



GRINNELL FINANCE COMMITTEE REGULAR SESSION MEETING
MONDAY, JULY 6, 2026, AT 8:00 AM
IN THE LARGE CONFERENCE ROOM ON THE 2ND FLOOR OF CITY
HALL AND VIA ZOOM

[HTTPS://ZOOM.US/J/94334348615?PWD=SYBGATMAJ0D8YDK4B4NZ
VNWEEDA6.1](https://zoom.us/j/94334348615?pwd=SYBGATMAJ0D8YDK4B4NZVNWEEDA6.1)

MEETING ID: 943 3434 8615
PASSCODE: 888506

TENTATIVE AGENDA

A. Roll Call:

B. Perfecting and Approval of Agenda:

C. Committee Business:

1. Consider approval of a notice of intent to fill a City Council vacancy by appointment and authorize and direct the City Clerk to publish a Notice of Intent to appoint in the time and manner required by law.
2. Review and approve the Fiscal Year 2025 Audit.
3. Consider approval of a resolution for monthly transfer of funds for trust and agency in the amount of \$11,651.25. (See Resolution No. 2026-92)
4. Consider approval of a resolution for monthly internal transfer of funds in the amount of \$53,908.64.(See Resolution No. 2026-93)
5. Discussion with Hotel Grinnell Management regarding a Development Agreement.
6. Discuss Property Tax Legislation.

D. Inquiries: Public Comment

Visitors may address the Council/Board at this time; however, comments will be limited to 2 minutes. As per Iowa's Open Meetings Law, Council/Board can only listen during public comments and cannot take any action on items that are not posted on the agenda. Council may take issues under advisement and if needed refer them to a department head, Mayor's committee, or add them to a future agenda.

E. Adjourn:

Any person with a disability who requires a modification or accommodation in order to participate in the meeting, or any person with limited English proficiency (LEP) who requires language assistance to communicate with the City Council during the meeting, should contact the City Clerk, (641) 236-2600 or adevig@grinnelliowa.gov, no fewer than two business days prior to the meeting to enable the City of Grinnell to make reasonable arrangements to assure accessibility or language assistance for the meeting.

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**Please note that this agenda may be changed up to 24 hours before the meeting time, as provided by Section 21.4(2) Code of Iowa.*

**NOTICE OF INTENT OF GRINNELL CITY COUNCIL TO APPOINT CITY
COUNCIL MEMBER IN ACCORDANCE WITH IOWA CODE SECTION 372.13(2)**

**TO: ALL CITIZENS AND PARTIES IN INTEREST WHO MAY BE
ENTITLED TO NOTICE OF THE GRINNELL CITY
COUNCIL'S INTENT TO APPOINT A CITY COUNCIL
MEMBER IN ACCORDANCE WITH IOWA CODE SECTION
372.13(2)**

YOU ARE HEREBY NOTIFIED that the City Council of the City of Grinnell, Iowa intends to fill the vacancy created by the resignation of Council Rachel Bly, which became effective on June 16, 2026, by appointment at the Regular Council meeting to be held on the 3rd day of August 2026, in the Council Chamber of the City Council, 520 4th Ave. Grinnell, IA 50112.

YOU ARE FURTHER AND SPECIFICALLY NOTIFIED that the electors of the City have the right to file a petition requiring that the vacancy be filled by special election, by the filing of a petition in accordance with Iowa Code Section 372.13(2)(a) within fourteen days after publication of this Notice or within fourteen days after the appointment is made by the City Council, whichever is later.

YOU ARE FURTHER AND SPECIFICALLY NOTIFIED that upon the appointment of the council member by the City Council, the appointed council member shall serve for the period until the next pending election.

DATED this 6th day of July, 2026.

Sam Cox, Mayor

ATTEST:

Alyssa Devig, City Clerk/Finance Director

Published on the 21st day of August, 2025.

CITY OF GRINNELL, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025

CITY OF GRINNELL, IOWA
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CITY OF GRINNELL, IOWA
OFFICIALS
June 30, 2025

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Dan Agnew	Mayor	January, 2026
James White	Mayor Pro-tem	January, 2026
Julie Davis	Council Member	January, 2026
Jo Wray	Council Member	January, 2028
Rachel Bly	Council Member	January, 2026
Byron Hueftle-Worley	Council Member	January, 2028
Matthew Karjalahti (Resigned March, 2025)	Council Member	
Shane Hart (Appointed May, 2025)	Council Member	January, 2028
Russell Behrens	City Manager	Appointed
Ann Wingerter (Resigned March, 2025)	City Clerk/Finance Director	
Alyssa Devig (Appointed April, 2025)	City Clerk/Finance Director	Appointed
Kristine Stone	City Attorney	Appointed

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DAVID A. GINTHER
DUSTIN T. VEENSTRA
FAITH E. HINRICHS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Grinnell, Iowa, as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Grinnell, Iowa, as of June 30, 2025, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

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

Emphasis of Matter - Basis of Accounting

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

To the Honorable Mayor and
Members of the City Council

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

To the Honorable Mayor and
Members of the City Council

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grinnell's basic financial statements. We previously audited, in accordance with the standards referred to in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report, the financial statements for the nine years ended June 30, 2024 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting. The supplementary information included in Schedules 1 through 3, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information in Schedules 1 through 3 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in this report. The other information comprises the Budgetary Comparison Information, the Schedules of the City's Proportionate Share of the Net Pension Liability and the Schedules of City Contributions on pages 32 through 39 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 June 22, 2026 on our consideration of the City of Grinnell's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Grinnell's internal control over financial reporting and compliance.

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

Atlantic, Iowa
June 22, 2026

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

As of and for the year ended June 30, 2025

		Program Receipts	
Disbursements	Charges for Service	Operating Grants, Contributions and Restricted Interest	
Functions/Programs:			
Governmental activities:			
Public safety	\$ 3,970,367	\$ 416,848	\$ 81,660
Public works	1,828,477	3,121	1,415,436
Health and social services	800	--	--
Culture and recreation	2,718,400	636,507	69,366
Community and economic development	1,173,016	226,652	177,176
General government	2,360,851	26,968	401,492
Debt service	2,819,596	--	--
Capital projects	14,184,549	--	--
Total governmental activities	29,056,056	1,310,096	2,145,130
Business type activities:			
Water	2,689,305	2,446,625	--
Sewer	2,267,590	2,170,403	--
Solid waste	1,367,918	1,548,379	--
Storm sewer	287,220	420,491	--
Total business type activities	6,612,033	6,585,898	--
Total	\$ 35,668,089	\$ 7,895,994	\$ 2,145,130
General Receipts and Transfers:			
Property and other city tax levied for:			
General purposes			
Debt service			
Tax increment financing			
Hotel motel tax			
Local option sales tax			
Property tax replacement			
Unrestricted interest on investments			
Sale of assets			
Note proceeds			
Miscellaneous			
Transfers			
Total general receipts and transfers			
Change in cash basis net position			
Cash basis net position beginning of year			
Cash basis net position end of year			

(continued next page)

Program Receipts	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Capital Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
\$ --	\$(3,471,859)	\$ --	\$(3,471,859)
--	(409,920)	--	(409,920)
--	(800)	--	(800)
--	(2,012,527)	--	(2,012,527)
--	(769,188)	--	(769,188)
--	(1,932,391)	--	(1,932,391)
--	(2,819,596)	--	(2,819,596)
<u>2,117,570</u>	<u>(12,066,979)</u>	<u>--</u>	<u>(12,066,979)</u>
<u>2,117,570</u>	<u>(23,483,260)</u>	<u>--</u>	<u>(23,483,260)</u>
--	--	(242,680)	(242,680)
--	--	(97,187)	(97,187)
--	--	180,461	180,461
--	--	133,271	133,271
<u>--</u>	<u>--</u>	<u>(26,135)</u>	<u>(26,135)</u>
<u>\$ 2,117,570</u>	<u>(23,483,260)</u>	<u>(26,135)</u>	<u>(23,509,395)</u>
	4,942,646	--	4,942,646
	1,390	--	1,390
	5,011,909	--	5,011,909
	513,011	--	513,011
	1,567,615	--	1,567,615
	119,612	--	119,612
	779,248	196,953	976,201
	336,720	--	336,720
	4,553,303	431,207	4,984,510
	547,826	218,803	766,629
	1,430,935	(1,430,935)	--
	<u>19,804,215</u>	<u>(583,972)</u>	<u>19,220,243</u>
	(3,679,045)	(610,107)	(4,289,152)
	<u>19,532,717</u>	<u>4,600,100</u>	<u>24,132,817</u>
	<u>\$ 15,853,672</u>	<u>\$ 3,989,993</u>	<u>\$ 19,843,665</u>

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

As of and for the year ended June 30, 2025

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

The accompanying notes are an integral part of these statements.

Program Receipts Capital Grants, Contributions and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
	Governmental Activities	Business Type Activities	Total
	\$ 554,770	\$ --	\$ 554,770
	109,592	96,616	206,208
	3,267,897	30,000	3,297,897
	1,388,690	--	1,388,690
	1,076,426	--	1,076,426
	1,035,066	--	1,035,066
	6,186,962	--	6,186,962
	<u>2,234,269</u>	<u>3,863,377</u>	<u>6,097,646</u>
	<u>\$ 15,853,672</u>	<u>\$ 3,989,993</u>	<u>\$ 19,843,665</u>

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

As of and for the year ended June 30, 2025

	General	Special Revenue	
		Road Use	Tax Increment Financing
Receipts:			
Property tax	\$ 2,550,364	\$ --	\$ --
Local option sales tax	--	--	--
Tax increment financing	--	--	5,011,909
Other city tax	898,573	--	--
Licenses and permits	9,132	--	--
Use of money and property	454,077	47,520	33,275
Intergovernmental	679,354	1,358,272	--
Charges for service	899,683	--	--
Miscellaneous	394,887	3,097	--
Total receipts	5,886,070	1,408,889	5,045,184
Disbursements:			
Operating:			
Public safety	2,927,854	--	--
Public works	523,509	970,725	--
Health and social services	800	--	--
Culture and recreation	2,592,351	--	--
Community and economic development	453,470	--	93,888
General government	973,254	--	--
Debt service	--	--	--
Capital projects	--	--	--
Total disbursements	7,471,238	970,725	93,888
Excess (deficiency) of receipts over (under) disbursements	(1,585,168)	438,164	4,951,296
Other financing sources (uses):			
Sale of assets	138,720	--	--
Note proceeds	--	--	--
Transfers in	3,382,702	142,720	--
Transfers out	(5,173,398)	(417,300)	(4,592,707)
Total other financing sources (uses)	(1,651,976)	(274,580)	(4,592,707)
Change in cash balances	(3,237,144)	163,584	358,589
Cash balances beginning of year	5,471,413	912,842	1,030,101
Cash balances end of year	\$ 2,234,269	\$ 1,076,426	\$ 1,388,690

(continued next page)

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 1,390	\$ --	\$ 1,596,701	\$ 4,148,455
--	--	1,567,615	1,567,615
--	--	--	5,011,909
--	--	529,631	1,428,204
--	--	--	9,132
4,839	121,378	368,003	1,029,092
--	1,396,435	177,930	3,611,991
--	--	--	899,683
--	806,275	145,713	1,349,972
<u>6,229</u>	<u>2,324,088</u>	<u>4,385,593</u>	<u>19,056,053</u>
--	--	1,042,513	3,970,367
--	--	334,243	1,828,477
--	--	--	800
--	--	126,049	2,718,400
--	--	625,658	1,173,016
--	--	1,387,597	2,360,851
2,808,586	11,010	--	2,819,596
--	14,180,173	4,376	14,184,549
<u>2,808,586</u>	<u>14,191,183</u>	<u>3,520,436</u>	<u>29,056,056</u>
(2,802,357)	(11,867,095)	865,157	(10,000,003)
--	198,000	--	336,720
--	4,553,303	--	4,553,303
2,814,621	8,459,426	1,799,999	16,599,468
--	(3,185,057)	(1,800,071)	(15,168,533)
<u>2,814,621</u>	<u>10,025,672</u>	<u>(72)</u>	<u>6,320,958</u>
12,264	(1,841,423)	865,085	(3,679,045)
<u>97,328</u>	<u>5,109,320</u>	<u>6,911,713</u>	<u>19,532,717</u>
<u>\$ 109,592</u>	<u>\$ 3,267,897</u>	<u>\$ 7,776,798</u>	<u>\$ 15,853,672</u>

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

As of and for the year ended June 30, 2025

	General	Special Revenue	
		Road Use	Tax Increment Financing
Cash Basis Fund Balances			
Nonspendable - Cemetery perpetual care	\$ --	\$ --	\$ --
Restricted for:			
Debt service	--	--	--
Capital projects	--	--	--
Urban renewal purpose	--	--	1,388,690
Streets	--	1,076,426	--
Equipment	--	--	--
Other purposes	--	--	--
Unassigned	2,234,269	--	--
Total cash basis fund balances	\$ 2,234,269	\$ 1,076,426	\$ 1,388,690

The accompanying notes are an integral part of these statements.

