



City Council Workshop

6:15pm

Monday, February 23, 2026

Van Meter United Methodist Church
100 Hazel St, Van Meter, IA 50261

City Council Regular

Business Meetings

Van Meter United Methodist Church
100 Hazel St, Van Meter, IA 50261

Joe Herman, Mayor

Council Members

Travis Brott, Mayor Pro Tem

Joel Akers

Jason Barney

Joe Lake

Jarin Young

City Staff

Liz Faust, City Administrator

Travis Cooke, City Clerk

Drew McCombs, Public Works Director

Sam Chia, Parks & Rec Director

Jonatha Basye, Library Director

Michael Brown, Police Chief

Mark Schmitt, Fire Chief

John Fatino, Whitfield & Eddy, PLC

Randy Johnson, Veenstra & Kimm, Inc.

The City of Van Meter is pleased to provide accommodations to disabled individuals or groups and encourages their participation in city government. Should special accommodations be required, please contact the City Clerk's office at least 48 hours in advance, at 515-996-2644 or info@vanmeteria.gov to have accommodations provided.

MEETING AGENDA:

- 1. Call to Order**
- 2. Approval of Agenda**
- 3. Discussion: Denman FY25 Audit Presentation**
- 4. Discussion: FY27 Budget**
- 5. Discussion and Possible Action: Resolution #2026-15 Setting a Date for Public Hearing for FY27 Property Tax Levy Hearing**
- 6. Discussion: Disposal of 415 Grant**
- 7. Discussion: New Employees Search**
- 8. Adjournment**

Posted: Friday, February 20, 2026

Agenda Item #1

Call to Order

Mayor: *The time is 6:15pm on Monday, February 23, 2026.*

I hereby call this meeting of the Van Meter City Council to order.

Agenda Item #2

Approval of the Agenda

Submitted for: **ACTION**

Recommendation: **APPROVAL**

Sample Language:

Mayor: Do I hear a motion to approve the agenda?

City Councilmember: _____ **So moved.**

City Councilmember: _____ **Second.**

Mayor: Roll Call Please.

City Clerk: Akers _____ Brott _____ Barney _____ Lake _____ Pelz _____

Mayor: The agenda is adopted.

Agenda Item #3

FY25 Audit Presentation

Submitted for: **Discussion**

The following documents are included:

- Final 2025 Van Meter Audit Report
- Final 2025 Governance Letter

Denman will be attending the meeting for the FY25 Audit Presentation.

Agenda Item #4

Discussion: FY27 Budget

Submitted for: **Discussion**

City Staff will be reviewing more budget information that is available.

Honorable Mayor and
Members of City Council
City of Van Meter, Iowa

We have audited 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 Van Meter, Iowa for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you in our letter dated August 22, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the City's financial statements related to disclosures of compensated absences and net pension liabilities.

We evaluate the methods, assumptions, and data used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was the disclosure of long-term liabilities in Note 3 to the financial statements which describes the City's debt obligations.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing the audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 14, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We were engaged to report on the supplementary information which accompany the financial statements but are not required supplementary information. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with with the cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the other information which includes the budgetary comparison information, the City proportionate share of the net pension liability and the schedule the City contributions, which accompany the financial statements but is not required supplementary information. Such information has not be subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

This information is intended solely for the use of the Members of City Council and management of City of Van Meter, Iowa and is not intended to be, and should not be, used by anyone other than these specified parties.


Denman CPA LLP

West Des Moines, Iowa
January 14, 2026

City of Van Meter, Iowa

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

June 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
OFFICIALS	3
INDEPENDENT AUDITOR'S REPORT	4-6
BASIC FINANCIAL STATEMENTS	7
Government-wide financial statement	
Statement of activities and net position – cash basis	8
Governmental fund financial statement	
Statement of cash receipts, disbursements and changes in cash balances	9
Proprietary fund financial statement	
Statement of cash receipts, disbursements and changes in cash balances	10
Notes to financial statements	11-21
OTHER INFORMATION	22
Budgetary comparison schedule of receipts, disbursements, and changes in balances – budget and actual (cash basis) – all governmental funds and proprietary funds	23
Note to other information – budgetary reporting	24
Schedule of the City's proportionate share of the net pension liability	25
Schedule of City contributions	26
Notes to other information – pension liability	27
SUPPLEMENTARY INFORMATION	28
Schedule of cash receipts, disbursements and changes in cash balances – nonmajor governmental funds	29
Schedule of receipts by source and disbursements by function – all governmental funds	30-31
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	32-33
SCHEDULE OF FINDINGS	34-41

**City of Van Meter, Iowa
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
Joe Herman	Mayor	January 2028
Travis Brott	Mayor Pro Tem	January 2028
Joel Akers	Council Member	January 2028
Blake Grolmus	Council Member	January 2026
Quin Pelz	Council Member	January 2026
Penny Westfall	Council Member	January 2026
Liz Faust	City Administrator	Indefinite
Travis Cooke	City Clerk	Indefinite
John Fatino	Attorney	Indefinite

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of the City Council
City of Van Meter, Iowa
Van Meter, Iowa

Report on the Audit of the Financial Statements

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 Van Meter, 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 basis financial position 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 Van Meter, Iowa, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Van Meter, Iowa, 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 the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Van Meter, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the year ended June 30, 2024 (which is not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting. The financial statements for the eight years ended June 30, 2023 (which are not presented herein) were audited by other auditors whose report dated June 4, 2024 stated that they expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in this report. The other information comprises the budgetary comparison information, the schedule of the City's proportionate share of the net pension liability and the schedule of City contributions 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 January 14, 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.

