, 2024 were \$242,540.

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

City of Sheldon, Iowa
Notes to the Financial Statements
June 30, 2025

Note 5: Other Information (Continued)

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

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

The City has established a partial self-insurance health insurance fund (an internal service fund) to account for group insurance risks. The City has agreed to pay a portion of the employees' deductible and health savings account. The City has workmen's compensation coverage through the Iowa Municipalities Workers' Compensation Association. In addition, the City purchases employee blanket bond coverage from other insurers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Commitments and Contingencies

The City is a defendant in several lawsuits. The City Attorney estimates that the potential claims not covered by insurance resulting from these claims would not materially affect the financial position of the City.

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. City management believes disallowances, if any, will be immaterial.

Sales and payroll taxes collected from customers and employees respectively, are subject to audit by federal and state governments. Any adjustments in these amounts may constitute a liability of the City. The amount of changes, if any, made by federal or state governments cannot be determined at this time.

C. Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2025, the City abated \$350,081 of property tax under the urban renewal and economic development projects.

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OTHER INFORMATION

CITY OF SHELDON
SHELDON, IOWA

FOR THE YEAR ENDED
JUNE 30, 2025

City of Sheldon, Iowa
Budgetary Comparison Schedule of Receipts,
Disbursements and Changes in Balances
Budget and Actual (Cash Basis)
All Governmental Funds and Proprietary Funds
As of and for the Year Ended June 30, 2025

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Budgeted Amount		Variance with Final Budget
				Original	Final	
Receipts						
Property taxes	\$ 2,351,627	\$ -	\$ 2,351,627	\$ 2,186,694	\$ 2,186,694	\$ 164,933
Tax increment financing	4,217,309	-	4,217,309	4,252,678	4,252,678	(35,369)
Other city taxes	1,390,420	-	1,390,420	1,317,740	1,317,740	72,680
Licenses and permits	17,575	-	17,575	18,375	18,375	(800)
Intergovernmental	1,644,063	-	1,644,063	837,359	891,359	752,704
Charges for services	744,672	3,884,364	4,629,036	4,538,270	4,538,270	90,766
Special assessments	1,346	-	1,346	300	300	1,046
Rental of city property	236,718	-	236,718	213,610	213,610	23,108
Interest earnings	541,695	241,181	782,876	208,035	209,035	573,841
Miscellaneous	551,658	87,303	638,961	525,049	572,421	66,540
Total Receipts	11,697,083	4,212,848	15,909,931	14,098,110	14,200,482	1,709,449
Disbursements						
Current						
General government	854,686	-	854,686	803,555	859,740	5,054
Public safety	1,939,746	-	1,939,746	2,672,039	2,707,449	767,703
Public works	1,720,156	-	1,720,156	1,410,959	1,910,959	190,803
Culture and recreation	1,180,658	-	1,180,658	1,369,788	1,424,763	244,105
Community and economic development	528,612	-	528,612	728,424	731,424	202,812
Capital outlay	2,622,109	740,705	3,362,814	3,991,329	3,991,329	628,515
Debt service						
Principal	1,407,261	-	1,407,261	1,408,139	1,408,139	878
Business Type/Enterprise	-	2,993,623	2,993,623	4,656,924	4,806,186	1,812,563
Total Disbursements	10,253,228	3,734,328	13,987,556	17,041,157	17,839,989	3,852,433
Excess (Deficiency) of Receipts Over (Under) Disbursements	1,443,855	478,520	1,922,375	(2,943,047)	(3,639,507)	5,561,882
Other Financing Sources (Uses)						
Sale of capital assets	84,538	-	84,538	20,000	20,000	64,538
Transfers in	3,170,857	1,746,305	4,917,162	4,847,215	4,917,615	(453)
Bonds issued	3,700,000	-	3,700,000	-	3,770,067	(70,067)
Premium on bonds issued	186,023	-	186,023	-	-	186,023
Cost of debt issuance	-	-	-	-	-	-
Transfers out	(2,499,317)	(2,417,845)	(4,917,162)	(4,847,215)	(4,917,615)	453
Total Other Financing Sources (Uses)	4,642,101	(671,540)	3,970,561	20,000	3,790,067	180,494
Net Change in Cash Balances	6,085,956	(193,020)	5,892,936	(2,923,047)	150,560	5,742,376
Cash Balances, July 1	7,794,781	6,249,669	14,044,450	14,044,450	14,044,450	-
Cash Balances, June 30	\$ 13,764,781	\$ 5,838,919	\$ 19,603,700	\$ 11,121,403	\$ 14,195,010	\$ 5,408,690

The notes to the financial statements are an integral part of this statement.