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ --	\$ --	\$ 554,770	\$ 554,770
109,592	--	--	109,592
--	3,267,897	--	3,267,897
--	--	--	1,388,690
--	--	--	1,076,426
--	--	1,035,066	1,035,066
--	--	6,186,962	6,186,962
--	--	--	2,234,269
<u>\$ 109,592</u>	<u>\$ 3,267,897</u>	<u>\$ 7,776,798</u>	<u>\$ 15,853,672</u>

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

As of and for the year ended June 30, 2025

	Enterprise	
	Water	Sewer
Operating receipts:		
Use of money and property	\$ --	\$ 10,785
Charges for service	<u>2,446,625</u>	<u>2,159,618</u>
Total operating receipts	2,446,625	2,170,403
Operating disbursements:		
Business type activities	<u>2,212,806</u>	<u>1,363,678</u>
Total operating disbursements	<u>2,212,806</u>	<u>1,363,678</u>
Excess of operating receipts over operating disbursements	233,819	806,725
Non-operating receipts (disbursements):		
Interest on investments	51,146	51,253
Miscellaneous	170,973	15,835
Note proceeds	431,207	--
Debt service	<u>(476,499)</u>	<u>(903,912)</u>
Net non-operating receipts (disbursements)	176,827	(836,824)
Excess (deficiency) of receipts over (under) disbursements	410,646	(30,099)
Other financing sources (uses):		
Transfers in	850	--
Transfers out	<u>(773,937)</u>	<u>(114,612)</u>
Total other financing sources (uses)	<u>(773,087)</u>	<u>(114,612)</u>
Change in cash balances	(362,441)	(144,711)
Cash balances beginning of year	<u>1,470,606</u>	<u>823,107</u>
Cash balances end of year	<u>\$ 1,108,165</u>	<u>\$ 678,396</u>
Cash Basis Fund Balances		
Restricted for:		
Debt service	\$ 21,500	\$ 75,116
Capital projects	--	30,000
Unrestricted	<u>1,086,665</u>	<u>573,280</u>
Total cash basis fund balances	<u>\$ 1,108,165</u>	<u>\$ 678,396</u>

The accompanying notes are an integral part of these statements.

Solid Waste	Enterprise Nonmajor Storm Sewer	Total
\$ --	\$ --	\$ 10,785
<u>1,548,379</u>	<u>420,491</u>	<u>6,575,113</u>
1,548,379	420,491	6,585,898
<u>1,367,918</u>	<u>287,220</u>	<u>5,231,622</u>
<u>1,367,918</u>	<u>287,220</u>	<u>5,231,622</u>
180,461	133,271	1,354,276
68,122	26,432	196,953
31,995	--	218,803
--	--	431,207
--	--	(1,380,411)
<u>100,117</u>	<u>26,432</u>	<u>(533,448)</u>
280,578	159,703	820,828
--	41,000	41,850
(112,500)	(471,736)	(1,472,785)
<u>(112,500)</u>	<u>(430,736)</u>	<u>(1,430,935)</u>
168,078	(271,033)	(610,107)
<u>1,415,474</u>	<u>890,913</u>	<u>4,600,100</u>
<u>\$ 1,583,552</u>	<u>\$ 619,880</u>	<u>\$ 3,989,993</u>
\$ --	\$ --	\$ 96,616
--	--	30,000
<u>1,583,552</u>	<u>619,880</u>	<u>3,863,377</u>
<u>\$ 1,583,552</u>	<u>\$ 619,880</u>	<u>\$ 3,989,993</u>

CITY OF GRINNELL, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

For financial reporting purposes, the City of Grinnell has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on the organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

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

B. Basis of Presentation

Government-wide Financial Statement

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

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

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

CITY OF GRINNELL, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

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

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

Fund Financial Statements

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

The City reports the following major governmental funds:

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

Special Revenue:

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

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

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

CITY OF GRINNELL, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

The City reports the following major proprietary funds:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

CITY OF GRINNELL, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Property Taxes and Governmental Cash Basis Fund Balances

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

Property tax receipts recognized in the governmental funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 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.

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

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

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

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2025, disbursements exceeded the amounts budgeted in the capital projects function.

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 which are valued at an amortized cost of \$14,081,644. 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 GRINNELL, IOWA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

NOTE 2 - CASH AND POOLED INVESTMENTS - 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) to instruments which mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

NOTE 3 - BONDS AND NOTES PAYABLE

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental activities:					
General Obligation Bonds/Notes	\$ 15,118,000	\$ 1,932,602	\$ 2,393,000	\$ 14,657,602	\$ 2,452,000
Business type activities:					
Sewer Revenue Notes - Direct Borrowing	\$ 12,290,254	\$ --	\$ 781,000	\$ 11,509,254	\$ 815,000
Water Revenue Notes - Direct Borrowing	2,246,000	3,051,908	432,207	4,865,701	1,974,793
Business type activities total	<u>\$ 14,536,254</u>	<u>\$ 3,051,908</u>	<u>\$ 1,213,207</u>	<u>\$ 16,374,955</u>	<u>\$ 2,789,793</u>

General Obligation Bonds and Notes

A summary of the City's June 30, 2025 general obligation bonds and notes payable is as follows:

<u>Year Ending June 30,</u>	<u>Local Option Sales Tax Refunding Capital Loan Notes Issued September 18, 2014</u>			<u>General Obligation Bonds Issued July 20, 2016</u>		
	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>
2026	3.00%	\$ 800,000	\$ 32,100	2.00%	\$ 735,000	\$ 41,270
2027	3.00	270,000	8,100	2.00	495,000	26,570
2028		--	--	2.20	65,000	16,670
2029		--	--	2.20	65,000	15,240
2030		--	--	2.20	65,000	13,810
2031-2035		--	--	2.20-3.00	355,000	43,430
2036-2040		--	--	3.00	75,000	2,250
2041-2043		--	--		--	--
		<u>\$1,070,000</u>	<u>\$ 40,200</u>		<u>\$1,855,000</u>	<u>\$ 159,240</u>

CITY OF GRINNELL, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

Year Ending June 30,	Urban Renewal Capital Loan Notes Issued June 19, 2018			Capital Loan Notes Issued September 24, 2020		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2026	3.25%	\$ 76,000	\$ 7,637	2.00%	\$ 760,000	\$ 82,100
2027	3.25	78,000	5,168	2.00	775,000	66,900
2028	3.25	81,000	2,632	2.00	1,230,000	51,400
2029		--	--	2.00	1,340,000	26,800
2030		--	--		--	--
2031-2035		--	--		--	--
2036-2040		--	--		--	--
2041-2043		--	--		--	--
		<u>\$ 235,000</u>	<u>\$ 15,437</u>		<u>\$ 4,105,000</u>	<u>\$ 227,200</u>
Year Ending June 30,	Refunding Capital Loan Notes Issued September 24, 2020			Capital Loan Notes Issued July 21, 2022		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2026	2.00%	\$ 80,000	\$ 6,500	3.00%	\$ --	\$ 183,650
2027	2.00	80,000	4,900	3.00	520,000	183,650
2028	2.00	85,000	3,300	3.00	810,000	168,050
2029	2.00	80,000	1,600	3.00	845,000	143,750
2030		--	--	4.00	950,000	118,400
2031-2035		--	--	4.00	2,010,000	121,400
2036-2040		--	--		--	--
2041-2043		--	--		--	--
		<u>\$ 325,000</u>	<u>\$ 16,300</u>		<u>\$5,135,000</u>	<u>\$ 918,900</u>
Year Ending June 30,	Capital Loan Notes Issued November 22, 2024			Totals		
	Interest Rate	Principal	Interest	Principal	Interest	Total
2026	2.43%	\$ 1,000	\$ 52,446	\$ 2,452,000	\$ 405,703	\$ 2,857,703
2027	2.43	1,000	53,485	2,219,000	348,773	2,567,773
2028	2.43	79,000	53,460	2,350,000	295,512	2,645,512
2029	2.43	84,000	51,540	2,414,000	238,930	2,652,930
2030	2.43	90,000	49,499	1,105,000	181,709	1,286,709
2031-2035	2.43	536,000	212,017	2,901,000	376,847	3,277,847
2036-2040	2.43	704,000	139,045	779,000	141,295	920,295
2041-2043	2.43	437,602	39,390	437,602	39,390	476,992
		<u>\$1,932,602</u>	<u>\$ 650,882</u>	<u>\$14,657,602</u>	<u>\$2,028,159</u>	<u>\$16,685,761</u>

CITY OF GRINNELL, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

On September 18, 2014, the City issued \$5,995,000 of general obligation LOST notes with interest rates ranging from 2.00% to 3.00% per annum. The notes were issued for refunding prior general obligation notes. During the year ended June 30, 2025, the City paid \$780,000 of principal and \$53,550 of interest on the notes. The notes mature in fiscal year 2027.

On July 20, 2016, the City issued \$7,460,000 of general obligation bonds with interest rates ranging from 2.00% to 3.00% per annum. The bonds were issued for park and water improvements and urban renewal projects. During the year ended June 30, 2025, the City paid \$720,000 of principal and \$55,670 of interest on the bonds. The bonds mature in fiscal year 2036.

On June 19, 2018, the city issued \$700,000 of general obligation capital loan notes with an interest rate of 3.25% per annum. The notes were issued for airport and park improvements and urban renewal projects. During the year ended June 30, 2025, the City paid \$73,000 of principal and \$10,010 of interest on the notes. The notes mature in fiscal year 2028.

On September 24, 2020, the City issued \$5,000,000 of general obligation capital loan notes with an interest rate of 2.00% per annum. The notes were issued for urban renewal projects. During the year ended June 30, 2025, the City paid \$745,000 of principal and \$97,000 of interest on the notes. The notes mature in fiscal year 2029.

On September 24, 2020, the City issued \$3,125,000 of general obligation refunding capital loan notes with interest rates ranging from 2.00% to 3.00% per annum. The notes were issued for refunding prior general obligation notes and bonds. During the year ended June 30, 2025, the City paid \$75,000 of principal and \$8,000 of interest on the notes. The notes mature in fiscal year 2029.

On July 21, 2022, the City issued \$5,135,000 of general obligation capital loan notes with interest rates ranging from 3.00% to 4.00% per annum. The notes were issued for public safety, library and aquatic center improvements, road construction and urban renewal projects. During the year ended June 30, 2025, the City paid \$ - 0 - of principal and \$183,650 of interest on the notes. The notes mature in fiscal year 2032.

On November 22, 2024, the City issued up to \$2,202,000 of general obligation capital loan notes with an interest rate of 2.43% per annum. The notes were issued for Municipal Water System improvements. During the year ended June 30, 2025, the City drew down \$1,932,602 of the authorized amount, leaving a balance of \$269,398 to draw. An initiation fee of \$11,010, 0.5% of the authorized borrowing for the notes, was charged. The agreement also requires the City to pay 0.25% servicing fee on the outstanding principal balance. \$ - 0 - in principal and \$15,687 in interest payments were made during the year ended June 30, 2025. The notes mature in fiscal year 2043.

CITY OF GRINNELL, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

Revenue Notes

A summary of the City's June 30, 2025 revenue notes payable is as follows:

Year Ending June 30,	Sewer Revenue Capital Loan Notes Issued December 15, 2023			Water Revenue Capital Loan Notes Issued April 21, 2023		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2026	0.75%	\$ 815,000	\$ 86,392	0.00%	\$1,814,793	\$ --
2027	0.75	844,000	80,280		--	--
2028	0.75	853,000	73,950		--	--
2029	0.75	860,000	67,552		--	--
2030	0.75	869,000	61,103		--	--
2031-2035	0.75	4,481,000	206,370		--	--
2036-2040	0.75	2,787,254	42,128		--	--
2041		--	--		--	--
		<u>\$ 11,509,254</u>	<u>\$ 617,775</u>		<u>\$1,814,793</u>	<u>\$ --</u>

Year Ending June 30,	Water Revenue Capital Loan Notes Issued August 2, 2024			Totals		
	Interest Rates	Principal	Interest	Principal	Interest	Total
2026	2.5%	\$ 160,000	\$ 98,000	\$ 2,789,793	\$ 184,392	\$ 2,974,185
2027	2.5	164,000	94,000	1,008,000	174,280	1,182,280
2028	2.5	169,000	89,900	1,022,000	163,850	1,185,850
2029	2.5	173,000	85,675	1,033,000	153,227	1,186,227
2030	2.5	178,000	81,350	1,047,000	142,453	1,189,453
2031-2035	2.5	966,000	337,500	5,447,000	543,870	5,990,870
2036-2040	2.5	1,108,000	209,875	3,895,254	252,003	4,147,257
2041	2.5	132,908	25,050	132,908	25,050	157,958
		<u>\$ 3,050,908</u>	<u>\$1,021,350</u>	<u>\$16,374,955</u>	<u>\$1,639,125</u>	<u>\$18,014,080</u>

Sewer Revenue Notes - Direct Borrowing

On December 15, 2023, the City entered into an agreement with the Iowa Finance Authority (IFA) for the issuance of \$13,050,000 of sewer revenue capital loan notes with interest at 0.75% per annum. The notes were issued pursuant to Chapters 384.24A and 384.83 of the Code of Iowa to provide financing for the construction of improvements to the sewer treatment plant. In the event of a default, the issuer shall have the right to take any action authorized under the regulations, the revenue note or the agreement and to take whatever action at law or equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the agreement or to enforce the performance and observance of any duty, covenant, obligation or agreement of the participant under the agreement. The agreement also requires the City to pay 0.25% servicing fee on the outstanding principal balance. During the year ended June 30, 2025, the City paid principal of \$781,000 and interest of \$92,184 on the notes. The notes mature in fiscal year 2038.