Denman CPA LLP
Denman CPA LLP

West Des Moines, Iowa
January 14, 2026

BASIC FINANCIAL STATEMENTS

City of Van Meter, Iowa
STATEMENT OF ACTIVITIES AND NET POSITION - CASH BASIS
As of and for the year ended June 30, 2025

	Program Revenues				Net (disbursements) receipts and changes in cash basis net position			
	Disbursements	Charges For Services	Operating Grants, Contributions and restricted interest	Capital Grants, Contributions and restricted interest	Primary Government			Component units
					Governmental Activities	Business Type Activities	Total	
FUNCTIONS/PROGRAMS								
Governmental activities								
Public safety	\$ 753,211	\$ 78,962	\$ 64,599	\$ -	\$ (609,650)	\$ -	\$ (609,650)	
Public works	591,553	225,528	210,757	-	(155,268)	-	(155,268)	
Culture and recreation	394,321	26,399	73,402	-	(294,520)	-	(294,520)	
Community and economic development	266,788	38,571	-	-	(228,217)	-	(228,217)	
General government	363,655	231,062	-	-	(132,593)	-	(132,593)	
Debt service	248,001	-	-	-	(248,001)	-	(248,001)	
Capital projects	1,775,415	-	16,131	-	(1,759,284)	-	(1,759,284)	
Total governmental activities	<u>4,392,944</u>	<u>600,522</u>	<u>364,889</u>	<u>-</u>	<u>(3,427,533)</u>	<u>-</u>	<u>(3,427,533)</u>	
Business type activities								
Sewer	348,720	361,313	-	-	-	12,593	12,593	
Water	699,378	512,245	-	-	-	(187,133)	(187,133)	
Total business type activities	<u>1,048,098</u>	<u>873,558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(174,540)</u>	<u>(174,540)</u>	
Total	<u>\$ 5,441,042</u>	<u>\$ 1,474,080</u>	<u>\$ 364,889</u>	<u>\$ -</u>	<u>(3,427,533)</u>	<u>(174,540)</u>	<u>(3,602,073)</u>	
Component Units								
Van Meter Public Library Foundation	\$ 68,810	\$ -	\$ -	\$ -				\$ (68,810)
Van Meter Firefighters Association	37,127	9,757	-	-				(27,370)
Total component units	<u>\$ 105,937</u>	<u>\$ 9,757</u>	<u>\$ -</u>	<u>\$ -</u>				<u>(96,180)</u>
GENERAL RECEIPTS AND TRANSFERS								
Property and other City tax levied for								
General purposes					899,225	-	899,225	-
Debt service					28,509	-	28,509	-
Tax increment financing					387,745	-	387,745	-
Other tax					393,924	-	393,924	-
Property tax replacement					1,862	-	1,862	-
Unrestricted investment earnings					32,472	112	32,584	-
Bond proceeds					-	26,761	26,761	-
Sale of capital assets					57,105	-	57,105	-
Miscellaneous					22,912	-	22,912	-
Transfers					220,935	(220,935)	-	-
Total general receipts and transfers					<u>2,044,689</u>	<u>(194,062)</u>	<u>1,850,627</u>	<u>-</u>
Change in cash basis net assets					(1,382,844)	(368,602)	(1,751,446)	(96,180)
CASH BASIS NET POSITION, beginning of year					<u>2,940,275</u>	<u>2,311,916</u>	<u>5,252,191</u>	<u>129,463</u>
CASH BASIS NET POSITION, end of year					<u>\$ 1,557,431</u>	<u>\$ 1,943,314</u>	<u>\$ 3,500,745</u>	<u>\$ 33,283</u>
CASH BASIS NET POSITION								
Restricted								
Urban renewal purposes					\$ 862,000	\$ -	\$ 862,000	\$ -
Capital projects					-	-	-	-
Other purposes					808,398	-	808,398	33,283
Unrestricted					(112,967)	1,943,314	1,830,347	-
Total cash basis net assets					<u>\$ 1,557,431</u>	<u>\$ 1,943,314</u>	<u>\$ 3,500,745</u>	<u>\$ 33,283</u>

See Notes to Financial Statements.

City of Van Meter, Iowa
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
As of and for the year ended June 30, 2025

	Special revenue								Nonmajor Governmental Funds	Total
	General	Debt Service	Capital Projects	Local Option Sales Tax	Road Use Tax	Employee Benefit Levy	Urban Renewal Tax Increment			
RECEIPTS										
Property tax	\$ 602,826	\$ 28,509	\$ -	\$ -	\$ -	\$ 296,399	\$ -	\$ -	\$ -	\$ 927,734
Tax increment financing	-	-	-	-	-	-	387,745	-	-	387,745
Other city tax	-	-	-	393,924	-	-	-	-	-	393,924
Licenses and permits	270,252	-	-	-	-	-	-	-	-	270,252
Use of money and property	27,566	-	-	-	-	-	3,762	-	4	31,332
Intergovernmental	167,272	-	-	-	210,757	-	-	-	-	378,029
Charges for services	324,684	-	-	-	-	-	-	-	-	324,684
Miscellaneous	89,987	-	16,131	-	-	-	-	-	8	106,126
Total receipts	<u>1,482,587</u>	<u>28,509</u>	<u>16,131</u>	<u>393,924</u>	<u>210,757</u>	<u>296,399</u>	<u>391,507</u>	<u>12</u>		<u>2,819,826</u>
DISBURSEMENTS										
Operating										
Public safety	620,618	-	-	-	-	-	-	-	-	620,618
Public works	551,764	-	-	-	-	-	-	-	-	551,764
Culture and recreation	463,329	-	-	-	-	-	-	-	-	463,329
Community and economic development	255,513	-	-	-	-	-	11,279	-	-	266,792
General government	363,094	-	-	-	-	-	-	-	-	363,094
Debt service	-	248,001	-	-	-	-	-	-	-	248,001
Capital projects	182,636	-	1,783,976	-	-	-	-	-	-	1,966,612
Total disbursements	<u>2,436,954</u>	<u>248,001</u>	<u>1,783,976</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,279</u>	<u>-</u>	<u>-</u>	<u>4,480,210</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(954,367)</u>	<u>(219,492)</u>	<u>(1,767,845)</u>	<u>393,924</u>	<u>210,757</u>	<u>296,399</u>	<u>380,228</u>	<u>12</u>		<u>(1,660,384)</u>
OTHER FINANCING SOURCES (USES)										
Sale of assets	56,605	-	-	-	-	-	-	-	-	56,605
Transfers in	1,344,280	229,300	981,085	-	-	3,010	-	81,574	-	2,639,249
Transfers out	(353,215)	-	(167,192)	(837,462)	(502,467)	(230,273)	(193,790)	(133,915)	-	(2,418,314)
Total other financing sources (uses)	<u>1,047,670</u>	<u>229,300</u>	<u>813,893</u>	<u>(837,462)</u>	<u>(502,467)</u>	<u>(227,263)</u>	<u>(193,790)</u>	<u>(52,341)</u>		<u>277,540</u>
Net change in cash balances	93,303	9,808	(953,952)	(443,538)	(291,710)	69,136	186,438	(52,329)		(1,382,844)
CASH BALANCES, beginning of year	<u>366,893</u>	<u>-</u>	<u>380,789</u>	<u>1,037,230</u>	<u>435,536</u>	<u>(69,136)</u>	<u>675,562</u>	<u>113,401</u>		<u>2,940,275</u>
CASH BALANCES, end of year	<u>\$ 460,196</u>	<u>\$ 9,808</u>	<u>\$ (573,163)</u>	<u>\$ 593,692</u>	<u>\$ 143,826</u>	<u>\$ -</u>	<u>\$ 862,000</u>	<u>\$ 61,072</u>		<u>\$ 1,557,431</u>
CASH BASIS FUND BALANCES										
Restricted for										
Urban renewal purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 862,000	\$ -	\$ -	\$ 862,000
Debt service	-	9,808	-	-	-	-	-	-	-	9,808
Capital projects	-	-	-	-	-	-	-	-	-	-
Other purposes	-	-	-	593,692	143,826	-	-	61,072	-	798,590
Unassigned	460,196	-	(573,163)	-	-	-	-	-	-	(112,967)
Total cash basis fund balances	<u>\$ 460,196</u>	<u>\$ 9,808</u>	<u>\$ (573,163)</u>	<u>\$ 593,692</u>	<u>\$ 143,826</u>	<u>\$ -</u>	<u>\$ 862,000</u>	<u>\$ 61,072</u>		<u>\$ 1,557,431</u>

