

CITY OF KEOKUK, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2023

CITY OF KEOKUK, IOWA

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CITY OF KEOKUK, IOWA

OFFICIALS
JUNE 30, 2023

<u>Name</u>	(Before January 2023) <u>Title</u>	<u>Term Expires</u>
Kathie Mahoney	Mayor	December 31, 2023
Michael Greenwald	Mayor Pro Tem	December 31, 2025
Shelley Oltmans	Council Member – At Large	December 31, 2023
John Helenthal	Council Member – At Large	December 31, 2023
Carissa Crenshaw	Council Member – Ward 1	December 31, 2025
Linda Altheide	Council Member – Ward 2	December 31, 2023
Roslyn Garcia	Council Member – Ward 3	December 31, 2023
Steve Andrews	Council Member – Ward 4	December 31, 2023
Dan Tillman	Council Member – Ward 5	December 31, 2023
Roger Bryant	Council Member – Ward 6	December 31, 2023
Michael Greenwald	Council Member – Ward 7	December 31, 2025
Cole O'Donnell	City Administrator	Indefinite
Celeste El Anfaoui	City Clerk	Indefinite
James F. Dennis	Attorney	Indefinite
Zeth Baum	Chief of Police	Indefinite
Gabe Rose	Fire Chief	Indefinite

<u>Name</u>	(After January 2023) <u>Title</u>	<u>Term Expires</u>
Kathie Mahoney	Mayor	December 31, 2023
Michael Greenwald	Mayor Pro Tem	December 31, 2025
Shelley Oltmans	Council Member – At Large	December 31, 2023
John Helenthal	Council Member – At Large	December 31, 2023
Carissa Crenshaw	Council Member – Ward 1	December 31, 2025
Linda Altheide	Council Member – Ward 2	December 31, 2023
Roslyn Garcia	Council Member – Ward 3	December 31, 2025
Steve Andrews	Council Member – Ward 4	December 31, 2023
Dan Tillman	Council Member – Ward 5	December 31, 2023
Roger Bryant	Council Member – Ward 6	December 31, 2023
Michael Greenwald	Council Member – Ward 7	December 31, 2025
Cole O'Donnell	City Administrator	Indefinite
Celeste El Anfaoui	City Clerk	Indefinite
James F. Dennis	Attorney	Indefinite
Zeth Baum	Chief of Police	Indefinite
Gabe Rose	Fire Chief	Indefinite



ANDERSON, LARKIN & CO., P.C.
Certified Public Accountants
"Your Success Is Our Business."

Kenneth E. Crosser, CPA
April D. Crosser, CPA
Michael J. Podliska, CPA
Alexander T. Barr, CPA
Adam L. Sturm, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Keokuk, Iowa

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Keokuk, Iowa, as of and for the year ended June 30, 2023, and the related Notes to the Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Summary of Opinions

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Government Activities	Unmodified
Business-Type Activities	Unmodified
Aggregate Discretely Presented Component Units	Adverse
Major Government Funds:	
General	Unmodified
Road Use Tax	Unmodified
Local Option Sales Tax	Unmodified
Employee Benefits	Unmodified
Urban Renewal TIF	Unmodified
Debt Service	Unmodified
Cemetery Perpetual Care	Unmodified
Capital Projects	Unmodified
Major Enterprises Funds:	
Sewer	Unmodified
Bridge	Unmodified
Solid Waste	Unmodified

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include the financial data for the City's legally separate component units. Accounting principles applicable to the cash basis of accounting require the financial data for those component units be reported with the financial data of the City's primary government unless the City also issued financial statements for the financial reporting entity which include the financial data for its component units. The City has not issued such reporting entity financial statements. The amounts by which this departure would affect the receipts, disbursements and cash balances of the aggregate discretely presented component units has not been determined.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Keokuk, Iowa as of June 30, 2023, or the changes in cash basis financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Unmodified Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Keokuk, Iowa as of June 30, 2023, and the respective changes in its cash basis financial position for the year then ended in accordance with the 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 Financial Statements section of our report. We are required to be independent of City of Keokuk, Iowa 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.

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Keokuk, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the seven years ended June 30, 2022 (which are not presented herein) and expressed qualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The financial statements for the two years ended June 30, 2015 (which are not presented herein) were audited by other auditors. The other auditors expressed qualified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 5, 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 5 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 the annual report. The other information comprises the Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 6 through 11 and 32 through 44 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 March 19, 2024, on our consideration of the City of Keokuk, Iowa'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 Keokuk, Iowa's internal control over financial reporting and compliance.

ANDERSON, LARKIN & CO., P.C.
Anderson, Larkin & Co., P.C.

Ottumwa, Iowa
March 19, 2024

CITY OF KEOKUK, IOWA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

The City of Keokuk, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2023. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2023 FINANCIAL HIGHLIGHTS

- Receipts from the City's governmental activities increased 39.5% or \$5,985,993 from fiscal year 2022 to fiscal 2023. The increase in receipts is primarily a result of an increase in capital projects.
- Disbursements of the City's governmental activities increased 6.6% or \$922,013 from fiscal 2022 to fiscal 2023. The increase in disbursements was primarily the result of more expenditures for public safety and public works.
- The City's total cash basis net position increased \$4,020,877 from June 30, 2022 to June 30, 2023. Of this amount, the cash basis net position of the governmental activities increased \$6,166,016 and the cash basis net position of the business-type activities decreased by \$2,145,139.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services and business-type activities were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operation in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liabilities and related contributions.

Supplementary Information provides detailed information about the non-major governmental funds and the City's indebtedness. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the City.

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 that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Cash Basis Statement of Activities and Net Position reports information that helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the City's cash basis net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position is divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business-type Activities include the sewer, bridge and solid waste funds. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax, Local Option Sales Tax, Urban Renewal Tax Increment Financing (TIF) and Employee Benefits, 3) the Debt Service Fund, 4) the Capital Projects Funds and 5) Permanent Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The required financial statement for governmental funds includes a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.
- 2) Proprietary funds account for the City's Enterprise Funds. Enterprise Funds are used to report business-type activities. The City maintains the Enterprise Funds to provide separate information for the sewer, bridge, and solid waste funds, considered to be major funds of the City. The required financial statement for proprietary funds includes a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from \$6,839,892 to \$13,005,908. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities

	Year Ended June 30,	
	<u>2023</u>	<u>2022</u>
Receipts:		
Program receipts:		
Charges for service	\$ 36,049	\$ 633,554
Operating grants, contributions and restricted interest	4,410,818	2,286,170
Capital grants, contributions and restricted interest	74,208	91,062
General receipts:		
Property tax	5,426,890	5,255,797
Local option sales tax	1,308,251	1,584,485
Tax increment financing	1,130,407	1,186,299
Utility excise tax and replacement tax	931,751	1,055,119
Riverboat gaming tax	445,102	470,553
Hotel/motel tax	324,327	276,769
Unrestricted interest on investments	131,141	154,186
Bond/note proceeds	5,070,019	-
Other general receipts and transfers	<u>1,859,834</u>	<u>2,168,810</u>
Total receipts	<u>21,148,797</u>	<u>15,162,804</u>
Disbursements:		
Public safety	5,994,202	5,394,760
Public works	2,908,248	2,385,476
Culture and recreation	1,872,560	1,725,596
Community and economic development	325,048	279,461
General government	1,682,153	1,856,170
Debt service	1,991,554	2,121,185
Capital projects	<u>209,016</u>	<u>298,120</u>
Total disbursements	<u>14,982,781</u>	<u>14,060,768</u>
Change in cash basis net position	6,166,016	1,102,036
Cash basis net position beginning of year	<u>6,839,892</u>	<u>5,737,856</u>
Cash basis net position end of year	\$ <u>13,005,908</u>	\$ <u>6,839,892</u>

The City's total receipts for governmental activities increased 39.5% or \$5,985,993. The total cost (disbursements) of all programs and services increased 6.6% or \$922,013. The increase in receipts is primarily a result of an increase in capital projects. The increase in disbursements was primarily the result of more expenditures for public safety and public works.

The cost of all governmental activities this year was \$14,982,781 compared to \$14,060,768 last year. However, as shown in the Statement of Activities and Net Position on pages 12 and 13, the amount that our taxpayers ultimately financed for these activities through City taxes was \$10,461,706 because some of the cost was paid by those directly benefited from the programs \$36,049 or by other governments and organizations that subsidized certain programs with grants and contributions \$4,485,026.