CITY OF GRINNELL, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$13,050,000 of sewer revenue notes issued in December 2023. The notes are payable solely from sewer customer net receipts. Annual principal and interest payments on the notes are expected to require more than 100% of net receipts. The total principal and interest remaining to be paid on the notes is \$12,127,029. For the current year, principal and interest paid and total customer net receipts were \$873,184 and \$806,725, respectively.

Water Revenue Notes - Direct Borrowing

On April 21, 2023, the City entered into an agreement with the Iowa Finance Authority (IFA) for the issuance of \$2,246,000 of water revenue capital loan notes with interest at 0.00% per annum. The notes were issued pursuant to Chapters 384.24A and 384.83 of the Code of Iowa to provide financing for the construction of improvements and extensions to the City's water system. 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 action at law or equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the agreement or to enforce the performance and observance of any duty, covenant, obligation or agreement of the participant under the agreement. During the year ended June 30, 2025, the City paid principal of \$431,207 and interest of \$ - 0 - on the notes. The notes mature in fiscal year 2026.

On August 2, 2024, the City entered into an agreement with the Iowa Finance Authority (IFA) for the issuance of up to \$3,921,000 water revenue notes with interest at 2.50% per annum. The notes were issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to provide financing for the construction of improvements and extensions to the City's water system. The City will draw down funds from the IFA upon request to reimburse the City for costs as they are incurred. In the event of default, the issuer shall have the right to take any action authorized under the regulations, the revenue note or the agreement and to take whatever other action at law or equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the agreement or to enforce the performance and observance of any duty, covenant, obligation or agreement of the participant under the agreement. During the year ended June 30, 2025, the City drew down \$3,051,908 of the authorized amount, leaving a balance of \$869,092 to draw. The agreement also requires the City to pay 0.25% servicing fee on the outstanding principal balance. \$1,000 in principal and \$24,536 in interest payments were made during the year ended June 30, 2025. The notes mature in fiscal year 2041.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay the \$3,921,000 of water revenue notes issued in August 2024. The notes are payable solely from water customer net receipts. Annual principal and interest payments on the notes are expected to require 11% of net receipts. The total principal and interest remaining to be paid on the notes is \$4,072,258. For the current year, principal and interest paid and total customer net receipts were \$25,536 and \$233,819, respectively.

CITY OF GRINNELL, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 3 - BONDS AND NOTES PAYABLE - Continued

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

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

NOTE 4 - IPERS PENSION PLAN

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

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.

CITY OF GRINNELL, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 - IPERS PENSION PLAN - Continued

The formula used to calculate a Protection Occupation member's monthly IPERS benefit includes:

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

If a Regular 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.

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 \$279,692.

CITY OF GRINNELL, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 - IPERS PENSION PLAN - Continued

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 \$1,091,123 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 0.029964%, which was a decrease of 0.000151% from 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 \$ 127,507, \$698,192 and \$595,807, 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 GRINNELL, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 4 - IPERS PENSION PLAN - 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:

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

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

Sensitivity of 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 7.00%, 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 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City's proportionate share of the net pension liability (asset)	\$ 2,702,109	\$ 1,091,123	\$(258,098)

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 GRINNELL, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 5 - MFPRSI PENSION PLAN

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

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

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

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

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

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

CITY OF GRINNELL, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 5 - MFPRSI PENSION PLAN - Continued

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

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

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

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.55% of earnable compensation for the year ended June 30, 2025.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa, the City's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 22.66% for the year ended June 30, 2025.

The City's contributions to MFPRSI for the year ended June 30, 2025 totaled \$398,374.

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

There were no state appropriations to MFPRSI during the year ended June 30, 2025.

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 \$2,583,514 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 the MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2024, the City's proportion was 0.003910% which was an increase of 0.000206% from its proportion measured as of June 30, 2023.

CITY OF GRINNELL, IOWA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

NOTE 5 - MFPRSI PENSION PLAN - Continued

For the year ended June 30, 2025, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$373,104, \$947,393 and \$492,724, respectively.

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

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the 10 year period ending June 30, 2023.

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

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Fixed Income	4.8%
Broad U.S. Equity	7.5
Global Equity	7.6
Broad Non-US Equity	7.7
Managed Futures	5.5
Core Real Estate	6.0
Opportunistic Real Estate	9.8
Global Infrastructure	6.7
Private Credit	9.4
Private Equity	10.2

CITY OF GRINNELL, IOWA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

NOTE 5 - MFPRSI PENSION PLAN - Continued

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed contributions will be made at 9.55% of covered payroll and the City's contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the MFPRSI's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on MFPRSI's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 4,494,948	\$ 2,583,514	\$ 1,001,372

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

NOTE 6 - HANGAR LEASES

The City owns a hangar within Poweshiek County, Iowa. Effective June 20, 2023, the City entered into a nine-year lease with an individual whereby the individual operates the hangar. The City is to receive \$20,000 in land rent annually with an implicit rate of 3.5%.

Year Ending June 30,	Amount
2026	\$ 20,000
2027	20,000
2028	20,000
2029	20,000
2030	20,000
2031-2033	60,000
Total	160,000
Less interest	(22,521)
Present value	\$ 137,479

CITY OF GRINNELL, IOWA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2025

NOTE 7 - COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation and comp time and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for the leave which is attributable to services already rendered, the leave accumulates and carries forward from one reporting period to the next and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means for earned vacation and comp time and sick leave to employees at June 30, 2025 is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation and Comp Time	\$ 31,000
Sick Leave	<u>55,000</u>
Total	<u>\$ 86,000</u>

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

NOTE 8 - 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	Special Revenue:	
	Hotel Motel Tax	\$ 92,500
	Road Use Tax	80,000
	Tax Increment Financing	30,000
	Insurance Reserve	2,000
	Capital Projects	3,138,202
	Enterprise:	
	Water	15,000
	Sewer	15,000
	Storm Sewer	<u>10,000</u>
		3,382,702
Special Revenue:	General	42,720
Road Use Tax	Special Revenue:	
	Hotel Motel Tax	<u>100,000</u>
		142,720
Special Revenue:	Special Revenue:	
Employee Benefits	Insurance Reserve	150,000
Special Revenue:	Special Revenue:	
Local Option Sales Tax	Tax Increment Financing	200,000

CITY OF GRINNELL, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 - INTERFUND TRANSFERS - Continued

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Special Revenue: Insurance Deductible	General Enterprise: Water Sewer Storm Sewer	\$ 639,584 84,352 39,612 <u>1,736</u> 765,284
Special Revenue: Insurance Escrow	Special Revenue: Employee Benefits	50,000
Special Revenue: Hotel Motel Tax	General	42,720
Special Revenue: Equipment Replacement	General Special Revenue: Road Use Tax Capital Projects Enterprise: Water Sewer Solid Waste Storm Sewer	129,490 150,000 5,005 75,000 60,000 112,500 <u>60,000</u> 591,995
Debt Service	Special Revenue: Local Option Sales Tax Road Use Tax Tax Increment Financing Enterprise: Water	1,113,941 187,300 1,445,780 <u>67,600</u> 2,814,621
Capital Projects	General Special Revenue: Local Option Sales Tax Tax Increment Financing Enterprise: Water Storm Sewer	4,318,884 291,630 2,916,927 531,985 <u>400,000</u> 8,459,426
Enterprise: Water	Capital Projects	850
Enterprise: Storm Sewer	Capital Projects	<u>41,000</u>
		<u>\$ 16,641,318</u>

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

CITY OF GRINNELL, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 9 - 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 limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2025, the City contributed \$788,731 and plan members eligible for benefits contributed \$127,211 to the plan. At June 30, 2025, no assets have been accumulated in a trust which meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits: Individuals who are employed by the City of Grinnell 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 following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	<u>56</u>
Total	<u><u>58</u></u>

NOTE 11 - DEFERRED COMPENSATION PLAN

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

CITY OF GRINNELL, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 11 - DEFERRED COMPENSATION PLAN - Continued

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

NOTE 12 - TAX ABATEMENTS

Governmental Accounting Standards Board Statement No. 77 defines tax abatements as a reduction in tax revenues which 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 which 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, \$43,416 of property tax was diverted from the City under the urban renewal and economic development agreements.

NOTE 13 - DEVELOPMENT AGREEMENTS

The City entered into a development agreement with Grinnell Center, LLC (company) for the construction of hotel and event center with a minimum assessed value of \$3,000,000. The incremental property tax to be received by the City under Chapter 403.19 of the Code of Iowa from the company will be rebated to the company in a cumulative amount not to exceed \$561,540, subject to annual appropriation. The agreement requires ten annual payments, provided the company is in compliance with the terms of the agreement. During the year ended June 30, 2025, the City rebated \$50,533 in incremental property tax to the company. At June 30, 2025, the remaining balance to be paid on the agreement was \$240,752.

CITY OF GRINNELL, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

NOTE 13 - DEVELOPMENT AGREEMENTS - Continued

The City entered into a development agreement with 606 Stagecoach, LLC (company) for the construction of improvements to an office building with a minimum assessed value of \$759,000. The incremental property tax to be received by the City under Chapter 403.19 of the Code of Iowa from the company will be rebated to the company in a cumulative amount not to exceed \$258,540, subject to annual appropriation. The agreement requires ten annual payments, provided the company is in compliance with the terms of the agreement. During the year ended June 30, 2025, the City rebated \$ - 0 - of incremental property tax to the company. At June 30, 2025, the remaining balance to be paid on the agreement was \$258,540.

The City entered into a development agreement with OPG South Lake Partners, LLC (company) for the construction of a multi-family housing complex with a minimum assessed value of \$9,000,000. The incremental property tax to be received by the City under Chapter 403.19 of the Code of Iowa from the company will be rebated to the company in a cumulative amount not to exceed \$130,000, subject to annual appropriation. The agreement requires fifteen annual payments, provided the company is in compliance with the terms of the agreement. During the year ended June 30, 2025, the City rebated \$ - 0 - of incremental property tax to the company. At June 30, 2025, the remaining balance to be paid on the agreement was \$130,000.

The City entered into a development agreement with Langhals Enterprises LLC (company) for the construction of an addition to an existing building. The incremental property tax to be received by the City under Chapter 403.19 of the Code of Iowa from the company will be rebated to the company in a cumulative amount not to exceed \$899,000, subject to annual appropriation. The agreement requires five annual payments, provided the company is in compliance with the terms of the agreement. During the year ended June 30, 2025, the City rebated \$ - 0 - of incremental property tax to the company. At June 30, 2025, the remaining balance to be paid on the agreement was \$899,000.

NOTE 14 - SUBSEQUENT EVENTS

In October 2025, the City issued \$4,328,000 of General Obligation Capital Loan Notes. The City also entered into multiple construction contracts for approximately \$2,999,000 for a Hazelwood Cemetery Paving, Veterans Monument and Plaza, 4th Ave Reconstruction, 16th Ave HMA Paving Improvement, seal coat and Apron Construction Improvement projects.

The City has evaluated all subsequent events through June 22, 2026, the date the financial statements were available to be issued.

NOTE 15 - COMMITMENTS

The City has entered into several construction contracts totaling approximately \$52,525,000 that are still in process as of June 30, 2025. The net remaining amount committed to these contracts is approximately \$24,550,000, which will be paid with existing capital project funds, debt proceeds, tax increment financing revenues and grant proceeds.

