

CITY OF KEOKUK, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024

CITY OF KEOKUK, IOWA

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CITY OF KEOKUK, IOWA

OFFICIALS
JUNE 30, 2024

<u>Name</u>	(Before January 2024) <u>Title</u>	<u>Term Expires</u>
Kathie Mahoney	Mayor	December 31, 2024
Michael Greenwald	Mayor Pro Tem	December 31, 2025
Shelley Oltmans	Council Member – At Large	December 31, 2024
John Helenthal	Council Member – At Large	December 31, 2024
Carissa Crenshaw	Council Member – Ward 1	December 31, 2025
Linda Altheide	Council Member – Ward 2	December 31, 2024
Roslyn Garcia	Council Member – Ward 3	December 31, 2024
Steve Andrews	Council Member – Ward 4	December 31, 2024
Dan Tillman	Council Member – Ward 5	December 31, 2024
Roger Bryant	Council Member – Ward 6	December 31, 2024
Michael Greenwald	Council Member – Ward 7	December 31, 2025
Cole O'Donnell	City Administrator	December 31, 2024
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 2024) <u>Title</u>	<u>Term Expires</u>
Kathie Mahoney	Mayor	December 31, 2025
Michael Greenwald	Mayor Pro Tem	December 31, 2025
Dorothy Cackley	Council Member – At Large	December 31, 2025
Devon Dade	Council Member – At Large	December 31, 2027
Carissa Crenshaw	Council Member – Ward 1	December 31, 2025
Tyler Walker	Council Member – Ward 2	December 31, 2027
Roslyn Garcia	Council Member – Ward 3	December 31, 2025
Steve Andrews	Council Member – Ward 4	December 31, 2027
Dan Tillman	Council Member – Ward 5	December 31, 2025
Roger Bryant	Council Member – Ward 6	December 31, 2027
Michael Greenwald	Council Member – Ward 7	December 31, 2025
Dave Hinton	City Administrator	June 30, 2024
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

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2024, 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, 2024, 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, 2024, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of 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.

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 Auditor's Responsibilities for the Audit of the Financial Statements Section of this report, the financial statements for the eight years ended June 30, 2023 (which are not presented herein) and expressed qualified opinions on those financial statements which were prepared on the cash basis of accounting. The financial statements for the one year 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 cash basis of accounting. The supplementary information included in Schedules 1 through 4 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information in Schedules 1 through 4 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in this report. The other information comprises the 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 5 through 10 and 31 through 43 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 December 11, 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
December 11, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2024. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2024 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities decreased 17.7% or approximately \$3,754,453, in fiscal year 2024. The decrease in receipts is primarily a result of no bond proceeds received in fiscal year 2024.
- Disbursements of the City's governmental activities increased 12.2% or approximately \$1,844,848, in fiscal year 2024. The increase in disbursements was primarily the result of more expenditures for culture and recreation, general government and debt service.
- The City's total cash basis net position increased 0.4%, or approximately \$80,896, in fiscal year 2024. Of this amount, the cash basis net position of the governmental activities increased approximately \$566,715 and the cash basis net position of the business-type activities decreased approximately \$485,819.

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 were financed as well as what remains for future spending. Fund financial statements report the City's operation in more detail than the government-wide financial 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 liability (assets) and related contributions.

Supplementary Information provides detailed information about the nonmajor governmental funds.

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 which helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the City's 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 and Urban Renewal Tax Increment, 3) the Debt Service Fund, 4) the Capital Projects Funds and 5) the Permanent Funds. The governmental fund financial statements provide a detailed 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.

Reconciliations between the government-wide financial statement and the fund financial statements follow the fund financial statements.