City of Sheldon, Iowa
Other Information (Continued)
For the Year Ended June 30, 2025

Notes to Other Information – Budgetary Reporting

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund. In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the Internal Service Fund. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

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

During the year ended June 30, 2025, disbursements exceeded amounts budgeted in the community and economic development, debt service, and public works.

City of Sheldon, Iowa
Other Information (Continued)
For the Year Ended June 30, 2025

Schedule of Employer's Share of Net Pension Liability – Iowa Public Employees Retirement System

Fiscal Year Ending	City's Proportion of the Net Pension Liability (Asset)	State's Proportionate Share of the Net Pension Liability (Asset)			City's Total (a+b)	City's Covered Payroll (c)	City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll (a/c)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
		City's Share of the Net Pension Liability (Asset)	Associated with the Primary Government	Total (a+b)				
6/30/2025	0.1813 %	\$ 640,973	\$ -	\$ 640,973	\$ 2,411,704	26.6 %	90.13 %	
6/30/2024	0.1813	431,954	-	431,954	2,411,704	17.9	90.13	
6/30/2023	0.0129	487,000	-	487,000	2,132,000	22.84	91.40	
6/30/2022	0.0134	(462,000)	-	(462,000)	2,010,000	(22.99)	100.81	
6/30/2021	0.0181	(1,273,000)	-	(1,273,000)	1,910,000	(66.65)	82.90	
6/30/2020	0.0172	998,000	-	998,000	1,897,000	52.61	85.45	
6/30/2019	0.0177	1,118,000	-	1,118,000	1,837,000	60.86	83.62	
6/30/2018	0.0163	1,083,000	-	1,083,000	1,671,000	64.81	82.21	
6/30/2017	0.0166	1,046,000	-	1,046,000	1,590,000	65.79	81.82	
6/30/2016	0.0153	755,000	-	755,000	1,550,000	48.71	85.19	
6/30/2015	0.0137	545,000	-	545,000	1,464,000	37.23	87.61	

Schedule of Employer's Contributions - Iowa Public Employees Retirement System

Year Ending	Contributions in Relation to the					City's Covered Payroll (c)	Contributions as a Percentage of Covered Payroll (b/c)
	Statutorily Required Contribution (a)		Statutorily Required Contribution (b)		Contribution Deficiency (Excess) (a-b)		
6/30/2025	\$ 226,640	\$ 226,640	\$ -	\$ 2,411,704	9.40 %		
6/30/2024	226,640	226,640	-	2,411,704	9.40		
6/30/2023	217,000	217,000	-	2,411,704	9.00		
6/30/2022	202,000	202,000	-	2,132,000	9.47		
6/30/2021	191,000	191,000	-	2,010,000	9.50		
6/30/2020	183,000	183,000	-	1,910,000	9.58		
6/30/2019	184,000	184,000	-	1,897,000	9.70		
6/30/2018	169,000	169,000	-	1,837,000	9.20		
6/30/2017	154,000	154,000	-	1,671,000	9.22		
6/30/2016	146,000	146,000	-	1,590,000	9.18		
6/30/2015	144,000	144,000	-	1,550,000	9.29		

City of Sheldon, Iowa
Other Information (Continued)
For the Year Ended June 30, 2025

Notes to Other Information - Iowa Public Employees Retirement System

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%.