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OTHER INFORMATION

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

OTHER INFORMATION

Year ended June 30, 2025

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>	<u>Total</u>
Receipts:			
Property tax	\$ 4,148,455	\$ --	\$ 4,148,455
Tax increment financing	5,011,909	--	5,011,909
Other city tax	2,995,819	--	2,995,819
Licenses and permits	9,132	--	9,132
Use of money and property	1,029,092	207,738	1,236,830
Intergovernmental	3,611,991	--	3,611,991
Charges for service	899,683	6,575,113	7,474,796
Miscellaneous	<u>1,349,972</u>	<u>218,803</u>	<u>1,568,775</u>
Total receipts	<u>19,056,053</u>	<u>7,001,654</u>	<u>26,057,707</u>
Disbursements:			
Public safety	3,970,367	--	3,970,367
Public works	1,828,477	--	1,828,477
Health and social services	800	--	800
Culture and recreation	2,718,400	--	2,718,400
Community and economic development	1,173,016	--	1,173,016
General government	2,360,851	--	2,360,851
Debt service	2,819,596	--	2,819,596
Capital projects	14,184,549	--	14,184,549
Business type activities	<u>--</u>	<u>6,612,033</u>	<u>6,612,033</u>
Total disbursements	<u>29,056,056</u>	<u>6,612,033</u>	<u>35,668,089</u>
Excess (deficiency) of receipts over (under) disbursements	(10,000,003)	389,621	(9,610,382)
Other financing sources (uses), net	<u>6,320,958</u>	<u>(999,728)</u>	<u>5,321,230</u>
Change in balances	(3,679,045)	(610,107)	(4,289,152)
Balances beginning of year	<u>19,532,717</u>	<u>4,600,100</u>	<u>24,132,817</u>
Balances end of year	<u>\$ 15,853,672</u>	<u>\$ 3,989,993</u>	<u>\$ 19,843,665</u>

See accompanying independent auditor's report.

<u>Budgeted Amounts</u>		<u>Final to Total</u>
<u>Original</u>	<u>Final</u>	<u>Variance</u>
\$ 4,092,297	\$ 4,094,842	\$ 53,613
4,514,972	4,733,478	278,431
2,979,161	3,040,161	(44,342)
20,125	10,625	(1,493)
1,009,808	1,169,313	67,517
2,473,355	3,357,854	254,137
7,910,817	7,829,028	(354,232)
<u>4,867,369</u>	<u>4,029,730</u>	<u>(2,460,955)</u>
<u>27,867,904</u>	<u>28,265,031</u>	<u>(2,207,324)</u>
4,447,805	4,329,634	359,267
1,808,065	2,215,395	386,918
2,000	2,000	1,200
2,071,378	2,858,470	140,070
966,949	1,836,493	663,477
2,949,259	3,384,589	1,023,738
2,804,130	2,834,129	14,533
8,712,284	10,195,786	(3,988,763)
<u>23,425,170</u>	<u>14,554,961</u>	<u>7,942,928</u>
<u>47,187,040</u>	<u>42,211,457</u>	<u>6,543,368</u>
(19,319,136)	(13,946,426)	4,336,044
<u>16,630,200</u>	<u>7,731,900</u>	<u>(2,410,670)</u>
(2,688,936)	(6,214,526)	1,925,374
<u>21,389,184</u>	<u>21,389,184</u>	<u>2,743,633</u>
<u>\$ 18,700,248</u>	<u>\$ 15,174,658</u>	<u>\$ 4,669,007</u>

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

June 30, 2025

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, three budget amendments decreased budgeted disbursements by \$4,975,583. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2025, disbursements exceeded the amounts budgeted in the capital projects function.

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

OTHER INFORMATION

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
City's proportion of the net pension liability	0.029964%	0.030115%	0.030561%	(0.007200)%
City's proportionate share of the net pension liability	\$ 1,091,000	\$ 1,359,000	\$ 1,155,000	\$ 25,000
City's covered payroll	\$ 2,820,000	\$ 2,651,000	\$ 2,471,000	\$ 2,401,000
City's proportionate share of the net pension liability as a percentage of its covered payroll	38.69%	51.26%	46.74%	1.04%
IPERS' net position as a percentage of the total pension liability	92.30%	90.13%	91.40%	100.81%

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

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
0.028814%	0.028485%	0.029004%	0.029418%	0.030154%	0.032385%
\$ 2,024,000	\$ 1,649,000	\$ 1,835,000	\$ 1,960,000	\$ 1,898,000	\$ 1,600,000
\$ 2,289,000	\$ 2,180,000	\$ 2,187,000	\$ 2,205,000	\$ 2,170,000	\$ 2,239,000
88.42%	75.64%	83.90%	88.89%	87.47%	71.46%
82.90%	85.45%	83.62%	82.21%	81.82%	85.19%

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

OTHER INFORMATION

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Statutorily required contribution	\$ 280,000	\$ 264,000	\$ 250,000	\$ 230,000
Contributions in relation to the statutorily required contribution	<u>(280,000)</u>	<u>(264,000)</u>	<u>(250,000)</u>	<u>(230,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll	\$ 3,052,000	\$ 2,820,000	\$ 2,651,000	\$ 2,471,000
Contributions as a percentage of covered payroll	9.17%	9.36%	9.43%	9.31%

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 230,000	\$ 216,000	\$ 205,000	\$ 195,000	\$ 197,000	\$ 192,000
<u>(230,000)</u>	<u>(216,000)</u>	<u>(205,000)</u>	<u>(195,000)</u>	<u>(197,000)</u>	<u>(192,000)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 2,401,000	\$ 2,289,000	\$ 2,180,000	\$ 2,187,000	\$ 2,205,000	\$ 2,170,000
9.58%	9.44%	9.40%	8.92%	8.93%	8.85%

CITY OF GRINNELL, IOWA
NOTES TO OTHER INFORMATION - IPERS 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%.

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

OTHER INFORMATION

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
City's proportion of the net pension liability	0.003910%	0.003704%	0.003895%	0.361787%
City's proportionate share of the net pension liability	\$ 2,584,000	\$ 2,318,000	\$ 2,187,000	\$ 812,000
City's covered payroll	\$ 1,456,000	\$ 1,386,000	\$ 1,325,000	\$ 1,168,000
City's proportionate share of the net pension liability as a percentage of its covered payroll	177.47%	167.24%	165.06%	69.52%
MFPRSI's net position as a percentage of the total pension liability	83.37%	83.53%	84.62%	93.62%

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

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
0.381252%	0.410547%	0.399172%	0.412931%	0.406216%	0.383656%
\$ 3,041,000	\$ 2,693,000	\$ 2,377,000	\$ 2,422,000	\$ 2,540,000	\$ 1,802,000
\$ 1,211,000	\$ 1,243,000	\$ 1,160,000	\$ 1,170,000	\$ 1,101,000	\$ 1,006,000
251.11%	216.65%	204.91%	207.01%	230.73%	179.13%
76.47%	79.94%	81.07%	80.60%	78.20%	83.04%

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

OTHER INFORMATION

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Statutorily required contribution	\$ 398,000	\$ 344,000	\$ 320,000	\$ 344,000
Contributions in relation to the statutorily required contribution	<u>(398,000)</u>	<u>(344,000)</u>	<u>(320,000)</u>	<u>(344,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll	\$ 1,758,000	\$ 1,456,000	\$ 1,386,000	\$ 1,325,000
Contributions as a percentage of covered payroll	22.64%	23.63%	23.09%	25.97%

Note: Amounts are rounded.

See accompanying independent auditor's report.

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 298,000	\$ 296,000	\$ 323,000	\$ 298,000	\$ 303,000	\$ 306,000
<u>(298,000)</u>	<u>(296,000)</u>	<u>(323,000)</u>	<u>(298,000)</u>	<u>(303,000)</u>	<u>(306,000)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 1,168,000	\$ 1,211,000	\$ 1,243,000	\$ 1,160,000	\$ 1,170,000	\$ 1,101,000
25.51%	24.44%	25.99%	25.69%	25.90%	27.79%

CITY OF GRINNELL, IOWA

NOTES TO OTHER INFORMATION - MFPRSI PENSION LIABILITY

Year ended June 30, 2025

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

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

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

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

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

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

SUPPLEMENTARY INFORMATION

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

As of and for the year ended June 30, 2025

	Special Revenue	
	Employee Benefits	Local Option Sales Tax
Receipts:		
Property tax	\$ 1,399,101	\$ --
Local option sales tax	--	1,567,615
Other city tax	16,620	--
Use of money and property	49,229	79,556
Intergovernmental	94,337	63,593
Miscellaneous	5,853	--
Total receipts	1,565,140	1,710,764
Disbursements:		
Operating:		
Public safety	398,374	--
Public works	--	--
Culture and recreation	--	--
Community and economic development	--	339,928
General government	988,423	--
Capital projects	--	--
Total disbursements	1,386,797	339,928
Excess (deficiency) of receipts over (under) disbursements	178,343	1,370,836
Other financing sources (uses):		
Transfers in	150,000	200,000
Transfers out	(50,000)	(1,405,571)
Total other financing sources (uses)	100,000	(1,205,571)
Change in cash balances	278,343	165,265
Cash balances beginning of year	904,804	1,351,652
Cash balances end of year	\$ 1,183,147	\$ 1,516,917
Cash Basis Fund Balances		
Nonspendable - Cemetery perpetual care	\$ --	\$ --
Restricted for:		
Equipment	--	--
Other purposes	1,183,147	1,516,917
Total cash basis fund balances	\$ 1,183,147	\$ 1,516,917

(continued next page)

Special Revenue				
Unemployment Reserve	Insurance Deductible	Insurance Reserve	Insurance Escrow	Hotel Motel Tax
\$ --	\$ 197,600	\$ --	\$ --	\$ --
--	--	--	--	--
--	--	--	--	513,011
1,883	6,346	73,662	57,120	18,796
--	--	--	--	--
--	28,673	37,744	--	6,769
<u>1,883</u>	<u>232,619</u>	<u>111,406</u>	<u>57,120</u>	<u>538,576</u>
--	48,091	--	3,957	--
--	39,550	--	--	--
--	84,398	--	--	--
--	1,506	--	--	284,224
--	46,570	32,408	--	--
--	--	--	--	--
<u>--</u>	<u>220,115</u>	<u>32,408</u>	<u>3,957</u>	<u>284,224</u>
1,883	12,504	78,998	53,163	254,352
--	765,284	--	50,000	42,720
<u>--</u>	<u>--</u>	<u>(152,000)</u>	<u>--</u>	<u>(192,500)</u>
<u>--</u>	<u>765,284</u>	<u>(152,000)</u>	<u>50,000</u>	<u>(149,780)</u>
1,883	777,788	(73,002)	103,163	104,572
<u>13,847</u>	<u>59,076</u>	<u>987,294</u>	<u>1,055,429</u>	<u>342,669</u>
<u>\$ 15,730</u>	<u>\$ 836,864</u>	<u>\$ 914,292</u>	<u>\$ 1,158,592</u>	<u>\$ 447,241</u>
\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--
<u>15,730</u>	<u>836,864</u>	<u>914,292</u>	<u>1,158,592</u>	<u>447,241</u>
<u>\$ 15,730</u>	<u>\$ 836,864</u>	<u>\$ 914,292</u>	<u>\$ 1,158,592</u>	<u>\$ 447,241</u>

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

As of and for the year ended June 30, 2025

	Special Revenue	
	Library Gifts	Police Forfeiture
Receipts:		
Property tax	\$ --	\$ --
Local option sales tax	--	--
Other city tax	--	--
Use of money and property	5,609	1,059
Intergovernmental	--	--
Miscellaneous	<u>22,945</u>	<u>5,791</u>
Total receipts	28,554	6,850
Disbursements:		
Operating:		
Public safety	--	159
Public works	--	--
Culture and recreation	41,651	--
Community and economic development	--	--
General government	--	--
Capital projects	--	--
Total disbursements	<u>41,651</u>	<u>159</u>
Excess (deficiency) of receipts over (under) disbursements	(13,097)	6,691
Other financing sources (uses):		
Transfers in	--	--
Transfers out	<u>--</u>	<u>--</u>
Total other financing sources (uses)	<u>--</u>	<u>--</u>
Change in cash balances	(13,097)	6,691
Cash balances beginning of year	<u>95,614</u>	<u>24,971</u>
Cash balances end of year	<u>\$ 82,517</u>	<u>\$ 31,662</u>
Cash Basis Fund Balances		
Nonspendable - Cemetery perpetual care	\$ --	\$ --
Restricted for:		
Equipment	--	--
Other purposes	<u>82,517</u>	<u>31,662</u>
Total cash basis fund balances	<u>\$ 82,517</u>	<u>\$ 31,662</u>

See accompanying independent auditor's report.