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 approximately \$13,005,908 to approximately \$13,572,623. 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>2024</u>	<u>2023</u>
Receipts:		
Program receipts:		
Charges for service	\$ 30,382	\$ 36,049
Operating grants, contributions and restricted interest	3,467,270	4,410,818
Capital grants, contributions and restricted interest	16,298	74,208
General receipts:		
Property tax	6,601,762	5,426,890
Local option sales tax	1,543,591	1,308,251
Tax increment financing	1,138,817	1,130,407
Utility excise tax and replacement tax	1,011,517	931,751
Riverboat gaming tax	414,404	445,102
Hotel/motel tax	353,498	324,327
Unrestricted interest on investments	334,454	131,141
Bond/note proceeds	-	5,070,019
Other general receipts and transfers	2,482,350	1,859,834
Total receipts	<u>17,394,343</u>	<u>21,148,797</u>
Disbursements:		
Public safety	5,886,557	5,994,202
Public works	2,404,394	2,908,248
Culture and recreation	2,219,499	1,872,560
Community and economic development	367,314	325,048
General government	2,022,783	1,682,153
Debt service	3,150,173	1,991,554
Capital projects	776,909	209,016
Total disbursements	<u>16,827,629</u>	<u>14,982,781</u>
Change in cash basis net position	566,714	6,166,016
Cash basis net position beginning of year	<u>13,005,908</u>	<u>6,839,892</u>
Cash basis net position end of year	\$ <u>13,572,622</u>	\$ <u>13,005,908</u>

The City's total receipts for governmental activities decreased 17.7% or approximately \$3,754,453, over the prior year. The total cost of all programs and services increased 12.2% or approximately \$1,844,848. The decrease in receipts is primarily a result of a decrease in bond proceeds. The increase in disbursements was primarily the result of more expenditures for capital projects, general government and debt service.

The cost of all governmental activities this year was approximately \$16,827,629 compared to approximately \$14,982,781 last year. However, as shown in the Statement of Activities and Net Position on pages 11 and 12, the amount that our taxpayers ultimately financed for these activities through City taxes was approximately \$13,313,679 because some of the cost was paid by those directly benefited from the programs was \$30,382 or by other governments and organizations which subsidized certain programs with grants and contributions was \$3,483,568.

Changes in Cash Basis Net Position of Business-Type Activities

	Year Ended June 30,	
	<u>2024</u>	<u>2023</u>
Receipts:		
Program receipts:		
Charges for service:		
Sewer	\$ 3,124,894	\$ 2,962,184
Bridge	134,173	225,672
Solid waste	987,146	950,683
Capital grants, contributions, and restricted interest:		
Sewer	72	124
Bridge	98,370	82,420
General receipts:		
Miscellaneous	57,824	28,851
Total receipts	<u>4,402,479</u>	<u>4,249,934</u>
Disbursements:		
Sewer	3,173,218	4,819,830
Bridge	429,464	376,543
Solid waste	1,043,616	948,700
Total disbursements	<u>4,646,298</u>	<u>6,145,073</u>
Other financing (uses)	<u>(242,000)</u>	<u>(250,000)</u>
Change in cash basis net position	(485,819)	(2,145,139)
Cash basis net position beginning of year	<u>6,327,330</u>	<u>8,472,469</u>
Cash basis net position end of year	<u>\$ 5,841,511</u>	<u>\$ 6,327,330</u>

Total business type activities receipts for the fiscal year were approximately \$4,402,479 compared to approximately \$4,249,934 last year. The increase in receipts was primarily the result of increases in sewer charges. Total disbursements for the fiscal year decreased 24.4% to approximately \$4,402,479, due to decreases in disbursements from the Sewer fund.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Keokuk, Iowa completed the year, its governmental funds reported a combined fund balance of \$13,572,623, an increase of \$566,715 above last year's total of \$13,005,908. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$629,427 from the prior year to \$5,154,224 due to an increase in licenses and permits, use of money and property and miscellaneous receipts into the fund.
- The Special Revenue, Road Use Tax Fund (RUT) Fund cash balance increased \$248,645 to \$1,569,982 due to receipts exceeding disbursements during the current year.
- The Special Revenue, Local Option Sales Tax Fund cash balance increased \$243,591 to \$1,021,199. This increase was due to other city tax receipts exceeding transfers out of the fund.
- The Special Revenue, Employee Benefits Fund cash balance decreased \$173,143 to \$522,033 due to transfers out exceeding receipts during the current year.
- The Special Revenue, Urban Renewal TIF Fund cash balance increased \$211,059 to \$58,558 due to tax increment financing receipts exceeding transfers out of the fund.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS (Continued)

- The Debt Service Fund cash balance decreased \$54,155 to a deficit of (\$58,487) due to an increase in debt service disbursements.
- The Capital Projects Fund cash balance decreased \$596,414 to \$4,257,220 due to an decrease in receipts and an increase in capital projects disbursements.
- The Cemetery Perpetual Care Fund cash balance increased \$6,500 to \$514,770 due to receipts exceeding disbursements during the current year.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Enterprise, Sewer Fund cash balance decreased \$240,741 to \$3,710,502 due to disbursements exceeding receipts.
- The Enterprise, Bridge Fund cash balance decreased \$188,921 to \$1,974,219 due to disbursements exceeding receipts.
- The Enterprise, Solid Waste Fund cash balance decreased \$56,157 to \$156,790 due to an increase in disbursements.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget two times. The first amendment was approved on December 7, 2023. The second amendment was approved on May 16, 2024.