See Notes to Financial Statements.

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

	Enterprise Funds		Total
	Sewer	Water	
OPERATING RECEIPTS			
Charges for services	\$ 357,133	\$ 442,032	\$ 799,165
Miscellaneous	4,179	14,918	19,097
Total operating receipts	<u>361,312</u>	<u>456,950</u>	<u>818,262</u>
OPERATING DISBURSEMENTS			
Business type activities	293,250	374,561	667,811
Total operating disbursements	<u>293,250</u>	<u>374,561</u>	<u>667,811</u>
Excess of operating receipts over operating disbursements	<u>68,062</u>	<u>82,389</u>	<u>150,451</u>
NONOPERATING RECEIPTS (DISBURSEMENTS)			
Rental income	-	55,296	55,296
Bond proceeds	-	26,761	26,761
Interest	112	-	112
Capital projects	(55,470)	(324,817)	(380,287)
Net nonoperating receipts (disbursements)	<u>(55,358)</u>	<u>(242,760)</u>	<u>(298,118)</u>
Excess (deficiency) of receipts over (under) disbursements	12,704	(160,371)	(147,667)
TRANSFERS IN	-	15,851	15,851
TRANSFERS OUT	(136,572)	(100,214)	(236,786)
Net change in cash balances	(123,868)	(244,734)	(368,602)
CASH BALANCES, beginning of year	<u>542,323</u>	<u>1,769,593</u>	<u>2,311,916</u>
CASH BALANCES, end of year	<u>\$ 418,455</u>	<u>\$ 1,524,859</u>	<u>\$ 1,943,314</u>
CASH BASIS FUND BALANCES			
Unrestricted	<u>\$ 418,455</u>	<u>\$ 1,524,859</u>	<u>\$ 1,943,314</u>

See Notes to Financial Statements.

City of Van Meter, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Van Meter, Iowa (the City) is a political subdivision of the State of Iowa located in Dallas County. It was incorporated in 1877 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a nonpartisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides sewer and water utilities for its citizens.

Reporting Entity

For financial reporting purposes, the City has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City.

These financial statements present the City of Van Meter, Iowa (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Component Units

The Van Meter Firefighters Association and the Van Meter Public Library Foundation have been incorporated under the provisions of the Iowa Nonprofit Corporation Act for the primary purpose to encourage gifts and raise funds to be used solely for the development, maintenance and enhancement of the Van Meter fire department and library, respectively. In accordance with criteria set by the Governmental Accounting Standards Board, the component units are discretely presented and reported in a separate column in the government-wide financial statement to emphasize that they are legally separate from the City.

During the year ended June 30, 2025, the Van Meter Public Library Foundation was dissolved and their remaining funds, which approximated \$69,000, were transferred to the City.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Des Moines Metropolitan Planning Organization, Dallas County Assessor's Conference Board, Dallas County Emergency Management Commission and Dallas County Joint 911 Service Board.

City of Van Meter, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

Government-wide Financial Statement

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

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

Nonspendable restricted net position is subject to externally imposed stipulations which require the fund balance to be maintained permanently by the City.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

General Fund

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

Special Revenue

The Local Option Sales Tax Fund is used to account for local option sales tax collections.

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

City of Van Meter, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

Fund Financial Statements (continued)

Special Revenue (continued)

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

The Employee Benefit Levy Fund is used to account for property tax levied to finance the payment of employee benefits.

Debt Service Fund

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

Capital Projects Fund

The Capital Projects Fund is utilized to account for all resources used in the acquisition and construction of capital facilities with the exception of those that are financed through enterprise funds.

The City reports the following major proprietary funds:

Sewer Fund

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

Water Fund

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

Measurement Focus and Basis of Accounting

The City of Van Meter 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 Van Meter, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting (continued)

Proprietary funds distinguish operating receipts and disbursements from nonoperating 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.

Property Taxes

Property tax receipts recognized in these financial statements become due and collectible in September and March of the current fiscal year with a 1.5% per month penalty for delinquent payments; is based on January 1, 2023 assessed property valuations; is for the tax accrual period July 1, 2024 through June 30, 2025 and reflects tax asking contained in the budget certified to the City Council in April 2024.

Governmental Cash Basis Fund Balances

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

Nonspendable

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

Restricted

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

Unassigned

All amounts not included in the preceding classifications.

Budgets and Budgetary Accounting

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

NOTE 2 CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 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.

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

The City had investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$269,334. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in the Iowa Public Agency Investment Trust is unrated.