<u>Special Revenue Equipment Replacement</u>	<u>Permanent Cemetery Perpetual Care</u>	<u>Total</u>
\$ --	\$ --	\$ 1,596,701
--	--	1,567,615
--	--	529,631
74,743	--	368,003
20,000	--	177,930
30,500	7,438	145,713
<u>125,243</u>	<u>7,438</u>	<u>4,385,593</u>
591,932	--	1,042,513
294,693	--	334,243
--	--	126,049
--	--	625,658
320,196	--	1,387,597
4,376	--	4,376
<u>1,211,197</u>	<u>--</u>	<u>3,520,436</u>
(1,085,954)	7,438	865,157
591,995	--	1,799,999
<u>--</u>	<u>--</u>	<u>(1,800,071)</u>
<u>591,995</u>	<u>--</u>	<u>(72)</u>
(493,959)	7,438	865,085
<u>1,529,025</u>	<u>547,332</u>	<u>6,911,713</u>
<u>\$ 1,035,066</u>	<u>\$ 554,770</u>	<u>\$ 7,776,798</u>
\$ --	\$ 554,770	\$ 554,770
1,035,066	--	1,035,066
<u>--</u>	<u>--</u>	<u>6,186,962</u>
<u>\$ 1,035,066</u>	<u>\$ 554,770</u>	<u>\$ 7,776,798</u>

CITY OF GRINNELL, 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>
Receipts:				
Property tax	\$ 4,148,455	\$ 4,793,711	\$ 5,058,595	\$ 4,563,921
Local option sales tax	1,567,615	1,662,911	1,513,652	1,662,881
Tax increment financing	5,011,909	2,695,874	2,453,346	2,440,843
Other city tax	1,428,204	1,255,611	1,448,051	1,260,423
Licenses and permits	9,132	27,647	27,241	5,682
Use of money and property	1,029,092	1,080,394	268,662	204,209
Intergovernmental	3,611,991	3,171,878	4,746,924	3,330,259
Charges for service	899,683	895,868	872,795	479,010
Miscellaneous	<u>1,349,972</u>	<u>2,181,939</u>	<u>475,717</u>	<u>815,501</u>
Total	<u>\$ 19,056,053</u>	<u>\$ 17,765,833</u>	<u>\$ 16,864,983</u>	<u>\$ 14,762,729</u>
Disbursements:				
Operating:				
Public safety	\$ 3,970,367	\$ 3,375,281	\$ 2,821,418	\$ 2,570,306
Public works	1,828,477	1,528,434	1,407,433	1,590,733
Health and social services	800	4,200	1,089	800
Culture and recreation	2,718,400	1,642,635	1,917,606	1,423,625
Community and economic development	1,173,016	1,057,354	881,973	698,377
General government	2,360,851	1,717,688	1,436,666	1,274,518
Debt service	2,819,596	2,883,848	2,912,398	2,622,374
Capital projects	<u>14,184,549</u>	<u>10,166,806</u>	<u>7,386,561</u>	<u>4,455,036</u>
Total	<u>\$ 29,056,056</u>	<u>\$ 22,376,246</u>	<u>\$ 18,765,144</u>	<u>\$ 14,635,769</u>

See accompanying independent auditor's report.

2021	2020	2019	2018	2017	2016
\$ 4,443,669	\$ 4,017,686	\$ 4,034,033	\$ 4,026,596	\$ 3,605,298	\$ 3,807,749
1,377,259	1,214,678	1,128,746	989,701	1,116,924	927,718
2,642,860	2,573,791	2,218,739	2,297,392	2,321,532	1,963,204
1,041,638	1,191,552	1,289,201	1,178,931	1,186,973	846,074
18,213	9,506	8,132	17,067	8,329	12,910
178,021	156,287	123,928	146,603	125,390	156,706
2,827,377	4,589,636	2,765,564	2,410,010	3,316,948	2,400,351
403,447	287,313	385,740	583,536	815,476	485,634
683,183	484,396	407,146	753,963	955,764	564,966
<u>\$ 13,615,667</u>	<u>\$ 14,524,845</u>	<u>\$ 12,361,229</u>	<u>\$ 12,403,799</u>	<u>\$ 13,452,634</u>	<u>\$ 11,165,312</u>
\$ 2,374,733	\$ 2,221,262	\$ 2,189,223	\$ 2,065,401	\$ 2,091,413	\$ 1,971,259
3,098,326	1,374,041	2,487,930	1,422,878	1,110,449	1,518,669
1,200	800	1,000	1,200	1,223	821
1,489,734	1,370,460	1,413,005	1,351,880	1,311,774	1,322,184
857,299	897,413	726,831	462,182	653,921	554,911
1,216,171	1,112,466	1,166,458	1,177,654	1,376,462	1,297,022
2,717,023	2,640,820	2,541,715	2,789,577	2,360,513	2,026,423
2,265,190	5,860,408	4,985,094	7,413,403	11,740,328	5,867,967
<u>\$ 14,019,676</u>	<u>\$ 15,477,670</u>	<u>\$ 15,511,256</u>	<u>\$ 16,684,175</u>	<u>\$ 20,646,083</u>	<u>\$ 14,559,256</u>

CITY OF GRINNELL, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2025

<u>Grantor/Program</u>	<u>Assistance Listings Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Program Expenditures</u>
U.S. Department of Housing and Urban Development: Passed through Iowa Economic Development Authority: Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	23-CF-005	\$ 5,954
Total U.S. Department of Housing and Urban Development			<u>5,954</u>
U.S. Department of the Treasury: Passed through the Iowa Finance Authority: COVID-19, Coronavirus State and Local Fiscal Recovery Funds	21.027	23-HRBGPP-002	<u>169,282</u>
Total U.S. Department of the Treasury			<u>169,282</u>
U.S. Department of Transportation: Airport Improvement Program	20.106	3-19-0039-020-2023	14,276
Airport Improvement Program	20.106	3-19-0039-022-2024	246,609
Passed through Iowa Department of Public Safety: Highway Safety Cluster: State and Community Highway Safety	20.600	402-PT-2025 05-90-19	6,221
State and Community Highway Safety	20.600	PAP 402-PT-2024 Task 05-90-22	<u>1,142</u>
Total U.S. Department of Transportation			268,248
Environmental Protection Agency: Passed through the Iowa Finance Authority: Drinking Water State Revolving Fund	66.468	D0758G/D0731R/D0798R/ D0826G	<u>6,138,800</u>
Total Environmental Protection Agency			<u>6,138,800</u>
Total			<u>\$ 6,582,284</u>

Basis of Presentation -The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Grinnell under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Grinnell, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City of Grinnell.

(continued next page)

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

Year ended June 30, 2025

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

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

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

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

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

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DAVID A. GINTHER
DUSTIN T. VEENSTRA
FAITH E. HINRICHS

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

To the Honorable Mayor and
Members of the City Council

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Grinnell, Iowa, as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 22, 2026. Our report expressed unmodified opinions on the financial statements which were 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.

Report on Internal Control Over Financial Reporting

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

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

To the Honorable Mayor and
Members of the City Council

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as items 2025-001 through 2025-002 to be significant deficiencies.

Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 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 of Grinnell's Responses to Findings

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

Purpose of this Report

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

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

Atlantic, Iowa
June 22, 2026

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(712) 243-1800
FAX (712) 243-1265
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DAVID A. GINTHER
DUSTIN T. VEENSTRA
FAITH E. HINRICHS

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

To the Honorable Mayor and
Members of the City Council

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Grinnell, Iowa's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the City of Grinnell's major federal program for the year ended June 30, 2025. The City of Grinnell's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Grinnell complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

To the Honorable Mayor and
Members of the City Council

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Grinnell's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Grinnell's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Grinnell's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

To the Honorable Mayor and
Members of the City Council

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

Atlantic, Iowa
June 22, 2026

CITY OF GRINNELL, IOWA
Schedule of Findings and Questioned Costs
Year ended June 30, 2025

PART I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements prepared on the cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles in the United States of America.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements. The audit did not disclose any material weaknesses in internal control over financial reporting.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) The audit did not disclose any material weaknesses or significant deficiencies in internal control over the major program.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose any audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was Assistance Listings Number 66.468 - Drinking Water State Revolving Fund.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) The City of Grinnell did not qualify as a low-risk auditee.

CITY OF GRINNELL, IOWA
Schedule of Findings and Questioned Costs
Year ended June 30, 2025

PART II: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

2025-001 Segregation of Duties:

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

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

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

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

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

Response: We will continue to review and monitor ways to improve segregation of duties.

Conclusion: Response accepted.

CITY OF GRINNELL, IOWA
Schedule of Findings and Questioned Costs
Year ended June 30, 2025

PART II: Findings Related to the Financial Statements

2025-002 Financial Reporting

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 reports 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 reports.

Condition: The City's June 2025 Treasurer's Report generated by the City's software and provided to the City Council does not properly reconcile to the ending cash balances.

Cause: Policies have not been established and procedures have not been implemented to reconcile financial reports to cash balances.

Effect: Lack of policies and procedures resulted in the City employees not detecting the errors in the normal course of performing their assigned functions and material adjustments to the City's financial statements were necessary.

Recommendation: The City should implement procedures to ensure financial reports provided to the City Council are reconciled to cash balances. Reconciliation should be compared to the accounting records by an independent person and the evidence of review should be documented.

Response: These procedures will be implemented as recommended.

Conclusion: Response accepted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

CITY OF GRINNELL, IOWA
Schedule of Findings and Questioned Costs
Year ended June 30, 2025

PART III: Findings and Questioned Costs For Federal Awards

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

PART IV: Other Findings Related to Required Statutory Reporting

2025-A Certified Budget: Disbursements during the year ended June 30, 2025 exceeded the amounts budgeted in the capital projects function. 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: In the future the budget will be amended before disbursements are allowed that would exceed the City's spending authority.

Conclusion: Response accepted.

2025-B Questionable Disbursements: During the audit, we did not note any disbursements that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

2025-C Travel Expense: No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

2025-D Business Transactions: In accordance with Chapter 362.5 of the Code of Iowa, no transactions between the City and the City officials and City employees were noted that represented conflicts of interest.

2025-E Restricted Donor Activity: No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

2025-F Bond Coverage: Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

2025-G City Council Minutes: No transactions were found which we believe should have been approved in the City Council minutes but were not.

CITY OF GRINNELL, IOWA

Schedule of Findings and Questioned Costs

Year ended June 30, 2025

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

- 2025-H 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.
- 2025-I Revenue Notes: No instances of noncompliance with the revenue note resolutions were noted.
- 2025-J Annual Urban Renewal Report: The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.
- 2025-K Tax Increment Financing (TIF): Chapter 403.19 of the Code of Iowa provides a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax. The County Auditor provides for the division of property tax to repay the certified indebtedness and provides available incremental property tax in subsequent fiscal years without further certification by the City until the amount of certified indebtedness is paid. Urban Renewal Area TIF Indebtedness was certified to the County Auditor before December 1 and no exceptions were noted.
- 2025-L Economic Development: During the year ended June 30, 2025, the City paid \$2,040 to the Greater Poweshiek Community Foundation. In accordance with Chapter 15A of the Code of Iowa, the City is providing oversight of these funds to determine the funds are being spent in accordance with the agreements and expenses meet the test of public purpose.

* * *

RESOLUTION NO. 2026-92

RESOLUTION TO TRANSFER FUNDS MONTHLY

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GRINNELL, IOWA:

The following monthly transfer is hereby authorized:

FROM:

112 TRUST & AGENCY	Monthly Transfer	\$9,122.18
610 WATER	Monthly Transfer	648.66
620 SEWER	Monthly Transfer	1,359.83
670 SOLID WASTE	Monthly Transfer	520.58
		\$11,651.25

TO:

138 MEDICAL INSURANCE RESERVE	\$10,239.98
140 HEALTH INSURANCE ESCROW	1,381.27
	\$11,621.25

PURPOSE OF TRANSFERS

For medical insurance reserve monthly transfers as budgeted for FY27.

PASSED AND APPROVED this 6th day of July 2026.

Sam Cox, Mayor

Attest:

Alyssa Devig, City Clerk/Finance Director

RESOLUTION NO. 2026-93

RESOLUTION FOR MONTHLY INTERNAL TRANSFER FUNDS

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GRINNELL, IOWA:

The following transfer is hereby authorized:

FROM FUND

001-4.950.4.6790 GENERAL - \$53,908.64

TO FUND:

003-3.410.4.4790 GENERAL LIBRARY - \$53,908.64

PURPOSE OF TRANSFERS

To generate funds for July 2026 expenses incurred by Library per budget as approved by council with city claims for June 2026.

PASSED AND APPROVED this 6th day of July 2026.

Sam Cox, Mayor

Attest:

Alyssa Devig, City Clerk/Finance Director

**FORGIVABLE LOAN AGREEMENT
BY AND BETWEEN
CITY OF GRINNELL, IOWA
AND
GRINNELL CENTER, LLC**

THIS FORGIVABLE LOAN AGREEMENT (“Agreement”), is made on or as of _____, 2026 by and between the CITY OF GRINNELL, IOWA, a municipality (the “City”), established pursuant to the Code of Iowa and acting under the authorization of Chapters 15A and 403 (“Urban Renewal Act”) of the Code of Iowa, 2025, as amended, and GRINNELL CENTER, LLC, an Iowa Limited Liability Company, having offices for the transaction of business at 925 Park Street, Grinnell, Iowa 50112 (“Developer”). The City and Developer are the Parties to this Agreement.