The City's receipts were \$2,217,491 less than budget, a variance of 9.3%. This was primarily due to the City receiving less in intergovernmental receipts than anticipated.

Total disbursements were \$2,125,781 less than budget, a variance of 11.5%. The public works, culture and recreation, community and economic development and business type disbursements were all less than budget.

DEBT ADMINISTRATION

At June 30, 2024, the City had \$25,282,241 in bonds and other long-term debt outstanding, compared to \$27,808,241 last year as shown below.

	Outstanding Debt at Year End	
	2024	2023
General obligation bonds/notes	\$ 15,040,000	\$ 16,790,000
Revenue notes	10,242,241	8,767,000
Total	\$ <u>25,282,241</u>	\$ <u>25,557,000</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 \$15,040,000 is below its constitutional debt limit of \$33,642,944. Additional information about the City's long-term debt is presented in Note 3 to the financial statements.

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 2024 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 3.7% versus 4.1% a year ago. This compares with the State's unemployment rate of 2.8% and the national rate of 4.3%.

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 show 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, 2024

Functions/Programs:	Disbursements	Charges for Services	Program Receipts	
			Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Public safety	\$ 5,886,557	\$ 6,959	\$ 118,595	\$ -
Public works	2,404,394	-	1,596,623	-
Culture and recreation	2,219,499	22,013	60,606	-
Community and economic development	367,314	-	60,998	-
General government	2,022,783	-	154,359	-
Debt service	3,150,173	-	-	-
Non-program general revenue	-	1,410	1,476,089	-
Capital projects	776,909	-	-	16,298
Total governmental activities	<u>16,827,629</u>	<u>30,382</u>	<u>3,467,270</u>	<u>16,298</u>
Business-type activities:				
Sewer	3,173,218	3,124,894	-	72
Bridge	429,464	134,173	-	98,370
Solid waste	1,043,616	987,146	-	-
Total business-type activities	<u>4,646,298</u>	<u>4,246,213</u>	<u>-</u>	<u>98,442</u>
Total	\$ <u>21,473,927</u>	\$ <u>4,276,595</u>	\$ <u>3,467,270</u>	\$ <u>114,740</u>
General Receipts and Transfers:				
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				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
Cash Basis Net Position				
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
\$ (5,761,003)	\$ -	\$ (5,761,003)
(807,771)	-	(807,771)
(2,136,880)	-	(2,136,880)
(306,316)	-	(306,316)
(1,868,424)	-	(1,868,424)
(3,150,173)	-	(3,150,173)
1,477,499	-	1,477,499
(760,611)	-	(760,611)
<u>(13,313,679)</u>	<u>-</u>	<u>(13,313,679)</u>
-	(48,252)	(48,252)
-	(196,921)	(196,921)
-	(56,470)	(56,470)
-	(301,643)	(301,643)
<u>(13,313,679)</u>	<u>(301,643)</u>	<u>(13,615,322)</u>
4,572,214	-	4,572,214
2,029,548	-	2,029,548
1,138,817	-	1,138,817
1,543,591	-	1,543,591
1,011,517	-	1,011,517
414,404	-	414,404
353,498	-	353,498
334,454	-	334,454
2,240,350	57,824	2,298,174
242,000	(242,000)	-
<u>13,880,393</u>	<u>(184,176)</u>	<u>13,696,217</u>
566,714	(485,819)	80,895
<u>13,005,908</u>	<u>6,327,330</u>	<u>19,333,238</u>
\$ <u>13,572,622</u>	\$ <u>5,841,511</u>	\$ <u>19,414,133</u>
\$ 514,770	\$ -	\$ 514,770
(58,487)	122,100	63,613
1,021,199	-	1,021,199
522,033	-	522,033
1,569,982	-	1,569,982
58,558	-	58,558
533,123	-	533,123
9,411,444	5,719,411	15,130,855
\$ <u>13,572,622</u>	\$ <u>5,841,511</u>	\$ <u>19,414,133</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, 2024