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

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COMBINING FUND
FINANCIAL STATEMENTS AND SCHEDULES

CITY OF SHELDON
SHELDON, IOWA

FOR THE YEAR ENDED
JUNE 30, 2025

City of Sheldon, Iowa
Statement of Cash Receipts, Disbursements and
Changes in Cash Basis Fund Balances
Nonmajor Governmental Funds
As of and for the Year Ended June 30, 2025

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Road Use Tax	LHAP Reuse	Employee Benefits	FEMA	Seizure	
Receipts						
Property taxes	\$ -	\$ -	\$ 896,003	\$ -	\$ -	\$ 896,003
Other city taxes	-	-	27,395	-	-	27,395
Intergovernmental	782,810	-	30,640	207,901	-	1,021,351
Interest earnings	21,904	6,048	18,315	-	326	46,593
Miscellaneous	12,953	-	6,403	-	-	19,356
Total Receipts	817,667	6,048	978,756	207,901	326	2,010,698
Disbursements						
Current						
General government	-	-	29,320	-	-	29,320
Public safety	-	-	341,577	-	-	341,577
Public works	816,447	-	185,791	488,401	-	1,490,639
Culture and recreation	-	-	150,368	-	-	150,368
Total Disbursements	816,447	-	707,056	488,401	-	2,011,904
Excess (Deficiency) of Receipts Over (Under) Disbursements	1,220	6,048	271,700	(280,500)	326	(1,206)
Other Financing Sources (Uses)						
Transfers in	263,100	-	58,456	-	-	321,556
Transfers out	(263,100)	-	(217,730)	-	-	(480,830)
Total other financing sources (uses)	-	-	(159,274)	-	-	(159,274)
Net Change in Cash Balances	1,220	6,048	112,426	(280,500)	326	(160,480)
Cash Balances, July 1	425,478	108,028	334,993	-	7,061	875,560
Cash Balances, June 30	\$ 426,698	\$ 114,076	\$ 447,419	\$ (280,500)	\$ 7,387	\$ 715,080
Cash Basis Fund Balances						
Restricted for:						
Streets	\$ 426,698	\$ -	\$ -	\$ -	\$ -	\$ 426,698
Employee benefits	-	-	447,419	-	-	447,419
Community and economic development	-	114,076	-	-	-	114,076
Police	-	-	-	-	7,387	7,387
Unassigned	-	-	-	(280,500)	-	(280,500)
Total Cash Basis Fund Balances	\$ 426,698	\$ 114,076	\$ 447,419	\$ (280,500)	\$ 7,387	\$ 715,080

City of Sheldon, Iowa
Statement of Cash Receipts, Disbursements and
Changes in Cash Basis Fund Balances
Discretely Presented Component Units
As of and for the Year Ended June 30, 2025

	Sheldon Volunteer Fire Company	Sheldon Community Ambulance Team
Receipts		
Intergovernmental	\$ 31,358	\$ -
Miscellaneous	<u>34,517</u>	<u>24,610</u>
Total Receipts	<u>65,875</u>	<u>24,610</u>
 Disbursements		
Current		
Public safety	<u>41,658</u>	<u>10,234</u>
 Net Change in Cash Balances	24,217	14,376
 Cash Balances, July 1	<u>41,830</u>	<u>27,867</u>
 Cash Balances, June 30	<u>\$ 66,047</u>	<u>\$ 42,243</u>
 Cash Basis Net Position		
Unrestricted	<u>\$ 66,047</u>	<u>\$ 42,243</u>

City of Sheldon, Iowa
Schedule of Receipts By Source and Disbursements By Function -
Governmental Funds
For the Last Ten Years