Changes in Cash Basis Net Position of Business-Type Activities

	Year Ended June 30,	
	<u>2023</u>	<u>2022</u>
Receipts:		
Program receipts:		
Charges for service:		
Sewer	\$ 2,962,184	\$ 5,628,567
Bridge	225,672	217,079
Solid waste	950,683	904,779
Capital grants, contributions, and restricted interest:		
Sewer	124	216
Bridge	82,420	48,417
General receipts:		
Note proceeds	-	1,830,173
Miscellaneous	28,851	35,138
Total receipts	<u>4,249,934</u>	<u>8,664,369</u>
Disbursements:		
Sewer	4,819,830	3,705,332
Bridge	376,543	422,404
Solid waste	948,700	902,144
Total disbursements	<u>6,145,073</u>	<u>5,029,880</u>
Other financing (uses)	<u>(250,000)</u>	<u>(241,965)</u>
Change in cash basis net position	(2,145,139)	3,392,524
Cash basis net position beginning of year	<u>8,472,469</u>	<u>5,079,945</u>
Cash basis net position end of year	\$ <u>6,327,330</u>	\$ <u>8,472,469</u>

Total business-type activities receipts for the fiscal year decreased \$4,414,435 or 50.9%. The decrease in receipts was primarily the result of decreases in sewer charges.

Total business-type activities disbursements increased \$1,115,193 or 22.2% from the prior year. This resulted primarily from decreases in disbursements by the Sewer and Solid Waste Funds.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

The City uses fund accounting to ensure and demonstrate compliance with finance – related legal requirements. The focus of the City's funds is to provide information on near-term inflows, outflows and cash balances of spendable resources. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund is the chief operating fund of the City. The cash balance increased \$1,235,353 from the prior year to \$4,524,797 due to an increase in licenses and permits, use of money and property and intergovernmental into the fund.
- The Road Use Tax Fund (RUTF) cash balance decreased \$120,888 to \$1,321,337 due to disbursements exceeding receipts during the current year.
- The Local Option Sales Tax cash balance decreased \$32,907 to \$777,608. This decrease was due to transfers out exceeding other city tax receipts of the fund.
- The Employee Benefits Fund decreased \$108,638 to \$695,176 due to an increase in transfers out of the fund.
- The Urban Renewal TIF Fund increased \$1,131 to a deficit of (\$152,501) due to tax increment financing receipts exceeding transfers out of the fund.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS (Continued)

- The Debt Service Fund decreased \$26,573 to a deficit of (\$4,332) due to an increase in debt service disbursements.
- The Capital Projects Fund increased \$5,027,925 to \$4,853,634 due to an increase in receipts into the fund.
- The Cemetery Perpetual Care Fund increased \$2,708 to \$508,270 due to receipts exceeding disbursements during the current year.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Sewer Fund cash balance decreased \$2,083,895 to \$3,951,243 due to an increase in capital project and debt service disbursements.
- The Bridge Fund cash balance decreased \$64,083 to \$2,163,140 due to disbursements exceeding receipts.
- The Solid Waste Fund cash balance increased \$2,839 to \$212,947 due to an increase in receipts.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearings for all funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund-type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of the year, the City amended its operating budget one time. The amendment was approved on May 4, 2023 and resulted in a \$1,756,267 decrease in budgeted revenues and a \$3,294,539 decrease in budgeted operating disbursements. The City exceeded the amount budgeted in the Culture and Recreation, General Government, Capital Projects, and Business-Type functions for the year ended June 30, 2023.

DEBT ADMINISTRATION

At June 30, 2023, the City had \$27,808,241 in bonds and other long-term debt outstanding, compared to \$25,271,241 last year as shown below.

	<u>Outstanding Debt at Year End</u>	
	June 30,	
	<u>2023</u>	<u>2022</u>
General obligation bonds/notes	\$ 16,790,000	\$ 13,485,000
Revenue notes	<u>11,018,241</u>	<u>11,786,241</u>
Total	\$ <u>27,808,241</u>	\$ <u>25,271,241</u>

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation and Tax Increment Financing (TIF) debt of \$16,790,000 is below its constitutional debt limit of \$32,986,419. Additional information about the City's long-term debt is presented in Note 3 to the financial statements.

More detailed information about the City's long-term liabilities is presented in Note 3 to the financial statements. It is important to note that all revenues derived from Keokuk Senior Housing TIF are directed toward internal debt service and bank debt for the industrial development project is being serviced from TIF revenues from that project.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City of Keokuk, Iowa's elected, and appointed officials and citizens considered many factors when setting the fiscal year 2023 budget, tax rates and fees charged for various City activities. One of those factors is the economy. The Lee County unemployment rate now stands at 4.1% versus 4.7% a year ago. This compares with the State's unemployment rate of 3.0% and the national rate of 3.8%.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (continued)

The continued poor economy, high unemployment regionally, the increased cost of public pensions and a rollback on commercial property taxable valuation has caused the City to continue to experience cuts in revenues resulting in decreased operating revenues for the City especially in general fund departmental operations. There is also concern regarding future property tax revenues resulting from State legislation which could overhaul the property tax system. Changes are currently in effect and will significantly impact the City in future years.

EXCLUDED COMPONENT UNITS

Keokuk Municipal Waterworks (Waterworks) is a component unit of the City of Keokuk, Iowa. Waterworks and the City of Keokuk, Iowa are considered separate legal entities. Waterworks meets the component unit definition because the City Council appoints the Board of Trustees of Waterworks. However, since Waterworks operates under the accrual method of accounting and the City of Keokuk, Iowa operates under the cash method of accounting, this component unit has not been presented in the accompanying financial statements. The financial statements of Waterworks are available at Waterworks' office, 20 North 4th Street, Keokuk, Iowa.

Keokuk Public Library Foundation (Foundation) is a component unit of the City of Keokuk, Iowa. The Foundation, a separate legal entity, exists for the purpose of attracting funds to benefit the Public Library which serves the Keokuk area and to disburse those funds in a manner which will benefit the Library. The Foundation meets the definition of a component unit since it raises funds on behalf of the Library. The financial statements of the Foundation have not been audited, so this component unit has not been presented in the accompanying financial statements.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Administrator at 501 Main Street, Keokuk, Iowa 52632 or telephone at 319-524-2050.

BASIC FINANCIAL STATEMENTS

CITY OF KEOKUK, IOWA

CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Functions/Programs:	Disbursements	Charges for Services	Program Receipts	
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Public safety	\$ 5,994,202	\$ 16,430	\$ 820,517	\$ -
Public works	2,908,248	-	2,112,800	-
Culture and recreation	1,872,560	19,619	51,534	-
Community and economic development	325,048	-	43,777	-
General government	1,682,153	-	130,825	-
Debt service	1,991,554	-	-	-
Non-program general revenue	-	-	1,251,365	-
Capital projects	209,016	-	-	74,208
Total governmental activities	<u>14,982,781</u>	<u>36,049</u>	<u>4,410,818</u>	<u>74,208</u>
Business-type activities:				
Sewer	4,819,830	2,962,184	-	124
Bridge	376,543	225,672	-	82,420
Solid waste	948,700	950,683	-	-
Total business-type activities	<u>6,145,073</u>	<u>4,138,539</u>	<u>-</u>	<u>82,544</u>
Total	\$ <u>21,127,854</u>	\$ <u>4,174,588</u>	\$ <u>4,410,818</u>	\$ <u>156,752</u>
General receipts:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Utility excise tax				
Riverboat gaming tax				
Hotel/motel tax				
Unrestricted investment earnings				
Proceeds from capital loan notes				
Miscellaneous				
Transfers				
Total general receipts				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
<u>Cash Basis Net Position</u>				
Restricted:				
Nonexpendable:				
Cemetery perpetual care				
Expendable:				
Debt service				
Local option sales tax				
Employee benefits				
Streets				
Urban renewal purposes				
Other purposes				
Unrestricted				
Total cash basis net position				