	Special Revenue				
	General	Road Use Tax	Local Option Sales Tax	Employee Benefits	Urban Renewal TIF
RECEIPTS:					
Property tax	\$ 2,497,936	\$ -	\$ -	\$ 1,999,349	\$ -
Tax increment financing	-	-	-	-	1,138,817
Other city tax	1,164,307	-	1,543,591	380,881	-
Licenses and permits	1,273,477	-	-	-	-
Use of money and property	426,078	-	-	11	-
Intergovernmental	536,700	1,398,401	-	-	-
Charges for service	102,254	-	-	-	-
Miscellaneous	1,946,713	-	-	-	-
Total receipts	<u>7,947,465</u>	<u>1,398,401</u>	<u>1,543,591</u>	<u>2,380,241</u>	<u>1,138,817</u>
DISBURSEMENTS:					
Operating:					
Public safety	5,886,557	-	-	-	-
Public works	1,024,850	1,379,544	-	-	-
Culture and recreation	2,133,920	-	-	85,579	-
Community and economic development	150,793	-	-	-	-
General government	2,022,783	-	-	-	-
Debt service	-	-	-	-	8,319
Capital projects	-	-	-	-	-
Total disbursements	<u>11,218,903</u>	<u>1,379,544</u>	<u>-</u>	<u>85,579</u>	<u>8,319</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(3,271,438)</u>	<u>18,857</u>	<u>1,543,591</u>	<u>2,294,662</u>	<u>1,130,498</u>
Other financing sources (uses):					
Sale of assets	27,217	-	-	-	-
Transfers in	4,050,135	229,788	-	-	-
Transfers out	<u>(176,487)</u>	<u>-</u>	<u>(1,300,000)</u>	<u>(2,467,805)</u>	<u>(919,439)</u>
Total other financing sources (uses)	<u>3,900,865</u>	<u>229,788</u>	<u>(1,300,000)</u>	<u>(2,467,805)</u>	<u>(919,439)</u>
Change in cash balances	629,427	248,645	243,591	(173,143)	211,059
Cash balances beginning 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 balances end of year	\$ <u>5,154,224</u>	\$ <u>1,569,982</u>	\$ <u>1,021,199</u>	\$ <u>522,033</u>	\$ <u>58,558</u>
Cash Basis Fund Balances					
Nonspendable - Cemetery perpetual care	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:					
Debt service	-	-	-	-	-
Local option sales tax	-	-	1,021,199	-	-
Employee benefits	-	-	-	522,033	-
Streets	-	1,569,982	-	-	-
Urban renewal purposes	-	-	-	-	58,558
Other purposes	-	-	-	-	-
Unassigned	<u>5,154,224</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash basis fund balances	\$ <u>5,154,224</u>	\$ <u>1,569,982</u>	\$ <u>1,021,199</u>	\$ <u>522,033</u>	\$ <u>58,558</u>

See Notes to Financial Statements

EXHIBIT B

<u>Permanent</u>				
<u>Cemetery</u>		<u>Capital</u>		
<u>Perpetual Care</u>	<u>Debt Service</u>	<u>Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ -	\$ 2,029,548	\$ -	\$ 74,929	\$ 6,601,762
-	-	-	-	1,138,817
-	295,068	-	128,140	3,511,987
-	-	-	-	1,273,477
-	-	-	-	426,089
-	39,309	-	85,387	2,059,797
-	-	-	-	102,254
<u>6,500</u>	-	<u>57,730</u>	-	<u>2,010,943</u>
<u>6,500</u>	<u>2,363,925</u>	<u>57,730</u>	<u>288,456</u>	<u>17,125,126</u>
-	-	-	-	5,886,557
-	-	-	-	2,404,394
-	-	-	-	2,219,499
-	-	-	216,521	367,314
-	-	-	-	2,022,783
-	3,141,854	-	-	3,150,173
-	-	776,909	-	776,909
-	<u>3,141,854</u>	<u>776,909</u>	<u>216,521</u>	<u>16,827,629</u>
<u>6,500</u>	<u>(777,929)</u>	<u>(719,179)</u>	<u>71,935</u>	<u>297,497</u>
-	-	-	-	27,217
-	723,774	122,765	72,900	5,199,362
-	-	-	(93,631)	(4,957,362)
-	<u>723,774</u>	<u>122,765</u>	<u>(20,731)</u>	<u>269,217</u>
6,500	(54,155)	(596,414)	51,204	566,714
<u>508,270</u>	<u>(4,332)</u>	<u>4,853,634</u>	<u>481,919</u>	<u>13,005,908</u>
\$ <u>514,770</u>	\$ <u>(58,487)</u>	\$ <u>4,257,220</u>	\$ <u>533,123</u>	\$ <u>13,572,622</u>
\$ 514,770	\$ -	\$ -	\$ -	\$ 514,770
-	(58,487)	-	-	(58,487)
-	-	-	-	1,021,199
-	-	-	-	522,033
-	-	-	-	1,569,982
-	-	-	-	58,558
-	-	-	533,123	533,123
-	-	4,257,220	-	9,411,444
\$ <u>514,770</u>	\$ <u>(58,487)</u>	\$ <u>4,257,220</u>	\$ <u>533,123</u>	\$ <u>13,572,622</u>