City of Van Meter, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 3 BONDS AND NOTES PAYABLE

A summary of changes in bonds and notes payable for the year ended June 30, 2025 is as follows:

	<u>Balance June 30, 2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2025</u>	<u>Range of interest rates</u>	<u>Due within one year</u>
Governmental activities						
General obligation bonds	\$ 2,370,000	\$ —	\$ 200,000	\$ 2,170,000	2.00 %	\$ 210,000
Business type activities						
Water revenue bonds	\$ —	\$ 26,761	\$ —	\$ 26,761	0.00 %	\$ —

Details of general obligation bonds/notes payable at June 30, 2025 are as follows:

<u>Bond issuance</u>	<u>Date of issuance</u>	<u>Interest rates</u>	<u>Final due date</u>	<u>Annual payments</u>	<u>Amount of original issue</u>	<u>Outstanding June 30, 2025</u>
General Obligation Bonds						
GO Refunding Series 2021A	November 23, 2021	2.00 %	June 1, 2036	\$ 130,000 - \$ 230,000	\$ 2,790,000	\$ 2,170,000
Revenue Bonds						
Water SRF loans	September 29, 2023	0.00 %	September 29, 2026	\$ 0 - \$ 26,781	\$ 600,000	\$ 26,761

A summary of the bond/note principal and interest maturities by type of bond/note is as follows:

<u>Year ending June 30</u>	<u>General Obligation</u>			<u>Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 210,000	\$ 43,400	\$ 253,400	\$ —	\$ —	\$ —
2027	215,000	39,200	254,200	26,761	—	26,761
2028	220,000	34,900	254,900	—	—	—
2029	220,000	30,500	250,500	—	—	—
2030	220,000	26,100	246,100	—	—	—
2031-2035	945,000	64,900	1,009,900	—	—	—
2036	140,000	2,800	142,800	—	—	—
Totals	<u>\$2,170,000</u>	<u>\$ 241,800</u>	<u>\$2,411,800</u>	<u>\$ 26,761</u>	<u>\$ —</u>	<u>\$ 26,761</u>

Water Revenue Notes

On September 23, 2023, the City of Van Meter entered into a State Revolving Fund (SRF) loan and disbursement agreement with the Iowa Finance Authority (IFA) for the issuance of up to \$600,000 of water revenue capital notes with interest at 0% per annum. The notes were issued pursuant to the provision of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of construction of water infrastructure improvements. The City will draw down funds from the IFA upon request to reimburse the City for costs as they are incurred. In the event of default the issuer shall have the right to take any action authorized under the regulations the revenue note or the agreement and to take whatever other action at law or equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the agreement or to enforce the performance and observance of any duty, covenant, obligation or agreement of the participant under the agreement. As of June 30, 2025, the City has drawn down \$26,761, leaving a balance of \$573,239 to draw.

City of Van Meter, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 4 PENSION PLANS

Plan Description

IPERS is a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System. Membership is mandatory for employees of the City, except for those covered by another retirement system. 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. For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally at age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

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

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

City of Van Meter, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 4 PENSION PLANS (continued)

Contributions

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

In fiscal year 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 total contributions to IPERS for the year ended June 30, 2025 were \$73,191.

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 \$119,614 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. The following table summarizes the change in the City's proportionate share:

	June 30		Change
	2024	2023	
City's proportionate share	0.003285 %	0.004497 %	(0.001212)%

For the year ended June 30, 2025, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$33,115, \$141,249 and \$30,976, respectively.

There were no nonemployer 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.

City of Van Meter, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 4 PENSION PLANS (continued)

Actuarial Assumptions (continued)

Mortality rates used in the 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:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	21.0%	3.5%
International equity	13.0	5.2
Global smart beta equity	5.0	4.1
Core plus fixed income	25.5	3.0
Public credit	3.0	4.5
Cash	1.0	1.7
Private equity	17.0	8.9
Private real assets	9.0	4.3
Private credit	<u>5.5</u>	6.6
Total	<u>100 %</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.0%) or 1% higher (8.0%) than the current rate.

	<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
City's proportionate share of the net pension liability (asset)	<u>\$ 473,975</u>	<u>\$ 119,614</u>	<u>\$ (177,254)</u>

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 Van Meter, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 5 COMPENSATED ABSENCES

City employees accumulate vacation and compensatory time for subsequent use or payment upon termination, retirement, or death. Sick leave hours are payable only when used and not upon separation of service. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate maximum liability for unrecognized accrued employee benefits as of June 30, 2025, primarily relating to the General Fund, was \$53,147. This liability has been computed based on rates of pay in effect at June 30, 2025.

NOTE 6 INTERFUND TRANSFERS

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Employee benefit levy	\$ 230,273
	Road use tax	348,122
	Local option sales tax	300,492
	Urban renewal tax increment	52,511
	Capital projects	133,170
	Nonmajor special revenue	66,187
	Cemetery	41,388
	Water	35,565
	Sewer	136,572
		<u>1,344,280</u>
Employee benefit levy	General	<u>3,010</u>
Nonmajor special revenue	General	<u>81,574</u>
Debt service	Urban renewal tax increment	141,279
	Capital projects	18,171
	Water	34,925
	Local option sales tax	34,925
		<u>229,300</u>
Capital projects	General	268,631
	Nonmajor special revenue	26,340
	Road use tax	154,345
	Local option sales tax	502,045
	Water	29,724
		<u>981,085</u>
Water	Capital projects	<u>15,851</u>
Total		<u>\$ 2,655,100</u>

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

City of Van Meter, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 7 DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2025 is as follows:

Payable Fund	Receivable Fund	Amount
Urban Renewal Tax Increment	General	\$ 31,415

These balances result from interfund loans to finance projects. Repayments will be made from future revenues.

NOTE 8 RISK MANAGEMENT

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

NOTE 9 URBAN RENEWAL DEVELOPMENT AGREEMENTS

The City has entered into development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer in exchange for development of commercial or residential projects by the developer. Total outstanding rebates are approximately \$6,170,000, payable over the next ten years. During the year ended June 30, 2025 the City rebated \$11,279 of incremental property tax to developers.