Net (Disbursements) Receipts and
Changes in Cash Basis Net Position

Governmental Activities	Business-Type Activities	Total
\$ (5,157,255)	\$ -	\$ (5,157,255)
(795,448)	-	(795,448)
(1,801,407)	-	(1,801,407)
(281,271)	-	(281,271)
(1,551,328)	-	(1,551,328)
(1,991,554)	-	(1,991,554)
1,251,365	-	1,251,365
(134,808)	-	(134,808)
<u>(10,461,706)</u>	<u>-</u>	<u>(10,461,706)</u>
-	(1,857,522)	(1,857,522)
-	(68,451)	(68,451)
-	1,983	1,983
<u>-</u>	<u>(1,923,990)</u>	<u>(1,923,990)</u>
<u>(10,461,706)</u>	<u>(1,923,990)</u>	<u>(12,385,696)</u>
4,590,253	-	4,590,253
836,637	-	836,637
1,130,407	-	1,130,407
1,308,251	-	1,308,251
931,751	-	931,751
445,102	-	445,102
324,327	-	324,327
131,141	-	131,141
5,070,019	-	5,070,019
1,609,834	28,851	1,638,685
250,000	(250,000)	-
<u>16,627,722</u>	<u>(221,149)</u>	<u>16,406,573</u>
6,166,016	(2,145,139)	4,020,877
<u>6,839,892</u>	<u>8,472,469</u>	<u>15,312,361</u>
\$ <u>13,005,908</u>	\$ <u>6,327,330</u>	\$ <u>19,333,238</u>
\$ 508,270	\$ -	\$ 508,270
(4,332)	122,100	117,768
777,608	-	777,608
695,176	-	695,176
1,321,337	-	1,321,337
(152,501)	-	(152,501)
481,919	-	481,919
<u>9,378,431</u>	<u>6,205,230</u>	<u>15,583,661</u>
\$ <u>13,005,908</u>	\$ <u>6,327,330</u>	\$ <u>19,333,238</u>

CITY OF KEOKUK, IOWA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue				
	General	Road Use Tax	Local Option Sales Tax	Employee Benefits	Urban Renewal TIF
RECEIPTS:					
Property tax	\$ 2,439,929	\$ -	\$ -	\$ 2,075,215	\$ -
Tax increment financing	-	-	-	-	1,130,407
Other city tax	1,200,537	-	1,308,251	394,112	-
Licenses and permits	1,030,997	-	-	-	-
Use of money and property	247,888	-	-	12	-
Intergovernmental	1,793,609	1,362,351	-	-	-
Charges for service	107,922	-	-	-	-
Miscellaneous	1,350,620	-	-	-	-
Total receipts	<u>8,171,502</u>	<u>1,362,351</u>	<u>1,308,251</u>	<u>2,469,339</u>	<u>1,130,407</u>
DISBURSEMENTS:					
Operating:					
Public safety	5,994,202	-	-	-	-
Public works	1,273,609	1,634,639	-	-	-
Culture and recreation	1,832,731	-	-	39,829	-
Community and economic development	147,544	-	-	-	-
General government	1,682,153	-	-	-	-
Debt service	-	-	-	-	4,914
Capital projects	-	-	-	-	-
Total disbursements	<u>10,930,239</u>	<u>1,634,639</u>	<u>-</u>	<u>39,829</u>	<u>4,914</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(2,758,737)</u>	<u>(272,288)</u>	<u>1,308,251</u>	<u>2,429,510</u>	<u>1,125,493</u>
Other financing sources (uses):					
Sale of assets	16,184	-	-	-	-
Transfers in	4,426,230	151,400	-	-	-
Transfers out	<u>(448,324)</u>	<u>-</u>	<u>(1,341,158)</u>	<u>(2,538,148)</u>	<u>(1,124,362)</u>
Total other financing sources (uses)	<u>3,994,090</u>	<u>151,400</u>	<u>(1,341,158)</u>	<u>(2,538,148)</u>	<u>(1,124,362)</u>
Change in cash balances	1,235,353	(120,888)	(32,907)	(108,638)	1,131
CASH BALANCES - Beginning of year	<u>3,289,444</u>	<u>1,442,225</u>	<u>810,515</u>	<u>803,814</u>	<u>(153,632)</u>
CASH BALANCES - End of year	<u>\$ 4,524,797</u>	<u>\$ 1,321,337</u>	<u>\$ 777,608</u>	<u>\$ 695,176</u>	<u>\$ (152,501)</u>
Cash Basis Fund Balances					
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:					
Debt service	-	-	-	-	-
America Rescue Plan Act projects	-	-	-	-	-
Local option sales tax	-	-	777,608	-	-
Employee benefits	-	-	-	695,176	-
Streets	-	1,321,337	-	-	-
Urban renewal purposes	-	-	-	-	(152,501)
Other purposes	-	-	-	-	-
Unassigned	<u>4,524,797</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash basis fund balances	<u>\$ 4,524,797</u>	<u>\$ 1,321,337</u>	<u>\$ 777,608</u>	<u>\$ 695,176</u>	<u>\$ (152,501)</u>

EXHIBIT B

<u>Permanent</u>					
<u>Cemetery</u>		<u>Capital</u>	<u>Other</u>		
<u>Perpetual Care</u>	<u>Debt Service</u>	<u>Projects</u>	<u>Nonmajor</u>	<u>Total</u>	
			<u>Governmental</u>		
\$ -	\$ 836,637	\$ -	\$ 75,109	\$ 5,426,890	
-	-	-	-	1,130,407	
-	133,184	-	101,145	3,137,229	
-	-	-	-	1,030,997	
-	-	-	-	247,900	
-	31,271	-	128,255	3,315,486	
-	-	-	-	107,922	
<u>2,708</u>	<u>-</u>	<u>5,132,454</u>	<u>-</u>	<u>6,485,782</u>	
<u>2,708</u>	<u>1,001,092</u>	<u>5,132,454</u>	<u>304,509</u>	<u>20,882,613</u>	
-	-	-	-	5,994,202	
-	-	-	-	2,908,248	
-	-	-	-	1,872,560	
-	-	-	177,504	325,048	
-	-	-	-	1,682,153	
-	1,986,640	-	-	1,991,554	
<u>-</u>	<u>-</u>	<u>209,016</u>	<u>-</u>	<u>209,016</u>	
<u>-</u>	<u>1,986,640</u>	<u>209,016</u>	<u>177,504</u>	<u>14,982,781</u>	
<u>2,708</u>	<u>(985,548)</u>	<u>4,923,438</u>	<u>127,005</u>	<u>5,899,832</u>	
-	958,975	213,600	60,900	16,184	
<u>-</u>	<u>-</u>	<u>(109,113)</u>	<u>-</u>	<u>5,811,105</u>	
<u>-</u>	<u>958,975</u>	<u>104,487</u>	<u>60,900</u>	<u>(5,561,105)</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>266,184</u>	
<u>2,708</u>	<u>(26,573)</u>	<u>5,027,925</u>	<u>187,905</u>	<u>6,166,016</u>	
<u>505,562</u>	<u>22,241</u>	<u>(174,291)</u>	<u>294,014</u>	<u>6,839,892</u>	
\$ <u>508,270</u>	\$ <u>(4,332)</u>	\$ <u>4,853,634</u>	\$ <u>481,919</u>	\$ <u>13,005,908</u>	
\$ 508,270	\$ -	\$ -	\$ -	\$ 508,270	
-	(4,332)	-	-	(4,332)	
-	-	-	-	777,608	
-	-	-	-	695,176	
-	-	-	-	1,321,337	
-	-	-	-	(152,501)	
-	-	-	481,919	481,919	
<u>-</u>	<u>-</u>	<u>4,853,634</u>	<u>-</u>	<u>9,378,431</u>	
\$ <u>508,270</u>	\$ <u>(4,332)</u>	\$ <u>4,853,634</u>	\$ <u>481,919</u>	\$ <u>13,005,908</u>	

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

	Enterprise			
	Sewer	Bridge	Solid Waste	Total
<u>Operating receipts:</u>				
Charges for service	\$ 2,962,184	\$ 225,672	\$ 950,683	\$ 4,138,539
<u>Operating disbursements:</u>				
Business-type activities	2,891,878	376,543	864,382	4,132,803
Excess (deficiency) of operating receipts over (under) operating disbursements	70,306	(150,871)	86,301	5,736
<u>Non-operating receipts (disbursements):</u>				
Capital projects	(980,106)	-	-	(980,106)
Debt service	(947,846)	-	(84,318)	(1,032,164)
Interest on investments	124	82,420	-	82,544
Miscellaneous	23,627	4,368	856	28,851
Total non-operating receipts (disbursements)	(1,904,201)	86,788	(83,462)	(1,900,875)
Excess (deficit) of receipts over (under) disbursements	(1,833,895)	(64,083)	2,839	(1,895,139)
Proceeds from capital loan notes	-	-	-	-
Premium on capital loan notes issued	-	-	-	-
Transfers in	3,090,222	-	-	3,090,222
Transfers out	(3,340,222)	-	-	(3,340,222)
Change in cash balances	(2,083,895)	(64,083)	2,839	(2,145,139)
<u>CASH BALANCES - Beginning of year</u>	<u>6,035,138</u>	<u>2,227,223</u>	<u>210,108</u>	<u>8,472,469</u>
<u>CASH BALANCES - End of year</u>	<u>\$ 3,951,243</u>	<u>\$ 2,163,140</u>	<u>\$ 212,947</u>	<u>\$ 6,327,330</u>
<u>Cash Basis Fund Balances</u>				
Restricted for debt service	\$ -	\$ -	\$ 122,100	\$ 122,100
Unrestricted	3,951,243	2,163,140	90,847	6,205,230
Total cash basis fund balances	\$ 3,951,243	\$ 2,163,140	\$ 212,947	\$ 6,327,330

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Keokuk, Iowa is a political subdivision of the State of Iowa located in Lee County. It was first incorporated in 1851 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, culture and recreation, community and economic development, and general government services. The City also provides sewer and solid waste utilities for its citizens.