WITNESSETH:

WHEREAS, in furtherance of the objectives of the Urban Renewal Act, the City has undertaken a program for the development of an economic development area in the City and is engaged in carrying out urban renewal project activities in an area known as the Grinnell Urban Renewal Area (the “Urban Renewal Area”), which is described in the Urban Renewal Plan approved for such area by Resolution No. 1687 adopted on March 21, 1994, and which has been amended several times, lastly by Amendment No. 7 as approved by Resolution No. 2016-06 on January 18, 2016 (the “Urban Renewal Plan”); and

WHEREAS, the City and the Developer previously executed a Purchase, Sale and Development Agreement on September 6, 2016, which was amended by the parties on September 23, 2022, April 15, 2024, and December 10, 2024 (collectively, the “Agreement”), pursuant to which Developer agreed to purchase certain real estate from the City located within the Urban Renewal Area and thereafter develop and operate said property in exchange for the City paying various financial incentives, as described in the Agreement, which property is defined in the Agreement as the “Development Property” and legally described as follows:

GRINNELL LOTS 9, 10, 11 & 12, BLOCK 14 Parcel No. 0501900 in Poweshiek County, Iowa

WHEREAS, the Agreement has been the subject of a Collateral Assignment dated September 27, 2017, by and between Grinnell Center, LLC and Lincoln Savings Bank (the “Collateral Assignment”); and

WHEREAS, the Developer constructed the improvements on the Development Property pursuant to the terms of the Agreement and currently operates and maintains a boutique hotel and event center known as Hotel Grinnell; and

WHEREAS, the City’s performance under the Agreement is suspended in accordance with the terms of the Agreement following notice of default by the City on or about November 17, 2025; and

WHEREAS, the Developer has proposed to cause the construction of certain Additional Minimum Improvements, as described on the attached Exhibit A, on the Development Property, and thereafter will continue to operate its business at the Development Property (hereinafter the “Project”); and

WHEREAS, in consideration of Developer’s obligations under this Agreement, the City is willing to provide a forgivable loan to Developer under the terms and conditions of Article II of this Agreement (the “Forgivable Loan”); and

WHEREAS, the City believes that the further development and operation of the Development Property pursuant to this Agreement and the fulfillment of this Agreement are in the vital and best interests of the City and in accordance with the public purposes and provisions of the applicable State and local laws and requirements under which the foregoing project has been undertaken and is being assisted.

NOW, THEREFORE, in consideration of the promises and the mutual obligations of the Parties hereto, each of them does hereby covenant and agree with the other as follows:

ARTICLE I
DEVELOPER REPRESENTATIONS AND COVENANTS

Section 1.1. Completion of Additional Minimum Improvements. Developer shall complete certain “Additional Minimum Improvements,” as more particularly described in Exhibit A attached hereto and made a part hereof, on the Development Property on or before August 31, 2027. Developer shall have obtained or caused to be obtained, in a timely manner, all required permits, licenses, and approvals, if any, and shall have met, in a timely manner, all requirements of all applicable local, state, and federal laws and regulations which must be obtained or met before the Additional Minimum Improvements may be lawfully completed. Developer anticipates that the Additional Minimum Improvements will require an investment of approximately \$450,000.

Section 1.2. No Violations or Claims. To Developer’s knowledge and with respect to the Project, the Development Property and the Additional Minimum Improvements, the Developer is not in material violation of any local, state, or federal environmental law or regulation and is not aware of any pending or threatened claim against the Developer with respect to such laws.

Section 1.3. Insurance. The Developer agrees, until at least the Termination Date, to maintain builder’s risk, property damage, and liability insurance coverages with respect to the Development Property and all improvements thereon in such amounts as are customarily carried by like organizations engaged in activities of comparable size and liability exposure with insurance companies reasonably satisfactory to the City, together with such additional coverages as the City may reasonably request, and shall provide evidence of such coverages to the City upon request.

Section 1.4. Compliance with Laws. Developer shall comply with all state, federal, and local laws, rules, and regulations relating to the Project, including laws prohibiting discrimination

against any applicant, employee, or tenant because of age, color, creed, national origin, race, religion, marital status, sex, physical disability, or familial status.

Section 1.5. Available Information. Upon request, Developer shall promptly provide the City with copies of information requested by City that are related to this Agreement and the Project so that City can determine compliance with the Agreement.

Section 1.6. Real Property Taxes. Developer, or its successors shall pay or cause to be paid, when due, all real property taxes and assessments payable with respect to all and any parts of the Development Property. Developer and its permitted successors and assigns agree that, prior to the Termination Date:

a. They will not seek administrative review or judicial review of the applicability or constitutionality of any tax statute relating to the taxation of real property contained on the Development Property determined by any tax official to be applicable to the Development Property or improvements thereon, or raise the inapplicability or constitutionality of any such tax statute as a defense in any proceedings, including delinquent tax proceedings; and

b. They will not seek any tax exemption, deferral, or abatement either presently or prospectively authorized under any state, federal, or local law with respect to taxation of real property contained on the Development Property between the date of execution of this Agreement and the Termination Date.

Section 1.7. Annual Certification. To assist the City in monitoring the Agreement and performance of Developer hereunder, duly authorized officers of Developer shall provide a one-time Annual Certification to the City between October 1, 2027 and October 15, 2027.

As part of the Annual Certification, Developer shall provide to the City (i) proof that all ad valorem taxes on the Development Property have been paid for the prior fiscal year and any taxes due and payable for the current fiscal year as of the date of certification; (ii) a certification that the Developer continues to operate on the Development Property as Hotel Grinnell; and (iii) a certification that such officer is familiar with the terms and provisions of this Agreement and that at the date of such certification, there is no Event of Default by Developer hereunder, or if the signer is aware of any such Event of Default, said officer shall disclose in such statement the nature thereof, its period of existence and what action, if any, has been taken or is proposed to be taken with respect thereto.

Developer shall provide supporting information germane to its Annual Certification upon request of the City. *See* Exhibit C for the form required for the Annual Certification.

ARTICLE II.

FORGIVABLE LOAN AND PROMISSORY NOTE

Section 2.1. Forgivable Loan. For and in consideration of the obligations of the Developer as set forth herein, and as a necessary means of achieving the goals and objectives of the Urban Renewal Plan, the City agrees to make a Forgivable Loan to Developer, payable in

multiple “installments” or “disbursements”, subject to the conditions set forth in this Article and this Agreement, in the amount of ~~Three Hundred Thousand Dollars (\$300,000.00)~~ (the “Forgivable Loan”). Provided the conditions precedent set forth in this Section and Section 2.2 are satisfied at the time of payment, the disbursements of the Forgivable Loan installments shall be made as follows:

Commented [A1]: Staff discussed \$300,000 loan. The City may agree to the proposed increased amount of \$450,000 if Grinnell Center LLC agrees to a consensual termination of the original DA. Please advise.

- a. Following Developer’s completion of an item of Additional Minimum Improvements listed on Exhibit A, Developer shall submit to the City a detailed paid invoice, receipt of purchase, or similar proof-of-purchase documentation for the work, which documentation must evidence the amount paid by Developer for the work.
- b. ~~Within thirty (30) days~~ of the Developer’s submission of all required information, the City shall review the documentation submitted by Developer and, if the work is included as part of the Additional Minimum Improvements on Exhibit A, then the City shall disburse an installment of the Forgivable Loan to Developer, in an amount equal to the demonstrated amount paid by Developer for the work; provided, however, in no event shall the cumulative amount of the Forgivable Loan installments exceed \$300,000.
- c. Disbursements from the City shall be made solely from available proceeds from funds generated by the Grinnell Historic Downtown and Campus Confluence Iowa Reinvestment District established by the City under Iowa Code Chapter 15J. The Forgivable Loan disbursements shall not be payable in any manner by other tax revenues or by general taxation or from any other City funds.
- d. The Forgivable Loan disbursements shall be paid to the Cutler Law Firm, 1307 50th St., West Des Moines, ~~Iowa~~.

Commented [A2]: If seeking council approval for each disbursement, 10 days will not likely be enough time.

The City and the Developer agree that, if the Developer’s actual costs incurred as Additional Minimum Improvements identified on Exhibit A do not total at least \$300,000, then the Developer may submit a list of supplemental Additional Minimum Improvements to the City, identifying additional improvements that the Developer desires to complete on the Development Property. Upon written agreement by the City and the Developer (subject to approval of the Grinnell City Council, as the governing body of the City), the parties may amend the list of Additional Minimum Improvements to include the supplemental items.

Commented [A3]: If the disbursements are in response to supported invoice, why is this provision required?

Commented [A4R3]: If the City is only making each disbursement to your Firm to pay the costs, I think it would be fine for the City to agree to pay to Cutler Law Firm trust account rather than a separate escrow.

Section 2.2. Conditions Precedent. The City’s obligation to provide any installment payment/disbursement of the Forgivable Loan to Developer under this Agreement shall be subject to satisfaction of the following conditions precedent:

- a. Developer has provided the City with a copy of the Plan of Reorganization (hereafter, Plan) and Confirmation Order from the United States Bankruptcy Court before which Developer’s bankruptcy petition and Plan is pending; and

- b. Developer shall have completed the construction of the particular component(s) of the Additional Minimum Improvements related to triggering disbursement of an installment payment of the Forgivable Loan, as described in Section 2.1; and
- c. Developer shall have executed and provided to the City a promissory note in the form attached as Exhibit B (the “Promissory Note”); and
- d. The Principals of Developer shall have each executed and provided to the City personal guarantees in the form attached as Exhibit B-1; and
- e. Developer shall be in material compliance with all the terms and provisions of this Agreement; and
- f. No Event of Default shall have occurred and be continuing.

Developer shall provide supporting information germane to each of the above conditions upon request of the City, and failure to provide such information or to substantiate the satisfaction of any condition shall be treated as a failure to satisfy the condition.

Section 2.3. Forgiveness of the Forgivable Loan. The Forgivable Loan shall be forgiven on June 30, 2028 provided the following conditions are satisfied as of that date:

- a. Developer has paid all ad valorem taxes due with respect to the Development Property and all improvements thereon; and
- b. Hotel operations by Developer on the Development Property are continuing; and
- c. Developer is in compliance with all terms, conditions and obligations of this Agreement as of the date the loan forgiveness is to be granted.

If the City determines that the Developer is not in compliance with the terms, conditions and obligations of this Agreement as of June 15, 2028, then the City will notify Developer that the Developer does not qualify for the loan forgiveness. The loan forgiveness is wholly contingent upon the Developer, and its successors, being and remaining in compliance with the obligations, responsibilities, and covenants of this Agreement.

Section 2.4. Promissory Note. The Developer will execute a Promissory Note in the form attached as Exhibit B to this Agreement as a condition precedent to the disbursement of the Forgivable Loan. Should Developer fail to qualify for loan forgiveness as of June 30, 2028, the remaining balance of the Promissory Note shall become immediately due and payable within thirty (30) days of the date the City sends notice to the Developer of Developer’s failure to qualify for loan forgiveness. All unpaid sums will accrue interest at the rate of 4% per annum accruing from the date payment is due.

Section 2.5. Cancellation of Promissory Note. The Promissory Note will be cancelled when no outstanding balance of the Promissory Note exists. No outstanding balance will exist upon occurrence of any of the following:

- a. The entire Forgivable Loan has been forgiven;
- b. The Developer has paid the City the full amount of the Forgivable Loan; or
- c. A portion of the Forgivable Loan has been forgiven, and the Developer has paid the entire remaining balance of the Forgivable Loan/Promissory Note to the City.

Section 2.6. Forgivable Loan Default. If the Forgivable Loan is not forgiven and/or repaid by Developer pursuant to the terms of this Agreement, then an Event of Default has occurred, in which event the City has all the rights under this Agreement, including the remedies set forth in Section 5.2, and under the terms of the Promissory Note and Guarantees.

Section 2.7. Guarantees. Prior to disbursement of any portion of the Forgivable Loan to Developer, and as additional security for Developer's obligation to repay the Forgivable Loan pursuant to the terms of this Agreement, personal guarantees ("Guarantees") of repayment of the Forgivable Loan shall be provided by the principals of Grinnell Center LLC, to the City in a form materially consistent with Exhibit B -1. Such personal guarantees shall remain in effect until the cancellation of the Promissory Note.

ARTICLE III INDEMNIFICATION

Section 3.1. Release and Indemnification. Developer releases the City and the governing body members, officers, agents, servants, and employees thereof (hereinafter, for purposes of this Article III, the "Indemnified Parties") from, covenants and agrees that the Indemnified Parties shall not be liable for, and agrees to indemnify, defend, and hold harmless the Indemnified Parties against, any loss or damage to property or any injury to or death of any person occurring at or about or resulting from any defect in the Development Property or any improvements thereon.