The agreements include an annual appropriation clause, and, accordingly, only the amount payable in the succeeding year on the agreements is subject to the constitutional debt limitation.

NOTE 10 TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax receipts to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

City Tax Abatements

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

For the year ended June 30, 2025, \$5,393 of property tax was diverted from the City under the urban renewal and economic development projects.

City of Van Meter, Iowa
NOTES TO FINANCIAL STATEMENTS

NOTE 11 COMMITMENTS

The City has entered into contracts for various infrastructure improvements totaling approximately \$1,800,000. The remaining commitment on these contracts at June 30, 2025 is approximately \$940,000. These contractual commitments will be funded through debt proceeds and cash reserves.

NOTE 12 DEFICIT FUND BALANCE

At June 30, 2025 the Capital Projects Fund reported a deficit fund balance of \$573,163. The deficit is the result of capital project disbursements being incurred prior to receiving project funding, due primarily from third party developers.

OTHER INFORMATION

City of Van Meter, Iowa
BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES-
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
AND PROPRIETARY FUNDS
Other information
Year ended June 30, 2025

	Governmental funds actual	Proprietary funds actual	Total	Budgeted Amounts		Final to actual variance- positive (negative)
				Original	Final	
RECEIPTS						
Property tax	\$ 927,734	\$ -	\$ 927,734	\$ 802,064	\$ 802,064	\$ 125,670
Tax increment financing	387,745	-	387,745	-	345,000	42,745
Other city tax	393,924	-	393,924	513,427	626,427	(232,503)
Licenses and permits	270,252	-	270,252	66,075	107,075	163,177
Use of money and property	31,332	55,408	86,740	15,000	77,000	9,740
Intergovernmental	378,029	-	378,029	407,300	945,000	(566,971)
Charges for services	324,684	799,165	1,123,849	2,467,611	1,100,000	23,849
Special assessments	-	-	-	-	1,400	(1,400)
Miscellaneous	106,126	19,097	125,223	38,400	450,000	(324,777)
Total receipts	<u>2,819,826</u>	<u>873,670</u>	<u>3,693,496</u>	<u>4,309,877</u>	<u>4,453,966</u>	<u>(760,470)</u>
DISBURSEMENTS						
Public safety	620,618	-	620,618	663,135	753,135	132,517
Public works	551,764	-	551,764	841,400	571,400	19,636
Culture and recreation	463,329	-	463,329	396,500	357,900	(105,429)
Community and economic development	266,792	-	266,792	162,000	209,300	(57,492)
General government	363,094	-	363,094	350,500	357,500	(5,594)
Debt service	248,001	-	248,001	251,400	251,400	3,399
Capital projects	1,966,612	-	1,966,612	-	1,500,000	(466,612)
Business type activities	-	1,048,098	1,048,098	760,000	1,435,000	386,902
Total disbursements	<u>4,480,210</u>	<u>1,048,098</u>	<u>5,528,308</u>	<u>3,424,935</u>	<u>5,435,635</u>	<u>(92,673)</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(1,660,384)</u>	<u>(174,428)</u>	<u>(1,834,812)</u>	<u>884,942</u>	<u>(981,669)</u>	<u>(853,143)</u>
OTHER FINANCING SOURCES, net	<u>277,540</u>	<u>(194,174)</u>	<u>83,366</u>	<u>-</u>	<u>-</u>	<u>83,366</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>(1,382,844)</u>	<u>(368,602)</u>	<u>(1,751,446)</u>	<u>884,942</u>	<u>(981,669)</u>	<u>(769,777)</u>
BALANCES, beginning of year	<u>2,940,275</u>	<u>2,311,916</u>	<u>5,252,191</u>	<u>4,614,558</u>	<u>4,614,558</u>	<u>637,633</u>
BALANCES, end of year	<u>\$ 1,557,431</u>	<u>\$ 1,943,314</u>	<u>\$ 3,500,745</u>	<u>\$ 5,499,500</u>	<u>\$ 3,632,889</u>	<u>\$ (132,144)</u>

City of Van Meter, Iowa
NOTE 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 discretely presented component unit and internal service funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Fund, 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, two budget amendments increased budgeted disbursements by \$2,010,700. The budget amendment is reflected in the final budgeted amounts.

City of Van Meter, Iowa
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Iowa Public Employees' Retirement System
Other Information

	Year ended June 30				
	2025	2024	2023	2022	2021
City's proportion of the net pension liability (asset)	0.003285 %	0.004497 %	0.002886 %	0.027803 %	0.003745 %
City's proportionate share of the net pension liability (asset)	\$ 119,614	\$ 202,981	\$ 109,043	\$ (95,982)	\$ 263,052
City's covered-employee payroll	\$ 778,399	\$ 612,636	\$ 541,266	\$ 426,555	\$ 400,947
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	15.4 %	33.1 %	20.1 %	(22.5)%	65.6 %
IPERS' net position as a percentage of the total pension liability (asset)	92.3 %	90.1 %	91.4 %	100.8 %	82.9 %

	Year ended June 30				
	2020	2019	2018	2017	2016
City's proportion of the net pension liability (asset)	0.003346 %	0.003833 %	0.004129 %	0.004322 %	0.003513 %
City's proportionate share of the net pension liability (asset)	\$ 193,729	\$ 242,486	\$ 275,011	\$ 272,007	\$ 173,559
City's covered-employee payroll	\$ 400,155	\$ 371,547	\$ 394,204	\$ 395,855	\$ 380,453
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	48.4 %	65.3 %	69.8 %	68.7 %	45.6 %
IPERS' net position as a percentage of the total pension liability (asset)	85.5 %	83.6 %	82.2 %	81.8 %	85.2 %

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.