A. Reporting Entity

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

These financial statements present the City of Keokuk, Iowa (the primary government).

Excluded Component Units

Keokuk Municipal Waterworks (Waterworks) is a component unit of the City of Keokuk, Iowa. Waterworks and the City of Keokuk, Iowa are considered separate legal entities. Waterworks meets the component unit definition because the City Council appoints the Board of Trustees of Waterworks. However, since Waterworks operates under the accrual basis of accounting and the City of Keokuk, Iowa operates under the cash basis of accounting, this component unit has not been presented in the accompanying financial statements. The financial statements of Waterworks are available at Waterworks' office, 20 North 4th Street, Keokuk, Iowa.

Keokuk Public Library Foundation (Foundation) is a component unit of the City of Keokuk, Iowa. The Foundation, a separate legal entity, exists for the purpose of attracting funds to benefit the Public Library which serves the Keokuk area and to disburse those funds in a manner which will benefit the Library. The Foundation meets the definition of a component unit since it raises funds on behalf of the Library. The financial statements of the Foundation have not been audited, so this component unit has not been presented in the accompanying financial statements.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Keokuk Economic Development Corporation and Great River Regional Waste Authority. See note 13 for further information.

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 revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

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

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 funds.

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

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

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

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

The City reports the following major governmental funds:

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

Special Revenue –

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

The Local Option Sales Tax Fund is used to account for the revenues from the tax authorized by referendum and is used for property tax relief, infrastructure and parks and recreation services.

The Employee Benefits Fund is used to account for property tax and other receipts to be used for the payment of the City's governmental fund employee benefits.

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

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

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

The Cemetery Perpetual Care Fund is used to account for all resources related to cemetery servicing and maintenance.

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation (Continued)

The City reports the following major proprietary funds:

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

The Bridge Fund accounts for the operation and maintenance of the City's bridge.

The Solid Waste Fund accounts for the operation and maintenance of the City's solid waste system.

C. Measurement Focus and Basis of Accounting

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

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 programs. 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 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.

D. Property Taxes and Governmental Cash Basis Fund Balances:

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

Property tax revenues 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, 2021 assessed property valuations; is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects tax asking contained in the budget certified to the City Council in March 2022.

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 imposed by law through constitutional provisions or enabling legislation.

Unassigned – All amounts not included in the preceding classifications.

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2023, the City exceeded the amount budgeted in the Culture and Recreation, General Government, Capital Projects, and Business-Type functions.

NOTE 2: CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2023 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.

At June 30, 2023, the City held the following investments:

<u>Type</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Maturity</u>
United States Treasury Note	<u>1,102,460</u>	<u>1,102,460</u>	2/15/2041
Total	\$ <u>1,102,460</u>	\$ <u>1,102,460</u>	

The City uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The recurring fair values of the investments listed above were determined using quoted market prices. (Level 1 inputs).

In addition, the City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$841,054 pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

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 that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

Credit risk – The City's investment in the Iowa Public Agency Investment Trust and United States Treasury Notes are unrated.

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 3: BONDS AND NOTES PAYABLE

A summary of the City's June 30, 2023 general obligation and revenue bond indebtedness is as follows:

<u>Year Ending</u>	<u>Revenue Notes</u>		<u>General Obligation and Refunding Capital Loan Notes</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
<u>June 30,</u>				
2024	\$ 3,027,241	\$ 153,037	\$ 1,750,000	\$ 557,864
2025	795,000	143,794	1,570,000	500,459
2026	807,000	128,555	1,570,000	454,259
2027	816,200	112,408	1,300,000	407,537
2028	824,000	95,941	1,115,000	376,158
2029 – 2033	3,731,000	236,503	3,990,000	1,435,278
2034 – 2038	1,018,000	14,504	3,485,000	837,814
2039 – 2042	-	-	2,010,000	200,200
Total	\$ <u>11,018,241</u>	\$ <u>884,742</u>	\$ <u>16,790,000</u>	\$ <u>4,769,569</u>

<u>Year Ending</u>	<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>
<u>June 30,</u>		
2024	4,777,241	710,901
2025	2,365,000	644,253
2026	2,377,000	582,814
2027	2,116,200	519,945
2028	1,939,000	472,099
2029 – 2033	7,721,000	1,671,781
2034 – 2038	4,503,000	852,318
2039 – 2042	2,010,000	200,200
Total	\$ <u>27,808,441</u>	\$ <u>5,654,311</u>

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3: BONDS AND NOTES PAYABLE (Continued)

Revenue Notes

The City has pledged future solid waste customer receipts, net of specified operating disbursements, to repay \$695,000 in solid waste revenue notes issued in July 2020. The notes are payable solely from solid waste customer net receipts and are payable through 2030. The total principal and interest remaining to be paid on the notes is \$459,398. For the current year, principal and interest paid and total customer net receipts were \$82,420 and \$86,301 respectively.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$19,412,182 in sewer revenue notes issued between January 2010 and September 2020. The notes are payable solely from sewer customer net receipts and are payable through 2035. The total principal and interest remaining to be paid on the notes is \$10,350,135. For the current year, principal and interest paid and total customer net receipts were \$986,481 and \$2,891,878, respectively.

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

- a) The notes will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- b) A Solid Waste Enterprise Revenue Debt Service Reserve Fund of \$122,100 shall be maintained and used solely for the purpose of paying principal of and interest on the Note and Parity Obligations as the same shall become due and payable.
- c) Solid Waste Net Revenues must be sufficient to produce and maintain net revenues at a level not less than 130% of the principal and interest requirements of the fiscal year.
- d) Sewer Net Revenues must be sufficient to produce and maintain net revenues at a level not less than 110% of the principal and interest requirements of the fiscal year.
- e) Sufficient monthly transfers shall be made to separate solid waste revenue bond sinking accounts for the purpose of making the bond principal and interest payments when due.

During fiscal year 2023, sufficient user rates were not established at a level to produce net revenues equal to at least 130% of the principal and interest on the solid waste revenue notes as they become due.

NOTE 4: PENSION PLAN – IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS)

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive 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 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 for 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.

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4: PENSION PLAN – IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS) (Continued)

Pension Benefits (Continued)

Protection occupation members may retire at normal retirement age, which is generally age 55. The formula used to calculate a protection occupation member's monthly IPERS benefit includes:

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

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

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

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

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

In fiscal year 2023, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll for the 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, 2023 totaled \$281,123.

Net Pension Liability (Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported a liability of \$1,460,013 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability (asset) was based on the City's share of contributions to the IPERS relative to the contributions of all IPERS participating employers. At June 30, 2022, the City's proportion was 0.036785%, which was an increase of 1.0% from its proportion measured as of June 30, 2021.

There were no non-employer contributing entities to IPERS.

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 4: PENSION PLAN – IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS) (Continued)

Actuarial Assumptions – The total pension liability in the June 30, 2022 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, 2022 valuation were based on results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2022 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic 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	22.0 %	3.57 %
International equity	17.5	4.79
Global smart beta equity	6.0	4.16
Core plus fixed income	20.0	1.66
Public credit	4.0	3.77
Cash	1.0	0.77
Private equity	13.0	7.57
Private real assets	8.5	3.55
Private credit	8.0	3.63
Total	<u>100.0</u> %	

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

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

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
City's proportionate share of the net pension liability:	\$ <u>2,720,180</u>	\$ <u>1,460,013</u>	\$ <u>349,460</u>

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4: PENSION PLAN – IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (IPERS) (Continued)

IPERS' Fiduciary Net Position – Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

NOTE 5: PENSION PLAN – MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA (MFPRSI)

Plan Description – 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 Keokuk, Iowa 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 4 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 4 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 3 years of compensation. The average of these 3 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 8 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 3, 4 or 5 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 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 5 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 5 years of service.