CITY OF KEOKUK, IOWA

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

	<u>Enterprise</u>			
	<u>Sewer</u>	<u>Bridge</u>	<u>Solid Waste</u>	<u>Total</u>
<u>Operating receipts:</u>				
Charges for service	\$ <u>3,124,894</u>	\$ <u>134,173</u>	\$ <u>987,146</u>	\$ <u>4,246,213</u>
<u>Operating disbursements:</u>				
Business-type activities	<u>2,685,351</u>	<u>429,464</u>	<u>961,196</u>	<u>4,076,011</u>
Excess (deficit) of operating receipts over (under) operating disbursements	<u>439,543</u>	<u>(295,291)</u>	<u>25,950</u>	<u>170,202</u>
<u>Non-operating receipts (disbursements):</u>				
Capital projects	(487,867)	-	-	(487,867)
Debt service	-	-	(82,420)	(82,420)
Interest on investments	72	98,370	-	98,442
Miscellaneous	<u>57,511</u>	<u>-</u>	<u>313</u>	<u>57,824</u>
Net non-operating receipts (disbursements)	<u>(430,284)</u>	<u>98,370</u>	<u>(82,107)</u>	<u>(414,021)</u>
Excess (deficit) of receipts over disbursements	9,259	(196,921)	(56,157)	(243,819)
Transfers in	501,708	8,000	-	509,708
Transfers out	<u>(751,708)</u>	<u>-</u>	<u>-</u>	<u>(751,708)</u>
Change in cash balances	(240,741)	(188,921)	(56,157)	(485,819)
Cash balances beginning of year	<u>3,951,243</u>	<u>2,163,140</u>	<u>212,947</u>	<u>6,327,330</u>
Cash balances end of year	\$ <u>3,710,502</u>	\$ <u>1,974,219</u>	\$ <u>156,790</u>	\$ <u>5,841,511</u>
<u>Cash Basis Fund Balances</u>				
Restricted for				
Debt service	\$ -	\$ -	\$ 122,100	\$ 122,100
Unrestricted	<u>3,710,502</u>	<u>1,974,219</u>	<u>34,690</u>	<u>5,719,411</u>
Total cash basis fund balances	\$ <u>3,710,502</u>	\$ <u>1,974,219</u>	\$ <u>156,790</u>	\$ <u>5,841,511</u>

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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, health and social services, 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.

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.

B. Basis of Presentation

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

CITY OF KEOKUK, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2022 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 May 2023.

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

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

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

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

Unassigned – All amounts not included in the preceding classifications.

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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, 2024, disbursements exceeded the amount budgeted in the Public Safety, Culture and Recreation, Debt Service and Capital Projects functions.

NOTE 2: CASH AND POOLED INVESTMENTS

The City's deposits in banks at June 30, 2024 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, 2024, 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>1,016,875</u>	<u>1,016,875</u>	2/15/2041
Total	\$ <u>1,016,875</u>	\$ <u>1,016,875</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, Level 3 inputs are significant unobservable inputs.

The recurring fair values of the Governmental National Mortgage Association securities was 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 \$915,816. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in the Iowa Public Agency Investment Trust and United States Treasury Notes are unrated.

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.