City of Van Meter, Iowa
SCHEDULE OF CITY CONTRIBUTIONS
Iowa Public Employees' Retirement System for the Last Ten Year
Other Information

	Year ended June 30				
	2025	2024	2023	2022	2021
Statutorily required contributions	\$ 73,191	\$ 57,593	\$ 51,103	\$ 40,152	\$ 38,048
Contributions in relation to the statutorily required contribution	<u>(73,191)</u>	<u>(57,593)</u>	<u>(51,103)</u>	<u>(40,152)</u>	<u>(38,048)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
City's covered-employee payroll	\$ 778,399	\$ 612,636	\$ 541,266	\$ 426,555	\$ 400,947
Contributions as a percentage of covered-employee payroll	9.4 %	9.4 %	9.4 %	9.4 %	9.5 %

	Year ended June 30				
	2020	2019	2018	2017	2016
Statutorily required contributions	\$ 38,310	\$ 35,886	\$ 36,163	\$ 36,592	\$ 34,665
Contributions in relation to the statutorily required contribution	<u>(38,310)</u>	<u>(35,886)</u>	<u>(36,163)</u>	<u>(36,592)</u>	<u>(34,665)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
City's covered-employee payroll	\$ 400,155	\$ 371,547	\$ 394,204	\$ 395,855	\$ 380,453
Contributions as a percentage of covered-employee payroll	9.6 %	9.7 %	9.2 %	9.2 %	9.1 %

See accompanying Independent Auditor's Report.

City of Van Meter, Iowa
NOTES TO OTHER INFORMATION – NET 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%.

SUPPLEMENTARY INFORMATION

City of Van Meter, Iowa
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
NONMAJOR GOVERNMENTAL FUNDS
As of and for the year ended June 30, 2025

	<u>Special Revenue</u>		<u>Permanent</u>	<u>Total</u>
	<u>Parks and Recreation Trust</u>	<u>Library Trust</u>	<u>Cemetery Perpetual Care</u>	
RECEIPTS				
Use of money and property	\$ -	\$ -	\$ 4	\$ 4
Miscellaneous	8	-	-	8
Total receipts	<u>8</u>	<u>-</u>	<u>4</u>	<u>12</u>
OTHER FINANCING SOURCES				
Transfers in	-	81,574	-	81,574
Transfers out	<u>(42,584)</u>	<u>(49,943)</u>	<u>(41,388)</u>	<u>(133,915)</u>
Total other financing sources	<u>(42,584)</u>	<u>31,631</u>	<u>(41,388)</u>	<u>(52,341)</u>
Net change in cash balances	(42,576)	31,631	(41,384)	(52,329)
CASH BALANCES, beginning of year	<u>42,576</u>	<u>29,441</u>	<u>41,384</u>	<u>113,401</u>
CASH BALANCES, end of year	<u>\$ -</u>	<u>\$ 61,072</u>	<u>\$ -</u>	<u>\$ 61,072</u>
CASH BASIS FUND BALANCE				
Nonspendable - perpetual care	\$ -	\$ -	\$ -	\$ -
Restricted for other purposes	<u>-</u>	<u>61,072</u>	<u>-</u>	<u>61,072</u>
Total cash basis fund balance	<u>\$ -</u>	<u>\$ 61,072</u>	<u>\$ -</u>	<u>\$ 61,072</u>

City of Van Meter, Iowa
SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION -
ALL GOVERNMENTAL FUNDS
For the last ten years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
RECEIPTS					
Property tax	\$ 927,734	\$ 838,591	\$ 703,697	\$ 709,552	\$ 661,975
Tax increment financing	387,745	161,224	136,518	2,415	112,697
Other city tax	393,924	397,099	418,121	357,556	256,285
Licenses and permits	270,252	139,019	206,408	154,601	96,550
Use of money and property	31,332	32,905	13,973	1,498	6,852
Intergovernmental	378,029	313,161	430,321	306,735	263,119
Charges for services	324,684	322,403	276,427	249,493	216,478
Miscellaneous	106,126	43,075	115,668	81,194	99,293
 Total receipts	 <u>\$2,819,826</u>	 <u>\$2,247,477</u>	 <u>\$2,301,133</u>	 <u>\$1,863,044</u>	 <u>\$1,713,249</u>
DISBURSEMENTS					
Operating					
Public safety	\$ 620,618	\$ 427,460	\$ 616,441	\$ 428,560	\$ 354,149
Public works	551,764	365,377	293,307	222,190	211,251
Culture and recreation	463,329	355,258	547,660	279,815	232,832
Community and economic development	266,792	92,910	31,445	34,259	144,475
General government	363,094	334,671	388,953	393,658	361,963
Debt service	248,001	252,000	174,400	671,236	261,834
Capital projects	1,966,612	66,438	26,695	518,969	1,486
 Total disbursements	 <u>\$4,480,210</u>	 <u>\$1,894,114</u>	 <u>\$2,078,901</u>	 <u>\$2,548,687</u>	 <u>\$1,567,990</u>

See accompanying Independent Auditor's Report.

City of Van Meter, Iowa
SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION -
ALL GOVERNMENTAL FUNDS (continued)
For the last ten years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
RECEIPTS					
Property tax	\$ 536,308	\$ 490,719	\$ 411,727	\$ 405,253	\$ 385,576
Tax increment financing	359,131	422,507	372,778	298,926	290,991
Other City tax	231,053	170,533	20,039	20,240	21,982
Licenses and permits	98,018	122,664	152,731	105,446	79,723
Use of money and property	8,752	11,614	5,594	5,447	4,379
Intergovernmental	202,849	320,840	262,016	223,093	240,782
Charges for services	201,368	193,071	195,319	139,797	128,295
Miscellaneous	85,223	127,758	198,475	82,182	70,445
	<u>\$1,722,702</u>	<u>\$1,859,706</u>	<u>\$1,618,679</u>	<u>\$1,280,384</u>	<u>\$1,222,173</u>
DISBURSEMENTS					
Operating					
Public safety	\$ 369,912	\$ 265,429	\$ 313,677	\$ 278,862	\$ 304,451
Public works	278,213	248,176	309,323	189,502	250,197
Culture and recreation	227,077	366,247	219,653	242,514	255,868
Community and economic development	152,693	183,261	157,000	149,065	122,717
General government	216,820	208,897	361,715	184,676	216,856
Debt service	89,037	127,407	176,177	148,777	151,453
Capital projects	-	-	76,345	33,326	36,825
	<u>\$1,333,752</u>	<u>\$1,399,417</u>	<u>\$1,613,890</u>	<u>\$1,226,722</u>	<u>\$1,338,367</u>

**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**

Honorable Mayor and
Members of the City Council
City of Van Meter, Iowa
Van Meter, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Van Meter, Iowa (the City) as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 14, 2026. Our report expressed unmodified opinions on the financial statements which were prepared on the cash basis of accounting, a basis of accounting other than accounting principles generally accepted in the United States of America.