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.

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5: PENSION PLAN – MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA (MFPRSI) (Continued)

Contributions – Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2023.

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 23.90% for the year ended June 30, 2023.

The City's contributions to MFPRSI for the year ended June 30, 2023 was \$659,036.

If approved by the State Legislature, state appropriation 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 nonemployer contributing entity in accordance with the provisions of Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*.

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2023.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported a liability of \$4,357,613 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the City's proportion was 0.0077597% which was a decrease of 0.26% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$411,972, \$2,995,869 and \$(2,770,280), respectively.

Actuarial Assumptions – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3%
Salary increases	3.75% to 15.11%, including inflation
Investment rate of return	7.5%, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2020.

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.

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 5: PENSION PLAN – MUNICIPAL FIRE AND POLICE RETIREMENT SYSTEM OF IOWA (MFPRSI) (Continued)

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 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>Long-Term Expected Real Rate of Return</u>
Broad Fixed Income	3.5 %
Broad U.S. Equity	6.7
Global Equity	6.8
Broad Non-US Equity	7.0
Managed Futures	5.1
Emerging Market	7.2
Real Estate – Core	6.4
Opportunistic Real Estate	11.0
Global Infrastructure	6.8
Private Credit	8.6
Private Equity	12.0

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 9.40% 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 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 that is 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
City's proportionate share of the net pension liability (asset)	\$ 7,886,467	\$ 4,357,613	\$ 1,433,909

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: OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The City operates a single-employer health benefit plan which provides medical, prescription drug, dental, and vision benefits for employees, retirees and their spouses. There are 146 active and 2 retired members in the plan. Retired participants must be age 55 or older at retirement. The medical, prescription drug, dental and vision benefits are provided through a fully insured plan with Wellmark. Retirees under age 65 pay the same premium for coverage as active employees.

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 6: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Funding Policy – The contribution requirements of plan members are established and may be amended by the City. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and plan members are \$583 for single coverage, \$1,372 for employee/spouse coverage, \$1,359 for employee/child coverage and \$1,615 for family coverage. At June 30, 2023, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the City and are eligible to participate in the group health, dental and vision plans are eligible to continue 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.

NOTE 7: COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death, or normal retirement. Upon retirement each employee is entitled to 100% of his accumulated sick leave up to a maximum of 71 days or 568 hours. City management employees may accumulate a maximum of 90 days or 720 hours. The fire department employees are entitled to 900 hours of accumulated sick leave due to their longer average work week. Fire and police administration employees are entitled to 720 hours of accumulated sick leave. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and sick leave payable to employees at June 30, 2023, primarily relating to the General Fund, was \$508,311. This liability has been computed based on rates of pay in effect at June 30, 2023.

NOTE 8: REVOLVING LOAN FUND

The City has entered into an agreement with Southeast Iowa Regional Planning Commission (SEIRPC) to establish a revolving loan fund for commercial business growth and to assist in new business development. The City received a matching grant of \$99,000 from the United States Department of Agriculture – Rural Business Enterprise Grant. The City transferred \$100,000 in fiscal year 2007 to SEIRPC, which administers and manages the revolving loan fund. At June 30, 2023, these loans to businesses had outstanding balances totaling \$84,719. At June 30, 2023, SEIRPC held cash of \$85,704 for the City, which represents loan repayments received from participating businesses that is available to fund future commercial business growth loans.

NOTE 9: LEASE AGREEMENT

The City leases land to Crown Castle in Tolmie Park. The lease has a term of five years and expires January 14, 2026, with the option to renew for six additional five-year periods. The city receives monthly payments of \$1,749 with an implicit interest rate of 2%.

Future principal and interest lease payments as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 20,149	\$ 839	\$ 20,988
2025	20,556	432	20,988
2026	<u>10,433</u>	<u>61</u>	<u>10,494</u>
Totals	\$ <u>51,138</u>	\$ <u>1,332</u>	\$ <u>52,470</u>

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 10: RELATED PARTY TRANSACTIONS

Keokuk Municipal Waterworks pays the City on an annual basis in lieu of taxes. This amounted to \$200,000 for the year ended June 30, 2023.

NOTE 11: RISK MANAGEMENT

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 794 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

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

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

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to risk pool. The City's contributions to the Pool for the year ended June 30, 2023 were \$251,893.

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

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

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 11: RISK MANAGEMENT (continued)

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

The City also carries commercial insurance purchased from other insurers for coverage associated with workmen's compensation and various types of liability insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12: INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2023 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Employee Benefits	\$ 2,538,148
	Lost	1,341,158
	Riverfront Barge	109,113
	Park Maintenance & Improvement	164,357
	Sewer	3,340,222
	ARPA	<u>283,967</u>
		<u>7,776,965</u>
Capital Projects	TIF	<u>1,124,362</u>
		\$ <u>1,124,362</u>
		<u>8,901,327</u>

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

NOTE 13: JOINTLY GOVERNED ORGANIZATION

The City is a participant in Great River Regional Waste Authority, a political subdivision pursuant to the Code of Iowa Chapter 28E. The purpose of the agreement is to provide area governments with solid waste disposal sources. The City currently provides one member of the five-member board. The City paid \$250,971 in fees in fiscal year June 30, 2023. Great River Regional Waste Authority's audited financial statements are available at City Hall.

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

NOTE 14: TAX ABATEMENTS

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

City Tax Abatements

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

For the year ended June 30, 2023, the City abated \$481,203 of property tax under the urban renewal and economic development projects.

NOTE 15: DEFICIT BALANCE

The Debt Service Fund and Urban Renewal Tif Fund had balances of (\$4,332) and (\$152,501) respectively at June 30, 2023. The balances were a result of disbursements exceeding receipts within the funds.

NOTE 16: SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 19, 2024, the date statements were available to be issued.

OTHER INFORMATION

CITY OF KEOKUK, IOWA
BUDGETARY COMPARISON SCHEDULE
OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -
BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
OTHER INFORMATION
YEAR ENDED JUNE 30, 2023

	Governmental Funds Actual	Proprietary Funds Actual	Total
RECEIPTS:			
Property tax	\$ 5,426,890	\$ -	\$ 5,426,890
Tax increment financing collections	1,130,407	-	1,130,407
Other city taxes	3,137,229	-	3,137,229
Use of money and property	1,030,997	82,544	1,113,541
License and permits	247,900	-	247,900
Intergovernmental	3,315,486	-	3,315,486
Charges for service	107,922	4,138,539	4,246,461
Miscellaneous	<u>6,485,782</u>	<u>28,851</u>	<u>6,514,633</u>
Total receipts	<u>20,882,613</u>	<u>4,249,934</u>	<u>25,132,547</u>
DISBURSEMENTS:			
Public safety	5,994,202	-	5,994,202
Public works	2,908,248	-	2,908,248
Culture and recreation	1,872,560	-	1,872,560
Community and economic development	325,048	-	325,048
General government	1,682,153	-	1,682,153
Debt service	1,991,554	-	1,991,554
Capital projects	209,016	-	209,016
Business-type	-	<u>6,145,073</u>	<u>6,145,073</u>
Total disbursements	<u>14,982,781</u>	<u>6,145,073</u>	<u>21,127,854</u>
Excess (deficiency) of receipts over (under) disbursements	5,899,832	(1,895,139)	4,004,693
Other financing sources, net	<u>266,184</u>	<u>(250,000)</u>	<u>16,184</u>
Excess (deficit) of receipts and other financing sources over (under) disbursements and other financing uses	6,166,016	(2,145,139)	4,020,877
BALANCES - Beginning of year	<u>6,839,892</u>	<u>8,472,469</u>	<u>19,806,921</u>
BALANCES - End of year	\$ <u>13,005,908</u>	\$ <u>6,327,330</u>	\$ <u>23,827,798</u>