Except to the extent arising from any willful misrepresentation, gross negligence, or any willful or wanton misconduct or any unlawful act of the Indemnified Parties, Developer agrees to protect and defend the Indemnified Parties, now or forever, and further agrees to hold the Indemnified Parties harmless, from any claim, demand, suit, action, or other proceedings whatsoever by any person or entity whatsoever arising or purportedly arising from: (i) any violation of any agreement or condition of this Agreement (except with respect to any suit, action, demand or other proceeding brought by Developer against the City to enforce its rights under this Agreement); (ii) the acquisition and condition of the Development Property and the construction, installation, ownership, and operation of the Development Property or any improvements thereon; or (iii) any hazardous substance or environmental contamination located in or on the Development Property.

The Indemnified Parties shall not be liable for any damage or injury to the persons or property of Developer, or its officers, agents, servants, or employees, or any other person who may be about the Development Property due to any act of negligence of any person, other than any act of negligence on the part of any such indemnified party or its officers, agents, servants, or employees.

The provisions of this Article III shall survive the termination of this Agreement.

ARTICLE IV
PROHIBITION AGAINST ASSIGNMENT AND TRANSFER

Section 4.1. Status of Developer; Transfer of Substantially All Assets; Assignment. As security for the obligations of Developer under this Agreement, Developer represents and agrees that, prior to the Termination Date, Developer will maintain its existence as a company and will not wind up or otherwise dispose of all or substantially all of its assets or transfer, convey, or assign its interests in the Development Property or this Agreement to any other party unless: (i) the transferee partnership, corporation, limited liability company or individual assumes in writing all of the then-outstanding obligations of Developer under this Agreement; and (ii) the City consents thereto in writing in advance thereof.

Section 4.2. Prohibition Against Use as Non-Taxable or Centrally Assessed Property. During the term of this Agreement, Developer, or its successors or assigns, agree that the Development Property cannot be transferred or sold to a non-profit entity or used for a purpose that would exempt the Development Property from property tax liability, excepting any transfer of a portion of the Development Property to the City to be owned as public property. Nor can the Development Property be used as centrally assessed property (including but not limited to, Iowa Code § 428.24 to 428.29 (Public Utility Plants and Related Personal Property); Chapter 433 (Telegraph and Telephone Company Property); Chapter 434 (Railway Property); Chapter 437 (Electric Transmission Lines); Chapter 437A (Property Used in the Production, Generation, Transmission or Delivery of Electricity or Natural Gas); and Chapter 438 (Pipeline Property)).

ARTICLE V
DEFAULT AND REMEDIES

Section 5.1. Events of Default Defined. The following shall be “Events of Default” under this Agreement and the term “Event of Default” shall mean, whenever it is used in this Agreement, any one or more of the following events during the Term of this Agreement:

- a. Failure by Developer to cause the Additional Minimum Improvements to be completed pursuant to the terms and conditions of this Agreement;
- b. The Development Property is put up for tax sale by the County;
- c. Failure by Developer to substantially observe or perform any covenant, condition, or obligation under this Agreement;

Commented [A5]: These are two different triggers - property is placed on the tax sale list earlier than the actual date of auction. The City would prefer to keep the standard language as the event of default so the City has adequate time to provide notice and “cure” can be determined before the property is actually sold.

d. The holder of any mortgage on the Development Property, or any improvements thereon, or any portion thereof, commences foreclosure proceedings as a result of any default under the applicable mortgage documents;

e. Developer shall:

i. file any new petition in bankruptcy or for any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under the United States Bankruptcy Act of 1978, as amended, or under any similar federal or state law, following the execution of this Agreement; or

ii. make an assignment for the benefit of its creditors; or

iii. admit in writing its inability to pay its debts generally as they become due;
or

iv. in any new proceeding initiated after execution of this Agreement, be adjudicated as bankrupt or insolvent; or if a petition or answer proposing the adjudication of Developer as bankrupt or either entity's reorganization under any present or future federal bankruptcy act or any similar federal or state law shall be filed in any court and such petition or answer shall not be discharged or denied within ninety (90) days after the filing thereof; or a receiver, trustee or liquidator of Developer or the Minimum Improvements, or part thereof, shall be appointed in any proceedings brought against Developer and shall not be discharged within ninety (90) days after such appointment, or if Developer shall consent to or acquiesce in such appointment; or

For the removal of all doubt, the instant bankruptcy case filed in the Bankruptcy Court for the Southern District of Iowa, Case No. 25-02165-lmj11, is not an event of default, nor is any action, order, judgment, or filing made or issued within that case or any attendant Adversary Proceedings to that case.

f. Any representation or warranty made by Developer in this Agreement or in any written statement or certificate furnished by Developer pursuant to this Agreement, shall prove to have been incorrect, incomplete, or misleading in any material respect on or as of the date of the issuance or making thereof.

Section 5.2. Remedies on Default. Whenever any Event of Default referred to in Section 5.1 of this Agreement occurs and is continuing, and fails to cure said breach within thirty (30) days after written notice from the City to the Developer of the Event of Default, then the City may (i) suspend its performance under this Agreement; (ii) terminate this Agreement upon written notice to the Developer; (iii) suspend payment of the Forgivable Loan; (iv) demand payment in full of the balance of the Forgivable Loan/Promissory Note or otherwise enforce the terms of the Promissory Note or Personal Guarantees; and/or (v) take any other legal or equitable action deemed appropriate to enforce the Developer's obligations under this Agreement.

Section 5.3. No Remedy Exclusive. No remedy herein conferred upon or reserved to the City is intended to be exclusive of any other available remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 5.4 No Implied Waiver. In the event any agreement contained in this Agreement should be breached by any party and thereafter waived by any other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other concurrent, previous or subsequent breach hereunder.

Section 5.5. Enforcement Costs. Whenever any Event of Default occurs and the City shall employ attorneys or incur other expenses for the collection of payments due or to become due or for the enforcement or performance or observance of any obligation or agreement on the part of Developer herein contained, Developer agrees that it shall, on demand therefor, pay to the City the reasonable fees of such attorneys and such other expenses as may be reasonably and appropriately incurred by the City in connection therewith.

ARTICLE VI MISCELLANEOUS

Section 6.1. Conflict of Interest. Developer represents and warrants that, to its best knowledge and belief after due inquiry, no officer or employee of the City, or their designees or agents, nor any consultant or member of the governing body of the City, and no other public official of the City who exercises or has exercised any functions or responsibilities with respect to the Project during his or her tenure, or who is in a position to participate in a decision-making process or gain insider information with regard to the Project, has had or shall have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work or services to be performed in connection with the Project, or in any activity, or benefit therefrom, which is part of the Project at any time during or after such person's tenure.

Section 6.2. Notices. Notices, demands, or other communications under this Agreement by either party to the other shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

- a. In the case of Developer, is addressed or delivered personally to Grinnell Center, LLC at 925 Park Street, Grinnell, Iowa 50112, Attn: Angela Harrington; and
- b. In the case of the City, is addressed to or delivered personally to the City of Grinnell, at 927 4th Avenue, Grinnell, IA 50112, Attn: City Clerk;

or to such other designated individual or officer or to such other address as either party shall have furnished to the other in writing in accordance herewith.

Section 6.3. Iowa Law Controlling. This Agreement shall be governed and construed under the laws of the State of Iowa.

Section 6.4. Entire Agreement. This Agreement and the Exhibits here referenced shall constitute the entire agreement between the City and the Developer and supersedes all other written and oral agreements, discussions, and negotiations.

Section 6.5. Amendments. This Agreement may not be amended or assigned by either party without the express written permission of the other party.

Section 6.6. Counterparts. This Agreement may be executed in counterparts, each of which shall constitute one and the same instrument.

Section 6.7. Severability. In the event any term or provision of this Agreement is held to be unenforceable by a court of competent jurisdiction, the remainder shall continue in full force and effect, to the extent the remainder can be given effect without the invalid provision.

Section 6.8. Successors and Assigns. This Agreement is intended to and shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

Section 6.9. No Third-Party Beneficiaries. No rights or privileges of either party hereto shall inure to the benefit of any landowner, contractor, subcontractor, material supplier, or any other person or entity, and no such contractor, landowner, subcontractor, material supplier, or any other person or entity shall be deemed to be a third-party beneficiary of any of the provisions contained in this Agreement.

Section 6.10. Termination. This Agreement shall terminate and be of no further force or effect on and after December 31, 2028 (the “Termination Date”), unless terminated earlier under the provisions of this Agreement.

IN WITNESS WHEREOF, the City has caused this Agreement to be duly executed in its name and behalf by its Mayor and its seal to be hereunto duly affixed and attested by its City Clerk, and the Developer has caused this Agreement to be duly executed in its name and behalf by its authorized representative, all on or as of the day first above written.

[Signature pages follow]

(SEAL)

CITY OF GRINNELL, IOWA

By: _____
Sam Cox, Mayor

ATTEST:

By: _____
Alyssa Devig, City Clerk

STATE OF IOWA)
) SS
COUNTY OF POWESHIEK)

On this _____ day of _____, 20 ____, before me a Notary Public in and for said State, personally appeared Sam Cox and Alyssa Devig to me personally known, who being duly sworn, did say that they are the Mayor and City Clerk, respectively, of the City of Grinnell Iowa, a Municipality created and existing under the laws of the State of Iowa, and that the seal affixed to the foregoing instrument is the seal of said Municipality, and that said instrument was signed and sealed on behalf of said Municipality by authority and resolution of its City Council, and said Mayor and City Clerk acknowledged said instrument to be the free act and deed of said Municipality by it voluntarily executed.

Notary Public in and for the State of Iowa

[Signature page to Agreement – City of Grinnell]

EXHIBIT A
ADDITIONAL MINIMUM IMPROVEMENTS

The Additional Minimum Improvements include new improvements to the Hotel Grinnell HVAC system and new parking lot improvements.

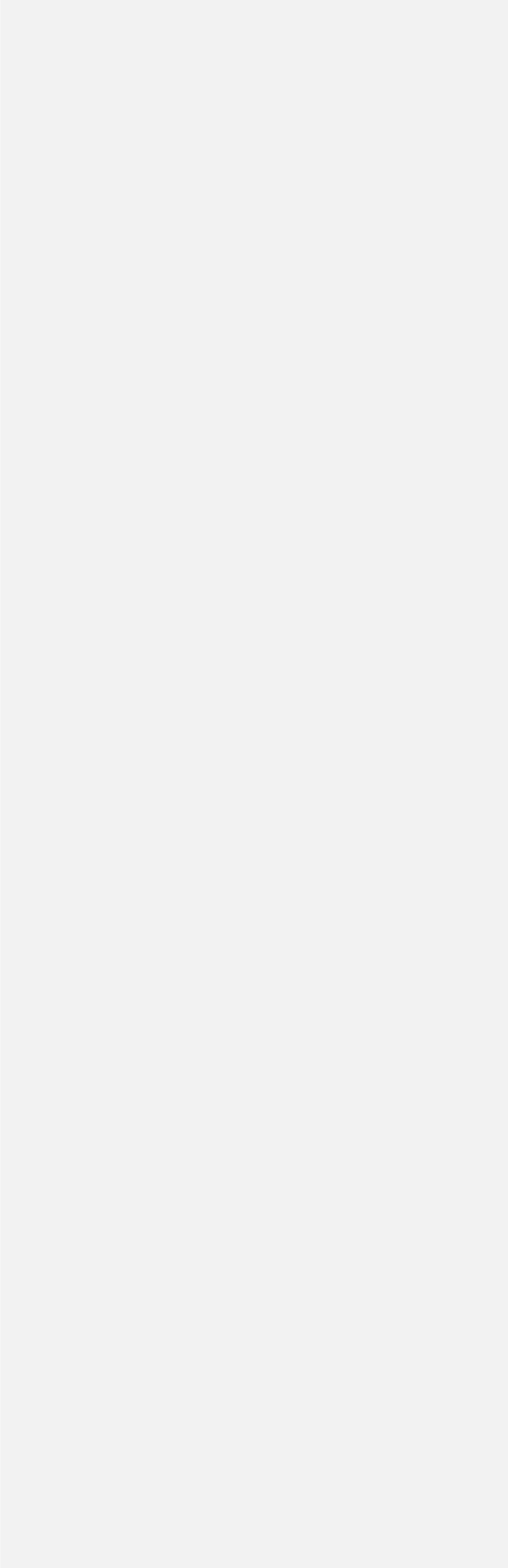


EXHIBIT B
PROMISSORY NOTE

_____, 2026

FOR VALUE RECEIVED, GRINNELL CENTER, LLC, an Iowa limited liability company (the “Borrower”) agrees and promises to pay to the order of the CITY OF GRINNELL, IOWA, a municipality (the “Lender”) the sum of THREE HUNDRED THOUSAND AND 00/100 DOLLARS (\$300,000.00) being the amount of the Forgivable Loan as defined in that certain Forgivable Loan Agreement dated _____, 2026 between the parties (“FL Agreement”). The following are the terms of this Promissory Note (“Note”).