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 the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item 2025-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings as items 2025-002 and 2025-003 to be significant deficiencies.

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*. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part II of the accompanying schedule of findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2025 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings. The City's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

Denman CPA LLP
Denman CPA LLP

West Des Moines, Iowa
January 14, 2026

**City of Van Meter, Iowa
SCHEDULE OF FINDINGS
Year ended June 30, 2025**

SECTION I – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

INTERNAL CONTROL DEFICIENCIES

2025-001 SEGREGATION OF DUTIES

Type of Finding: Material Weakness

Criteria

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

Condition

In some instances, the same person is responsible for authorizing, recording and the custody of assets.

Cause

The City has a limited number of employees and procedures have not been sufficiently designed to mitigate the segregation of duties risk through compensating controls.

Effect

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

Recommendation

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

Response

Staff will continue to evaluate opportunities to maximize internal control with available staff.

Conclusion

Response accepted.

City of Van Meter, Iowa
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2025

SECTION I – FINDINGS RELATED TO THE FINANCIAL STATEMENTS (continued)

INTERNAL CONTROL DEFICIENCIES (continued)

2025-002 FINANCIAL REPORTING

Type of Finding: Significant Deficiency

Criteria

A deficiency in internal control over financial reporting 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 of the financial statements on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the City's financial statements.

Condition

The financial statements prepared by City staff included errors in reported beginning fund balances and errors in amounts transferred between funds, which were material to certain fund financial statements. These errors were corrected during the course of performing the financial statement audit.

Cause

City staff were converting the operating models of several City funds, however, journal entries necessary for recognizing these conversions were not accurately posted in all instances.

Effect

In certain instances, the City's internally prepared financial statements were misstated.

Recommendation

The City should implement procedures to ensure that internally prepared financial statements and manually posted journal entries are thoroughly reviewed for irregularities and discrepancies on a timely basis. The City should consult with outside experts when executing unique or complex financial transactions.

Response

City staff will utilize the expertise of others when we find it necessary to process complex financial transactions. We will contact Denman for advice. Part of the process of posting future journal entries will include a review by the poster and at least one additional staff member.

Conclusion

Response accepted.

City of Van Meter, Iowa
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2025

SECTION I – FINDINGS RELATED TO THE FINANCIAL STATEMENTS (continued)

INTERNAL CONTROL DEFICIENCIES (continued)

2025-003 TAX INCREMENT FINANCING INDEBTEDNESS

Type of Finding: Significant Deficiency

Criteria

The City's Series 2021 General Obligation bonds were structured with debt payments coming from both the debt service levy and tax increment financing (TIF). Funds should be transferred annually from the tax increment financing fund to the debt service fund in order to support the servicing of the general obligation bond debt payments, consistent with the approved debt payment schedules.

Condition

Funds were not transferred from TIF to the debt service fund in fiscal year 2024. In addition, the transfer from the TIF fund to the debt service fund in 2025 was approximately \$18,000 less than the prescribed fund transfer. As a result, the debt service levy has funded approximately \$180,000 in debt service costs which should have been funded by TIF.

Cause

Staff were unaware of the need for the transfer of funds to the debt service fund.

Effect

The TIF fund has not funded the principal and interest obligations of the Series 2021 General Obligation bonds as the fund was required to do for the 2024 and 2025 fiscal years.

Recommendation

The City should approve, by resolution, a transfer of funds from TIF to the debt service fund sufficient to cover the TIF fund's outstanding obligations. Future debt service levies should take into consideration this transfer of funds so as to not over-levy into the debt service fund.

Response

City staff will consult with our financial advisor (PFM) to determine the correct amounts to transfer from TIF to debt services. We will approve, by resolution three separate transfers for FY2024, FY2025, and FY2026.

Conclusion

Response accepted.

INSTANCES OF NONCOMPLIANCE

No matters were reported.

City of Van Meter, Iowa
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2025

SECTION II – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

II-A-25 CERTIFIED BUDGET

Disbursements exceeded the amounts budgeted in the culture and recreation, community and economic development, general government, and capital projects functions at the end of the fiscal year. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation".

Recommendation

The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response

The City will work to amend future budgets prior to exceeding approved expenditures.

Conclusion

Response accepted.

II-B-25 QUESTIONABLE EXPENDITURES

No disbursements 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.

II-C-25 TRAVEL EXPENSE

No disbursements of City money for travel expenses of spouses of City officials and/or employees were noted.

II-D-25 BUSINESS TRANSACTIONS

We noted no business transactions between the City and City officials or employees in excess of \$1,500.

II-E-25 RESTRICTED DONOR ACTIVITY

In accordance with Chapter 68B of the Code of Iowa, no transactions were noted between the City, City officials, City employees and restricted donors.

City of Van Meter, Iowa
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2025

Part II—Other Findings Related to Required Statutory Reporting (continued)

II-F-25 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.

II-G-25 COUNCIL MINUTES

Of the five Council meeting minutes tested, one was not published within fifteen days of the meetings, as required by the Code of Iowa. In addition, a summary of receipts was not included in the publication.

Recommendation

The City should timely publish its meeting minutes and include a summary of receipts in accordance with Chapter 372.13(6) of the Code of Iowa.

Response

The City will timely publish its meeting minutes and include a summary of receipts.

Conclusion

Response accepted.

II-H-25 DEPOSITS AND INVESTMENTS

No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy were noted.

II-I-25 REVENUE BONDS AND NOTES

No instances of noncompliance with the revenue bonds and note resolutions were noted.

City of Van Meter, Iowa
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2025

Part II—Other Findings Related to Required Statutory Reporting (continued)

II-J-25 FINANCIAL CONDITION

At June 30, 2025, the Capital Projects Fund had a deficit balance of \$573,163.

The deficit in the Capital Projects Fund is the result of project disbursements being incurred by the City prior to funding being received for those projects.

Recommendation

The City should investigate alternatives to eliminate this deficit and return the fund to sound financial position.

Response

City staff anticipates repayment for funds spent on this project. Should payment not be received by March 2026, staff will repay the fund through an internal loan approved by resolution.