Budgeted Amounts		Final to Total Variance
<u>Original</u>	<u>Final</u>	
\$ 5,333,272	\$ 5,335,306	\$ 91,584
1,160,107	1,130,107	300
3,697,397	3,776,750	(639,521)
190,397	200,506	913,035
69,115	69,831	178,069
3,866,727	3,332,350	(16,864)
5,763,680	4,350,448	(103,987)
1,146,800	1,275,930	5,238,703
<u>21,227,495</u>	<u>19,471,228</u>	<u>5,661,319</u>
5,942,459	6,148,392	154,190
2,684,763	3,178,421	270,173
2,896,525	1,823,680	(48,880)
1,079,276	718,718	393,670
1,463,840	1,503,640	(178,513)
2,001,190	2,001,190	9,636
264,487	148,800	(60,216)
8,592,971	6,108,131	(36,942)
<u>24,925,511</u>	<u>21,630,972</u>	<u>503,118</u>
(3,698,016)	(2,159,744)	6,164,437
<u>1,801,800</u>	<u>5,012,914</u>	<u>(4,996,730)</u>
(1,896,216)	2,853,170	1,167,707
<u>10,398,496</u>	<u>15,321,915</u>	<u>4,485,006</u>
\$ <u>8,502,280</u>	\$ <u>18,175,085</u>	\$ <u>5,652,713</u>

CITY OF KEOKUK, IOWA

NOTES TO OTHER INFORMATION – BUDGETARY REPORTING

JUNE 30, 2023

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 Funds, the Permanent Funds and the Enterprise Funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment resulted in a \$1,756,267 decrease in budgeted revenues and a \$3,294,539 decrease in budgeted disbursements. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2023, the City exceeded the amount budgeted in the Culture and Recreation, General Government, Capital Projects, and Business-Type functions.

CITY OF KEOKUK, IOWA

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

OTHER INFORMATION

	<u>2023</u>	<u>2022</u>	<u>2021</u>
City's proportion of the net pension liability (asset)	0.036785 %	0.036415 %	0.036209 %
City's proportionate share of the net pension liability (asset)	\$ 1,460,013	\$ 51,050	\$ 2,525,817
City's covered payroll	\$ 2,978,000	\$ 3,112,000	\$ 2,854,000
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	49.03 %	1.64 %	88.50 %
IPERS' net position as a percentage of the total pension liability (asset)	91.40 %	100.81 %	82.90 %

* 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: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.036669 %	0.036805 %	0.040426 %	0.039442 %	0.039040 %	0.039435 %
\$ 2,137,625	\$ 2,328,379	\$ 2,668,822	\$ 2,458,194	\$ 1,940,871	\$ 1,596,000
\$ 2,809,000	\$ 2,765,000	\$ 2,990,000	\$ 2,803,000	\$ 2,688,000	\$ 2,632,000
74.90 %	82.89 %	89.26 %	87.89 %	72.21 %	60.64 %
85.45 %	83.62 %	82.21 %	81.82 %	85.19 %	87.61 %

CITY OF KEOKUK, IOWA

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

OTHER INFORMATION

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutorily required contribution	\$ 281,123	\$ 293,807	\$ 240,565
Contributions in relation to the statutorily required contribution	<u>(281,123)</u>	<u>(293,807)</u>	<u>(240,565)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's covered payroll	\$ 2,978,000	\$ 3,112,000	\$ 2,548,000
Contributions as a percentage of covered payroll	9.44 %	9.44 %	9.44 %

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 269,375	\$ 265,205	\$ 246,948	\$ 267,065	\$ 250,318	\$ 240,000	\$ 235,000
<u>(269,375)</u>	<u>(265,205)</u>	<u>(246,948)</u>	<u>(267,065)</u>	<u>(250,318)</u>	<u>(240,000)</u>	<u>(235,000)</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ 2,854,000	\$ 2,809,000	\$ 2,765,000	\$ 2,990,000	\$ 2,803,000	\$ 2,688,000	\$ 2,632,000
9.44 %	9.44 %	8.93 %	8.93 %	8.93 %	8.93 %	8.93 %

CITY OF KEOKUK, IOWA

NOTES TO OTHER INFORMATION – IPERS PENSION LIABILITY

YEAR ENDED JUNE 30, 2023

Changes of benefit terms:

There were no changes to benefit terms

Changes of assumptions:

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- Adjusted retirement rates for Regular members.
- Lowered disability rates for Regular members.
- Adjusted termination rates for all membership groups.

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

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

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

CITY OF KEOKUK, IOWA

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

OTHER INFORMATION

	<u>2023</u>	<u>2022</u>	<u>2021</u>
City's proportion of the net pension liability	0.0077597 %	0.0077801 %	0.0074101 %
City's proportionate share of the net pension liability	\$ 4,357,613	\$ 1,747,310	\$ 4,860,456
City's covered payroll	\$ 2,620,808	\$ 2,528,319	\$ 2,354,206
City's proportionate share of the net pension liability as a percentage of its covered payroll	166.27 %	69.11 %	206.46 %
Plan fiduciary net position as a percentage of the total pension liability	83.53 %	77.80 %	74.00 %

* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in the table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.0076678 %	0.0078512 %	0.008315 %	0.008186 %	0.818680 %	0.809408 %
\$ 4,565,441	\$ 4,604,545	\$ 5,198,813	\$ 3,807,187	\$ 3,846,278	\$ 2,934,000
\$ 2,321,150	\$ 2,282,036	\$ 2,335,291	\$ 2,196,017	\$ 2,147,000	\$ 2,058,000
196.69 %	198.37 %	222.62 %	173.37 %	179.15 %	142.57 %
79.94 %	81.07 %	80.60 %	78.20 %	83.40 %	86.27 %

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

OTHER INFORMATION

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutorily required contribution	\$ 659,036	\$ 686,127	\$ 639,918
Contributions in relation to the statutorily required contribution	<u>(659,036)</u>	<u>(686,127)</u>	<u>(639,918)</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's covered payroll	\$ 2,757,471	\$ 2,620,808	\$ 2,528,319
Contributions as a percentage of covered payroll	23.90 %	26.18 %	25.31 %

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 574,661	\$ 603,963	\$ 586,028	\$ 605,074	\$ 609,834	\$ 653,000	\$ 620,000
<u>(574,661)</u>	<u>(603,963)</u>	<u>(586,028)</u>	<u>(605,074)</u>	<u>(609,834)</u>	<u>(653,000)</u>	<u>(620,000)</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ 2,354,206	\$ 2,321,150	\$ 2,282,036	\$ 2,335,291	\$ 2,196,017	\$ 2,147,000	\$ 2,058,000
24.41 %	26.02 %	25.68 %	25.91 %	27.77 %	30.41 %	30.12 %

CITY OF KEOKUK, IOWA

NOTES TO OTHER INFORMATION – MFPRSI PENSION LIABILITY

YEAR ENDED JUNE 30, 2023

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

The 2018 valuation changed postretirement 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 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 postretirement 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.

CITY OF KEOKUK, IOWA

SCHEDULE 1

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

	<u>Special Revenue</u>		
	<u>Economic Development</u>	<u>Emergency Tax Levy</u>	<u>Total</u>
<u>RECEIPTS:</u>			
Property tax	\$ -	\$ 75,109	\$ 75,109
Other city taxes	87,873	13,272	101,145
Intergovernmental	125,503	2,752	128,255
Total receipts	<u>213,376</u>	<u>91,133</u>	<u>304,509</u>
<u>DISBURSEMENTS:</u>			
Community and economic development	<u>177,504</u>	<u>-</u>	<u>177,504</u>
Excess of receipts over disbursements	<u>35,872</u>	<u>91,133</u>	<u>127,005</u>
Other financing sources (uses):			
Transfer in	60,900	-	60,900
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>60,900</u>	<u>-</u>	<u>60,900</u>
Change in cash balances	96,772	91,133	187,905
<u>CASH BALANCES - Beginning of year</u>	<u>169,939</u>	<u>124,075</u>	<u>294,014</u>
<u>CASH BALANCES - End of year</u>	\$ <u>266,711</u>	\$ <u>215,208</u>	\$ <u>481,919</u>
<u>Cash Basis Fund Balances</u>			
Restricted	\$ <u>266,711</u>	\$ <u>215,208</u>	\$ <u>481,919</u>
Total cash basis fund balances	\$ <u>266,711</u>	\$ <u>215,208</u>	\$ <u>481,919</u>