	2025	2024	2023	2022
Receipts				
Property tax	\$ 2,351,627	\$ 2,263,032	\$ 2,154,636	\$ 1,808,600
Tax increment financing	4,217,309	3,546,177	3,494,086	3,502,357
Other city taxes	1,390,420	1,272,852	1,263,513	1,193,587
Licenses and permits	17,575	24,003	14,220	20,722
Use of money and property	778,413	396,064	390,698	334,347
Intergovernmental	1,644,063	1,056,571	1,566,377	1,605,884
Charges for services	744,672	643,232	617,055	578,379
Special assessments	1,346	12,717	20,441	24,502
Miscellaneous	551,658	533,757	703,647	1,170,216
Total	<u>\$ 11,697,083</u>	<u>\$ 9,748,405</u>	<u>\$ 10,224,673</u>	<u>\$ 10,238,594</u>
Disbursements				
Current				
General government	\$ 854,686	\$ 451,475	\$ 630,752	\$ 505,264
Public safety	1,939,746	1,849,326	2,945,663	1,868,927
Public works	1,720,156	1,247,922	1,116,936	352,952
Health and social services	-	-	-	-
Culture and recreation	1,180,658	1,168,780	1,542,043	2,055,910
Community and economic development	528,612	2,348,105	1,127,008	1,261,022
Capital outlay	2,622,109	1,253,363	2,560,079	2,279,867
Debt service	1,407,261	1,408,226	2,746,155	4,627,529
Total	<u>\$ 10,253,228</u>	<u>\$ 9,727,197</u>	<u>\$ 12,668,636</u>	<u>\$ 12,951,471</u>

2021	2020	2019	2018	2017	2016
\$ 1,791,923	\$ 1,725,367	\$ 1,659,908	\$ 1,639,247	\$ 1,617,926	\$ 1,489,134
3,003,402	2,891,045	2,422,334	2,609,759	2,386,756	2,108,134
961,134	1,009,618	941,628	860,077	961,387	825,701
12,027	16,570	11,693	16,030	15,433	12,180
367,375	369,803	248,818	191,690	124,868	93,029
1,727,176	945,304	1,709,701	1,495,196	1,776,747	1,208,509
611,794	539,793	480,318	454,541	385,561	399,857
24,036	15,413	15,676	19,649	17,159	26,470
945,719	610,635	1,122,275	526,602	917,831	815,266
<u>\$ 9,444,586</u>	<u>\$ 8,123,548</u>	<u>\$ 8,612,351</u>	<u>\$ 7,812,791</u>	<u>\$ 8,203,668</u>	<u>\$ 6,978,280</u>
\$ 470,004	\$ 447,768	\$ 441,572	\$ 413,273	\$ 883,875	\$ 449,864
1,480,989	2,250,730	1,345,587	1,242,463	1,519,675	1,211,302
1,107,784	1,080,992	1,503,828	1,202,854	964,039	945,830
-	20,000	20,000	-	-	10,000
987,191	978,788	1,005,647	835,891	556,802	487,846
907,779	443,083	396,333	529,413	430,132	456,391
1,447,056	1,266,843	1,075,153	2,227,833	5,013,994	1,071,872
3,908,639	1,356,175	4,093,105	1,454,401	3,010,128	1,171,193
<u>\$ 10,309,442</u>	<u>\$ 7,844,379</u>	<u>\$ 9,881,225</u>	<u>\$ 7,906,128</u>	<u>\$ 12,378,645</u>	<u>\$ 5,804,298</u>

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OTHER REQUIRED REPORTS

CITY OF SHELDON
SHELDON, IOWA

FOR THE YEAR ENDED
JUNE 30, 2025

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council
City of Sheldon, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Sheldon, Iowa (the City), as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 5, 2026.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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



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Minneapolis, Minnesota

February 5, 2026



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City of Sheldon, Iowa
Schedule of Findings and Responses
For the Year Ended June 30, 2025

<u>Finding</u>	<u>Description</u>
Other Matters Related to Required Statutory Reporting	
IV-A-21	Official Depositories - A resolution naming official depositories has been adopted by the City Council.
IV-B-21	Certified Budget – Disbursements during the year ended June 30, 2025, did not exceed the amounts budgeted.
IV-C-21	Questionable Disbursements - No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
IV-D-21	Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.
IV-E-21	Business Transactions – No material business transactions appear to represent conflict of interests. Business Transactions between the City and City officials or employees were in accordance with Chapter 362.5 of the Code of Iowa.
IV-G-21	Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
IV-H-21	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.
IV-I-21	Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
IV-J-21	Revenue Bonds – No instances of noncompliance with water or sewer revenue note provisions were noted.
IV-K-21	Annual Urban Renewal Report – The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.