Conclusion

Response accepted.

II-K-25 TAX INCREMENT FINANCING (TIF)

With the following exception, the Special Revenue Tax Increment Financing (TIF) Fund properly disbursed payments for TIF loans and rebates. Also, the City properly completed the Tax Increment Debt Certificate Forms to request TIF property taxes.

- The City is not reducing the certified tax increment for the Urban Renewal Tax Increment Fund for the fund's earned interest as required by Chapter 403.19 of the Code of Iowa.
- Approximately \$180,000 in debt service obligations were not transferred from the TIF fund to the debt service fund.
- Inaccuracies were identified in the amounts certified by the City to the County Auditor regarding certified TIF obligations.

Recommendation

The certified tax increment should be reduced by the fund's interest earned as required by the Code of Iowa. The City should consult external advisors and the County to correct future certifications for inaccuracies in the City's reported certified TIF obligations. The City should transfer funds annually for the TIF fund's debt obligations to the debt service fund.

Response

The City will begin reducing the certified tax increment accordingly, will consult with external advisors to correct the City's certified TIF obligations, and will transfer the appropriate funds to debt service.

Conclusion

Response accepted.

City of Van Meter, Iowa
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2025

Part II—Other Findings Related to Required Statutory Reporting (continued)

II-L-25 ANNUAL URBAN RENEWAL REPORT

The Annual Urban Renewal Report was approved and certified to the Iowa Department of Management on or before December 1 as required by Chapter 384.22(2)(a) of the Code of Iowa. However, the City did not correctly report its certified internal loans and the financials reported within the Annual Urban Renewal Report did not agree with the City's financial statements.

Recommendation

The City should review its annual urban renewal report to ensure accurate reporting of its certified internal loans and that the financial activity reported reconciles to the City's financial statements.

Response

The City will correct inaccuracies in reporting in future submissions.

Conclusion

Response accepted.

II-M-25 UNCLAIMED PROPERTY

Chapter 556.11 of the Code of Iowa requires all cities to report and remit outstanding obligations, including checks, trusts and bonds held for more than two years, to the Office of Treasurer of State annually. The City did not remit all outstanding obligations held for more than two years to the Office of Treasurer of State annually.

Recommendation

Outstanding obligations should be reviewed annually and amounts over two years old should be remitted to the Office of Treasurer of State annually as required.

Response

The City Clerk is working on compiling the list and remitting to the Treasurer's Office.

Conclusion

Response accepted.

City of Van Meter, Iowa
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2025

Part II—Other Findings Related to Required Statutory Reporting (continued)

II-N-25 INSURANCE LEVY

The City certifies a General Fund tax levy to pay for liability and property/casualty insurance costs pursuant to Chapter 384.12(17) of the Code of Iowa. The City's calculation for the amount levied has included all insurance costs paid by the City, including approximately \$14,100 of insurance costs paid from its Enterprise, Water and Enterprise, Sewer Funds. The City's insurance levy is a General Fund levy and should only include the cost of tort and property/casualty insurance for non-proprietary operations. As a result, the City's insurance levy has generated an excess balance.

Recommendation

When calculating its insurance levy, the City should exclude insurance costs paid from the Enterprise, Water and Enterprise, Sewer Funds. The City should also determine the unspent balance as a result of current year and prior year over-collection of the insurance levy and consider a decrease in the levy rate or restrict these funds to be used to pay future insurance costs for non-proprietary operations.

Response

We will implement audit recommendations.

Conclusion

Response accepted.

Agenda Item #5

Discussion and Consideration: Setting Date for Public Hearing

Submitted for: **Discussion and Consideration**

FY27 Property Tax Levy Hearing - It is a statutory requirement that a public hearing is held for consideration of the proposed FY27 Property Tax Levy Hearing prior to adoption by the City Council and that the notice is published no later than 10 days prior to the hearing. The notice is set to publish in the Des Moines Register.

Recommendation: **Approval**

Sample Motion: **Motion to adopt Resolution #2026-15 Setting Date for Public Hearing for FY27 Property Tax Levy Hearing for March 30th, 2026 at 6:15pm at the Van Meter United Methodist Church located at 100 Hazel Street, Van Meter, IA 50261**

City Councilmember: _____ **So moved.**

City Councilmember: _____ **Second.**

Mayor: **Roll Call Please.**

City Clerk: **Akers** _____ **Brott** _____ **Barney** _____ **Lake** _____ **Young** _____

Mayor: **Roll Call Please.**

City Clerk: **Akers** _____ **Brott** _____ **Barney** _____ **Lake** _____ **Young** _____

Resolution #2026-15

“A Resolution Setting Date for Public Hearing for FY27 Property Tax Levy Hearing”

Whereas, Notice of Public Hearing for the proposed FY27 Property Tax Levy Hearing is required prior to holding said public hearing and adoption of proposed Property Tax Levy; and

Therefore, be it resolved by the Van Meter City Council that the Public Hearing for the proposed FY27 Proposed Tax Levy Hearing is set for March 30, 2026 at 6:15pm at the Van Meter United Methodist Church located at 100 Hazel Street, Van Meter, IA 50261.

Be it further resolved, the City Clerk is directed to publish the notice of hearing as required by law as well as online at www.vanmeteria.gov and to the City Facebook page.

Passed and approved this 23rd day of February, 2026

Joe Herman, Mayor

ATTEST:

Travis Cooke, City Clerk

Agenda Item #6

Disposal of 415 Grant

Submitted for: **Discussion**

Potential Disposal Options:

- Sealed Bids
- Auction
- Working with a realtor

Agenda Item #7

New Employee Search

Submitted for: **Discussion**

Next Steps & Plans

- Working with a search firm
- Job postings online

Agenda Item #8

Adjournment

Submitted for: **ACTION**

Recommendation: **APPROVAL**

Sample Language:

Mayor: *With no further business, do I hear a motion to adjourn?*

City Councilmember: _____ **So moved.**

City Councilmember: _____ **Second.**

Mayor: **Roll Call Please.**

City Clerk: Akers _____ Brott _____ Barney _____ Lake _____ Young _____

Mayor: *This meeting is adjourned at _____pm. Thank you.*