CITY OF KEOKUK, IOWA

SCHEDULE OF INDEBTEDNESS
YEAR ENDED JUNE 30, 2023

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>	<u>Balance Beginning of Year</u>
General obligation notes:				
Refunding capital loan notes	June 8, 2016	2.00-3.00%	\$ 3,155,000	\$ 1,725,000
Refunding capital loan notes	June 8, 2016	2.00-3.00%	4,515,000	2,625,000
Capital loan notes	June 8, 2021	0.80%	1,000,000	595,000
Refunding capital loan notes	June 6, 2019	3.69-4.00%	1,800,000	1,800,000
Refunding capital loan notes	April 2, 2020	2.00-3.00%	7,315,000	4,975,000
Refunding capital loan notes	June 6, 2022	2.50-4.50%	1,765,000	1,765,000
Refunding capital loan notes	April 25, 2023	3.69-4.00%	4,995,000	-
Total			<u>24,545,000</u>	<u>13,485,000</u>
Revenue notes:				
Planning and design revenue notes	September 18, 2020	0.00%	2,790,000	2,251,241
Solid waste revenue capital loan notes	July 20, 2020	2.75%	695,000	557,000
Sewer revenue capital loan notes	January 20, 2010	3.00%	3,889,000	1,383,000
Sewer revenue capital loan notes	December 20, 2013	1.75%	5,578,000	3,160,000
Sewer revenue capital loan notes	June 5, 2015	1.75%	7,155,182	4,435,000
Total			<u>20,107,182</u>	<u>11,786,241</u>
Total			\$ <u>44,652,182</u>	\$ <u>25,271,241</u>

SUPPLEMENTARY INFORMATION

SCHEDULE 2

<u>Issued</u> <u>During</u> <u>Year</u>	<u>Redeemed/</u> <u>Cancelled</u> <u>During</u> <u>Year</u>	<u>Balance</u> <u>End</u> <u>of Year</u>	<u>Interest</u> <u>Paid</u>	<u>Interest</u> <u>Due and</u> <u>Unpaid</u>
\$ -	\$ 230,000	\$ 1,495,000	\$ 37,323	\$ 37,322
-	350,000	2,275,000	55,840	55,840
-	300,000	295,000	4,760	69,618
-	-	1,800,000	69,617	4,760
-	745,000	4,230,000	139,550	139,550
-	65,000	1,700,000	69,175	69,174
-	-	4,995,000	-	219,780
-	<u>1,690,000</u>	<u>16,790,000</u>	<u>376,265</u>	<u>596,044</u>
-	-	2,251,241	-	-
-	69,000	488,000	15,317	15,318
-	135,000	1,248,000	24,203	24,202
-	244,000	2,916,000	34,760	34,760
-	<u>320,000</u>	<u>4,115,000</u>	<u>33,263</u>	<u>33,262</u>
-	<u>768,000</u>	<u>11,018,241</u>	<u>107,543</u>	<u>107,542</u>
\$ -	\$ <u>2,458,000</u>	\$ <u>27,808,241</u>	\$ <u>483,808</u>	\$ <u>703,586</u>

CITY OF KEOKUK, IOWA
BOND AND NOTE MATURITIES
YEAR ENDED JUNE 30, 2023

General Obligation Bonds/Notes

Year Ending June 30,	Capital Loan Notes				Refunding Capital Loan Notes							
	Issued June 6, 2019		Issued June 8, 2021		Issued April 2, 2020		Issued June 8, 2016		Issued June 8, 2016			
	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
2024	3.69	-	0.80	295,000	3.00	800,000	2.00	225,000	2.00	365,000		
2025	3.69	-		-	3.00	790,000	2.00	220,000	2.00	365,000		
2026	3.69	-		-	3.00	780,000	2.00	215,000	2.00	370,000		
2027	3.69	-		-	3.00	295,000	2.00	210,000	2.00	380,000		
2028	3.69	-		-	3.00	295,000	2.00	210,000	2.00	390,000		
2029	3.69	-		-	3.00	300,000	3.00	205,000	3.00	405,000		
2030	3.69	-		-	2.00	310,000	3.00	210,000		-		
2031	3.69	-		-	2.00	305,000		-		-		
2032	3.69	-		-	2.00	255,000		-		-		
2033	3.69	200,000		-	2.00	100,000		-		-		
2034	3.74	300,000		-		-		-		-		
2035	3.85	310,000		-		-		-		-		
2036	3.90	320,000		-		-		-		-		
2037	3.94	330,000		-		-		-		-		
2038	4.00	340,000		-		-		-		-		
2039		-		-		-		-		-		
2040		-		-		-		-		-		
2041		-		-		-		-		-		
2042		-		-		-		-		-		
Total		\$ 1,800,000		295,000		\$ 4,230,000		\$ 1,495,000		\$ 2,275,000		

Year Ending June 30,	Issued June 6, 2022		Issued April 25, 2023		Total
	Interest Rate	Amount	Interest Rate	Amount	
2024	2.50	65,000			1,750,000
2025		-	4.00	195,000	1,570,000
2026		-	4.00	205,000	1,570,000
2027	2.80	205,000	4.00	210,000	1,300,000
2028		-	4.00	220,000	1,115,000
2029		-	4.00	230,000	1,140,000
2030	3.05	220,000	4.00	235,000	975,000
2031		-	4.00	245,000	550,000
2032		-	4.00	255,000	510,000
2033	4.50	250,000	4.00	265,000	815,000
2034		-	4.00	275,000	575,000
2035		-	4.00	290,000	600,000
2036		-	4.00	300,000	620,000
2037	4.50	385,000	4.00	310,000	1,025,000
2038		-	4.00	325,000	665,000
2039		-	4.00	340,000	340,000
2040		-	4.00	350,000	350,000
2041		-	4.00	365,000	365,000
2042	4.50	575,000	4.00	380,000	955,000
Total		\$ 1,700,000		\$ 4,995,000	\$ 16,790,000

BOND AND NOTE MATURITIES
YEAR ENDED JUNE 30, 2023

Sewer Revenue Capital Loan Notes						
Year Ending June 30,	Issued January 20, 2010		Issued December 20, 2013		Issued June 5, 2015	
	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
2024	3.00	139,000	2.00	248,000	2.00	320,000
2025	3.00	144,000	2.00	252,000	2.00	330,000
2026	3.00	148,000	2.00	254,000	2.00	335,000
2027	3.00	153,000	2.00	258,000	2.00	335,000
2028	3.00	158,000	2.00	261,000	2.00	340,000
2029	3.00	163,000	2.00	265,000	2.00	345,000
2030	3.00	169,000	2.00	268,000	2.00	355,000
2031	3.00	174,000	2.00	272,000	2.00	365,000
2032		-	2.00	276,000	2.00	370,000
2033		-	2.00	279,000		-
2034		-	2.00	283,000		-
2035		-		-		-
2036		-		-		-
Total		\$ 1,248,000		\$ 2,916,000		\$ 4,115,000

Year Ending June 30,	Issued September 18, 2020		Issued July 20, 2020		Total
	Interest Rate	Amount	Interest Rate	Amount	
2024	0.00	2,251,241	2.75	69,000	3,027,241
2025		-	2.75	69,000	795,000
2026		-	2.75	70,000	807,000
2027		-	2.75	70,000	816,000
2028		-	2.75	70,000	824,000
2029		-	2.75	70,000	838,000
2030		-	2.75	70,000	847,000
2031		-		-	791,000
2032		-		-	621,000
2033		-		-	634,000
2034		-		-	648,000
2035		-		-	370,000
2036		-		-	-
Total		\$ 2,251,241		\$ 488,000	\$ 11,018,241

CITY OF KEOKUK, IOWA

SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION -
ALL GOVERNMENTAL FUNDS

FOR THE LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<u>RECEIPTS:</u>				
Property tax	\$ 5,426,890	\$ 5,255,797	\$ 5,001,198	\$ 4,927,657
Tax increment financing	1,130,407	1,186,299	1,247,593	1,308,398
Other city tax	3,137,229	3,404,160	3,185,445	2,946,773
Use of money and property	1,030,997	313,713	113,257	126,705
Licenses and permits	247,900	154,186	155,996	90,716
Intergovernmental	3,315,486	2,776,541	2,560,051	2,609,208
Charges for service	107,922	54,718	283,952	81,875
Miscellaneous	<u>6,485,782</u>	<u>1,766,815</u>	<u>451,996</u>	<u>1,770,400</u>
Total	\$ <u>20,882,613</u>	\$ <u>14,912,229</u>	\$ <u>12,999,488</u>	\$ <u>13,861,732</u>
<u>DISBURSEMENTS:</u>				
Public safety	\$ 5,994,202	\$ 5,394,760	\$ 5,331,775	\$ 5,442,822
Public works	2,908,248	2,385,476	2,176,635	2,161,178
Culture and recreation	1,872,560	1,725,596	1,496,162	1,585,572
Community and economic development	325,048	279,461	273,503	677,907
General government	1,682,153	1,856,170	1,532,495	1,097,864
Debt service	1,991,554	2,121,185	1,703,192	9,341,254
Capital projects	<u>209,016</u>	<u>298,120</u>	<u>322,419</u>	<u>5,633,314</u>
Total	\$ <u>14,982,781</u>	\$ <u>14,060,768</u>	\$ <u>12,836,181</u>	\$ <u>25,939,911</u>