1. The entire principal balance hereof or the portion due and owing shall be payable to the Lender according to the terms of the FL Agreement, unless this Note is forgiven or cancelled pursuant to the terms of the FL Agreement. If Lender does not forgive or cancel this Note, or if Borrower has not repaid the amount of the principal or the portion due and owing, as defined by the FL Agreement, or if Borrower defaults under any term or condition of the FL Agreement, then Borrower will be in Default and subject to the consequences for Default in Paragraph 3 of this Note and the FL Agreement.

2. The Borrower may at any time prepay without penalty all or any part of the unpaid principal balance of this Note.

3. Any default under the FL Agreement shall be a Default hereunder and payment may be accelerated. Upon Default, the Lender may, at its option, exercise any and all rights and remedies available to it under this Promissory Note, or any applicable law, including, without limitation, the right to collect from the Borrower all sums due under this Note with interest accruing at an annual rate of 4% beginning 30 days following the Lender’s demand for payment until paid in full. The Borrower hereby waives presentment, demand for payment, notice of nonpayment, notice of dishonor, protest, and all other notices or demands in connection with the delivery, acceptance, performance, or Default of this Note.

4. If this Note is placed in the hands of an attorney for collection after Default in the payment of principal or interest, or if all or any part of the indebtedness represented hereby is proved, established, or collected in any court or in any bankruptcy, receivership, debtor relief, probate, or other court proceeding, the Borrower shall pay all reasonable costs and expenses incurred by or on behalf of Lender in connection with the Lender’s exercise of any or all of its rights and remedies under this Note, including, without limitation, court costs, and attorneys’ fees.

5. No delay or failure of the Lender to exercise any power or right shall operate as a waiver thereof, and such rights and powers shall be deemed continuous; nor shall a partial exercise preclude full exercise of such rights and powers. No right or remedy of the Lender shall be deemed abridged or modified by any course of conduct, and no waiver thereof shall be predicated thereon.

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6. The obligations of the Borrower under the terms of this Note shall be binding on the successors-in-interest, legal representatives, and assigns of the Borrower, and shall inure to the benefit of the Lender and the Lender's successors-in-interest, legal representatives, and assigns.

7. This Note is also subject to the terms and conditions of the FL Agreement.

IMPORTANT: READ BEFORE SIGNING: The terms of this Note and the Forgivable Loan Agreement should be read carefully because only those terms in writing are enforceable. No other terms or oral promises not contained may be legally enforced. You may change the terms of this Promissory Note only by another written agreement.

Dated as of _____, 2026.

GRINNELL CENTER, LLC,
an Iowa limited liability company

By: _____
Angela Harrington, Member

STATE OF IOWA)
) SS
COUNTY OF _____)

This record was acknowledged before me on this _____ day of _____, 2026, by Angela Harrington as a Member of Grinnell Center, LLC.

Notary Public in and for the State of Iowa

EXHIBIT B-1
PERSONAL GUARANTY

THIS PERSONAL GUARANTY (“Guaranty”) is given by Angela Harrington, _____ (each jointly and severally, the “Guarantor”) to the City of Grinnell, a municipal corporation in the State of Iowa, (“City”), in consideration of benefits Guarantor expects to receive from Grinnell Center LLC, an Iowa limited liability company (the “Debtor”) in connection with a Forgivable Loan Agreement by and between the City and the Debtor dated on or about _____, 2026 (“FL Agreement”).

WHEREAS, pursuant to the FL Agreement, Debtor has agreed to undertake certain development activities on a property within the City, and in return the City has agreed to provide certain financial incentives to Debtor; and

WHEREAS, in connection with the FL Agreement, Debtor has or will have executed a promissory note (“Promissory Note”) for the repayment of a Forgivable Loan made under the terms and conditions of the FL Agreement; and

WHEREAS, pursuant to the terms and conditions of the FL Agreement, if an Event of Default occurs under the FL Agreement, the Debtor may be required to repay all or a portion of the Forgivable Loan to the City.

NOW THEREFORE, the Guarantor agrees as follows:

A. The term “Obligations” includes all payment obligations of Debtor to the City under the Promissory Note as provided in the FL Agreement, regardless of the nature of the obligation, whether existing prior to the date of this Guaranty or arising hereafter, or whether it subsequently becomes unenforceable against Debtor as a result of Debtor’s bankruptcy or otherwise.

B. Guarantor hereby unconditionally and irrevocably guarantees payment of all Obligations of Debtor to the City, plus all interest, costs, attorney’s fees, and other expenses in the collection of any Obligations guaranteed hereby or in the enforcement of this Guaranty. This Guaranty shall be binding upon Guarantor and Guarantor’s successors, legal representatives and assigns and shall inure to the benefit of the City and its respective successors in interest, beneficiaries, legal representatives and assigns. No assignment or delegation by Guarantor shall release Guarantor from its obligations under this Guaranty. The liability of Guarantor shall not be modified, limited, released, or affected in any manner whatsoever by: (a) partial repayments by the Guarantor or the allocation by the City of repayments by the Guarantor, it being the understanding of Guarantor that such Guarantor’s liability shall continue hereunder so long as there are any Obligations outstanding; (b) City obtaining collateral to secure payment of the Obligations; (c) the incapacity, conservatorship, death, insolvency, or bankruptcy of the Debtor or Guarantor; (d) failure, delay, waiver, or refusal by the City to exercise any right or remedy held by the City under law or the FL Agreement or Promissory Note; (e) any amendments to the FL Agreement (unless Guarantor is unconditionally released in writing by the City); or (f) the failure of a Guarantor to receive notice of any one or more of the foregoing actions or events.

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C. Guarantor acknowledges that this Guaranty shall be effective when received by the City without the necessity of any acceptance by the City, or any notice to Guarantor or Debtor, and will continue in full force until all of the Obligations have been fully and finally paid.

D. This Guaranty is a guarantee of payment, and not merely a guarantee of collection. The City may proceed against Guarantor without first proceeding against Debtor or any collateral securing the Obligations.

E. The liability of the Guarantor hereunder shall not be affected by any surrender or release by the City of any security or rights it may have for any Obligations herein guaranteed, or by any amendment or change in the terms of the Obligations, whether with or without notice to, or the consent of the Guarantor.

F. Until all Obligations guaranteed hereby are paid in full, any indebtedness (including any right or interest or salary, dividends, options, benefits, or proceeds) of Debtor now or hereafter owing to Guarantor is hereby subordinated to all Obligations of Debtor to the City. All amounts received by the Guarantor related to or arising out of with such indebtedness of Debtor owing to Guarantor prior to payment in full of the Obligations shall be received in trust for the City.

G. The Obligations shall be joint and several obligations of each Guarantor (if more than one).

H. Payments under this Guaranty shall be made to the City at City of Grinnell at; Attn: 520 4th Avenue Grinnell, IA 50112, City Clerk, or at such other place as the City shall designate from time to time.

I. If any provision of this Guaranty shall be held invalid or unenforceable, such invalidity or enforceability shall not affect the provisions of this Guaranty which may be given effect without the invalid or unenforceable provisions, and to this end, the provisions of this Guaranty are to be construed as severable.

J. In consideration of the FL Agreement with Debtor, Guarantor acknowledges that the City is relying on the financial solvency of the Guarantor and Guarantor agrees to provide the City with a personal financial statement at any subsequent date as requested or deemed necessary by the City in its sole discretion. Guarantor agrees to promptly notify the City of any material change in financial status, including marital status, any change of address, and any other information which may be material to Guarantor's financial solvency and security for the purpose of this Guaranty.

K. Guarantor hereby represents and warrants to the City as follows: (a) Guarantor is solvent, is not bankrupt, and has no outstanding liens, garnishments, bankruptcies or court actions which could render guarantor insolvent or bankrupt, and there has not been filed by or against Guarantor a petition in bankruptcy or similar relief under the Bankruptcy Code or any state law; (b) Guarantor is not subject to a conservatorship, guardianship or any other proceeding or disability affecting Guarantor's competency to contract; (c) the execution, delivery, and performance of this Guaranty do not contravene, result in the breach of or constitute a default under any mortgage, deed of trust, lease, promissory note, loan agreement or other contract or agreement to which Guarantor is a party or by which Guarantor or any of its properties may be bound or affected and

do not violate or contravene any law, order, decree, rule, or regulation to which Guarantor is subject; (d) there are no judicial or administrative actions, suits or proceedings pending or, to the best of Guarantor's knowledge, threatened against or affecting Guarantor or involving the validity, enforceability, or priority of this Guaranty; and (e) this Guaranty constitutes the legal, valid, and binding obligation of Guarantor enforceable in accordance with its terms.

L. Guarantor waives presentment, demand, protest, notice of dishonor, protest, and nonpayment, and all due diligence or promptness that may otherwise be required by law. The liability of Guarantor hereunder may only be extinguished by payment in full of the Obligations guaranteed herein. All rights, power and remedies of the City under this Guaranty shall be cumulative and in addition to all rights, powers, and remedies which the City may otherwise have against Guarantor or Debtor.

M. This Guaranty shall be governed by and construed according to the laws of Iowa, and the Guarantor hereby submits to the jurisdiction of the District Court of Poweshiek County, in any action brought under or arising out of this Guaranty.

N. Notices, demands, or other communications under this Guaranty shall be sufficiently given or delivered if it is dispatched by registered or certified mail, postage prepaid, return receipt requested, or delivered personally, and

- a. In the case of Guarantor, is addressed or delivered personally to Grinnell Center, LLC at 925 Park Street, Grinnell, Iowa 50112; Attn: Angela Harrington; and
- b. In the case of the City, is addressed to or delivered personally to the City at 520 4th Avenue Grinnell, IA 50112, Attn: City Clerk;

O. Except in the event of the City's intentional and wanton misconduct, Guarantor agrees to indemnify and hold the City harmless from all losses, claims, damages, and costs (including the City's attorneys' fees) suffered or incurred by the City as a result of any breach by Guarantor of the warranties, representations, and agreements stated in this Guaranty.

[Remainder of page intentionally left blank; Signature page follows]

IMPORTANT: READ BEFORE SIGNING. THE TERMS OF THIS GUARANTY SHOULD BE READ CAREFULLY BECAUSE ONLY THOSE TERMS IN WRITING ARE ENFORCEABLE. NO OTHER TERMS OR ORAL PROMISES NOT CONTAINED IN THIS WRITTEN CONTRACT MAY BE LEGALLY ENFORCED. YOU MAY CHANGE THE TERMS OF THIS GUARANTY ONLY BY ANOTHER WRITTEN AGREEMENT OR AMENDMENT.

THE UNDERSIGNED GUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS GUARANTY AND AGREES TO ITS TERMS. IN ADDITION, GUARANTOR UNDERSTANDS THAT THIS GUARANTY IS EFFECTIVE UPON GUARANTOR'S EXECUTION AND DELIVERY OF THIS GUARANTY TO THE CITY AND THAT THE GUARANTY WILL CONTINUE UNTIL THE OBLIGATIONS ARE PAID IN FULL. NO FORMAL ACCEPTANCE BY THE CITY IS NECESSARY TO MAKE THIS GUARANTY EFFECTIVE. THIS GUARANTY IS DATED AND EFFECTIVE AS OF THE DATE INDICATED BELOW.

GUARANTOR ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS GUARANTY.

IN TESTIMONY WHEREOF, witness the signature of the Guarantor, on _____, 2026.

GUARANTORS:

By: _____
Angela Harrington, Personally

By: _____
, Personally

By: _____
, Personally

STATE OF IOWA)
) SS:
COUNTY OF _____)

This record was acknowledged before me on _____, 2026, by Angela Harrington, _____, on behalf of whom the record was executed.

Notary Public in and for the State of Iowa

EXHIBIT C
ANNUAL CERTIFICATION
(due by October 15th as required under terms of Forgivable Loan Agreement)

Developer certifies that, during the time period covered by this Certification, Developer is and was in compliance with the Agreement as follows:

(i) Attached hereto is proof that all ad valorem taxes on the Development Property and all improvements thereon have been paid for the prior fiscal year and any taxes due and payable for the current fiscal year as of the date of certification;

(ii) The Developer continues to operate on the Development Property as Hotel Grinnell.

(iii) The undersigned officer of Developer is familiar with the terms and provisions of this Agreement and certify that Developer is not in default in the fulfillment of any of the terms and conditions of this Agreement, or if the signer is aware of any such Event of Default, said officer has disclosed the nature thereof, its period of existence and what action, if any, has been taken or is proposed to be taken with respect thereto.

I certify under penalty of perjury and pursuant to the laws of the State of Iowa that the preceding is true and correct to the best of my knowledge and belief.

DEVELOPER: Grinnell Center, LLC, an Iowa limited liability company

By: _____

By: _____

Print Name: _____

Print Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

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