SCHEDULE 4

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 4,769,360	\$ 4,584,033	\$ 4,342,566	\$ 4,285,973	\$ 4,563,921	\$ 4,192,222
1,277,043	1,276,160	1,080,317	831,826	1,444,299	1,475,276
2,746,949	3,082,193	3,201,258	3,085,227	2,949,695	2,501,875
135,234	142,359	154,831	238,483	123,663	91,338
78,936	103,500	89,220	171,002	130,274	133,055
2,173,070	2,512,746	2,263,827	2,143,687	3,664,508	1,812,070
109,967	125,700	136,685	111,812	209,129	251,948
1,460,922	1,060,678	1,142,047	1,003,132	173,863	1,136,841
<u>\$ 12,751,481</u>	<u>\$ 12,887,369</u>	<u>\$ 12,410,751</u>	<u>\$ 11,871,142</u>	<u>\$ 13,259,352</u>	<u>\$ 11,594,625</u>
\$ 5,125,895	\$ 5,621,547	\$ 5,106,066	\$ 4,540,975	\$ 4,554,654	\$ 4,449,148
1,664,847	1,747,734	1,747,234	1,640,975	1,747,198	2,145,775
1,517,644	1,955,421	1,604,799	1,316,719	1,356,187	1,389,520
754,655	865,396	666,048	242,748	700,083	384,175
1,088,622	1,468,963	1,401,869	1,245,057	585,476	597,592
1,617,005	1,628,070	1,672,955	4,762,076	2,005,454	1,955,098
368,011	982,227	453,353	143,317	2,998,715	3,450,778
<u>\$ 12,136,679</u>	<u>\$ 14,269,358</u>	<u>\$ 12,652,324</u>	<u>\$ 13,891,867</u>	<u>\$ 13,947,767</u>	<u>\$ 14,372,086</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

GRANTOR/PROGRAM:	Assistance Living Number	Pass-Through Entity Identifying Number	Expenditures
<u>Indirect:</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	FY23	\$ 121,055
U.S. Department of Transportation: Passed through Iowa Department of Transportation: Airport Improvement Program	20.106	FY23	485,827
U.S. Environmental Protection Agency: Passed through Iowa Environmental Protection Agency: Brownsfield's Assessment and Cleanup Cooperative Agreements	66.818	FY23	227,675
U.S. Department of Homeland Security: Passed through the Iowa Department of Homeland Security Flood Mitigation Assistance	97.029	FY23	28,343
<u>Direct:</u>			
U.S. Department of Treasury: Coronavirus State and Local Fiscal Recovery Funds	21.027	FY23	63,826
U.S. Department of Justice: Bulletproof Vest Program	16.607	FY23	<u>52</u>
Total			\$ <u>926,778</u>

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of City of Keokuk, Iowa under programs of the federal government for the year ended June 30, 2023. 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 City of Keokuk, it is not intended to and does not present the financial position, changes in financial position or cash flows of City of Keokuk, Iowa.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or 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 Keokuk, Iowa did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



ANDERSON, LARKIN & CO., P.C.
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"Your Success Is Our Business."

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Adam L. Sturm, CPA

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
City of Keokuk, Iowa

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Keokuk, Iowa, as of and for the year ended June 30, 2023, and the related Notes to the Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 19, 2024. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Keokuk, Iowa'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 an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Keokuk, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Keokuk, Iowa's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in Part I of the accompanying Schedule of Findings and Questioned Costs, we identified a deficiency in internal control that we consider to be a significant deficiency.

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. We consider the deficiency described in Part I of the accompanying Schedule of Findings and Questioned Costs as item II-A-23 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Keokuk, Iowa'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 statement. 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 non-compliance 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, 2023 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.

The City of Keokuk, Iowa's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Keokuk, Iowa's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. City of Keokuk, Iowa'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.

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

ANDERSON, LARKIN & CO., P.C.
Anderson, Larkin & Co., P.C.

Ottumwa, Iowa
March 19, 2024



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**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
City of Keokuk, Iowa

Report on Compliance for Each Major Federal Program

Opinion on each Major Federal Program

We have audited the City of Keokuk, 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's major federal program for the year ended June 30, 2023. The City of Keokuk, Iowa's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Keokuk, Iowa 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, 2023.

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 Keokuk, Iowa 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'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's federal programs.

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 Keokuk, Iowa'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'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'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'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'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.

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.

Ottumwa, Iowa
March 19, 2024

ANDERSON, LARKIN & CO., P.C.
Anderson, Larkin & Co., P.C.

CITY OF KEOKUK, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

Part I: Summary of the Independent Auditor's Results

- a. Unmodified opinions were issued on the financial statements prepared in accordance with U.S. generally accepted accounting principles.
- b. A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- c. The audit did not disclose any non-compliance which is material to the financial statements.
- d. No material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
- e. An unmodified opinion was issued on compliance with requirements applicable to the major programs.
- f. The audit disclosed no audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- g. The major programs were Assistance Listing Number 21.027 – Coronavirus State and Local Fiscal Recovery Fund and Assistance Living Number 20.106 Airport Improvement Program.
- h. The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i. The City of Keokuk, Iowa did not qualify as a low-risk auditee.

Part II: Findings Related to the Financial Statements

Internal Control Deficiencies:

II-A-23 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 – Management has not separated incompatible activities of personnel, thereby creating risks related to the safeguarding of cash and the accuracy of the financial statements.

Cause – The City has a limited number of employees and procedures have not been designed 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 or 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 – The City will continue to review operating procedures and segregate employee duties to the extent financially feasible to maximize internal control.

Conclusion – Response accepted.

CITY OF KEOKUK, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

Part II: Findings Related to the Financial Statements

Instances of Non-Compliance:

No matters were noted.

Part III: Findings and Questioned Costs for Federal Awards:

Instances of Non-Compliance:

No matters were noted.

Internal Control Deficiencies:

No matters were noted

Part IV: Other Findings Related to Required Statutory Reporting

IV-A-23 Certified Budget – Disbursements during the year ended June 30, 2023 exceeded the amounts budgeted in the Culture and Recreation, General Government, Capital Projects, and Business-Type. Chapter 384.20 of the Code of Iowa states in part that monies may not be expended or encumbered except under an annual or continuing appropriation.

Recommendation – The budget should have been amended on or before May 31 of the applicable fiscal year in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response –The budget will be amended in the future, if applicable, on or before May 31.

Conclusion – Response accepted.

IV-B-23 Questionable Disbursements – No disbursements were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

IV-C-23 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

IV-D-23 Business Transactions – No business transactions between the City and City officials or employees were noted.

IV-E-23 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.

IV-F-23 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

IV-G-23 City Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

IV-H-23 Deposits and Investments – We noted 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.

CITY OF KEOKUK, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

Part IV: Other Findings Related to Required Statutory Reporting (Continued)

- IV-I-23 Revenue Bonds and Notes – The following instance of non-compliance with the solid waste revenue notes provisions was noted.

The provisions of the solid waste revenue note resolutions require the City to produce net operating revenues equal to at least 130% of the principal and interest on the bonds as they become due. The City fiscal year 2023 net operating receipts of \$86,301 were less than 130% of the \$84,318 of the revenue note principal and interest due during fiscal year 2023.

Recommendation – The City should establish utility rates at a sufficient level to allow net receipts to comply with the note provisions.

Response – The City is reviewing this and will make changes to ensure compliance with the above requirement.

Conclusion – Response accepted.

- IV-J-23 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.

- IV-K-23 Financial Condition – The Debt Service Fund and Urban Renewal TIF Fund had deficit balances of \$(4,332) and \$(152,501), respectively, at June 30, 2023.

Recommendation – The City should investigate alternatives to eliminate the deficits in order to return these funds to a sound financial position.

Response – The deficits were due to disbursements incurred prior to receipt of funding. The deficits will be eliminated in subsequent fiscal years.

Conclusion – Response accepted.

- IV-L-23 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. No instances of noncompliance were noted.