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 3: BONDS, NOTES, LEASES, AND IT SUBSCRIPTIONS PAYABLE

A summary of changes in bonds and notes payable for the year ended June 30, 2024 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 16,495,000	\$ -	\$ 1,455,000	\$ 15,040,000	\$ 1,570,000
Other debt and capital loans	295,000	-	295,000	-	-
Governmental activities total	<u>16,790,000</u>	<u>-</u>	<u>1,750,000</u>	<u>15,040,000</u>	<u>1,570,000</u>
Revenue bonds/notes:					
Sewer revenue bonds/notes	<u>8,767,000</u>	<u>2,251,421</u>	<u>776,000</u>	<u>10,242,421</u>	<u>1,221,241</u>
Total	\$ <u>25,557,000</u>	\$ <u>2,251,421</u>	\$ <u>2,526,000</u>	\$ <u>25,282,421</u>	\$ <u>2,791,241</u>

Year Ending June 30,	Revenue Notes		General Obligation and Refunding Capital Loan	
	Principal	Interest	Principal	Interest
2025	\$ 1,221,241	\$ 143,794	\$ 1,570,000	\$ 500,459
2026	1,245,000	128,555	1,570,000	454,259
2027	1,266,000	112,408	1,300,000	407,537
2028	1,286,000	95,941	1,115,000	376,158
2029	1,313,000	79,127	1,140,000	343,219
2030 – 2034	3,541,000	168,926	3,425,000	1,314,896
2035 – 2039	370,000	2,955	3,250,000	693,526
2040 – 2042	-	-	1,670,000	121,650
Total	\$ <u>10,242,241</u>	\$ <u>731,706</u>	\$ <u>15,040,000</u>	\$ <u>4,211,704</u>

Year Ending June 30,	Total	
	Principal	Interest
2025	\$ 2,791,241	\$ 644,253
2026	2,815,000	582,814
2027	2,566,000	519,945
2028	2,401,000	472,099
2029	2,453,000	422,346
2030 – 2034	6,966,000	1,483,822
2035 – 2039	3,620,000	696,481
2040 – 2042	<u>1,670,000</u>	<u>121,650</u>
Total	\$ <u>25,282,241</u>	\$ <u>4,943,410</u>

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. 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 \$25,950, respectively.

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 3: BONDS, NOTES, LEASES, AND IT SUBSCRIPTIONS PAYABLE (Continued)

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. The total principal and interest remaining to be paid on the notes is \$9,373,307. For the current year, principal and interest paid and total customer net receipts were \$976,827 and \$439,543, 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 note 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 110% 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 note sinking accounts for the purpose of making the note principal and interest payments when due.

During fiscal year 2024, sufficient user rates were not established at a level to produce net revenues equal to at least 110% 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 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 members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

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

CITY OF KEOKUK, IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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

The formula used to calculate a protection occupation member’s monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of 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.

Pension Benefits (Continued)

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

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

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

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS’ Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires 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 2024, 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, 2024 totaled \$296,038.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the City reported a liability of \$1,596,750 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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 IPERS relative to the contributions of all IPERS participating employers. At June 30, 2023, the City’s proportion was 0.034605%, which was an decrease of 0.00218% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City’s pension expense, deferred outflows of resources and deferred inflows of resources totaled \$82,874, \$1,560,055 and \$1,057,098, respectively.

There were no non-employer contributing entities to IPERS.

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions – The total pension liability in the June 30, 2023 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	3.25 to 16.25% average, including inflation.
(effective June 30, 2017)	Rates vary by membership group.
Long-term investment rate of return	7.00% compounded annually, net of investment
(effective June 30, 2017)	expense, including inflation.
Wage growth	3.25% per annum, based on 2.60% inflation
(effective June 30, 2017)	and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2023 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 2023 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	21.0 %	4.56 %
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
Total	<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.

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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

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 (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability:	\$ 3,395,047	\$ 1,596,750	\$ 89,748

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.

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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

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.

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, 2024.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa, the City's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 22.98% for the year ended June 30, 2024.

The City's contributions to MFPRSI for the year ended June 30, 2024 was \$606,840.

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 non-employer 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, 2024.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the City reported a liability of \$4,538,879 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2023, the City's proportion was 0.0072483% which was a decrease of 0.66% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$648,681, \$2,798,430 and \$(2,587,710), respectively.

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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

Actuarial Assumptions – The total pension liability in the June 30, 2023 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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2012 through June 30, 2022.

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

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Broad Fixed Income	4.9 %
Broad U.S. Equity	7.1
Global Equity	7.2
Broad Non-US Equity	7.4
Managed Futures	5.2
Real Estate – Core	6.8
Opportunistic Real Estate	11.1
Global Infrastructure	6.9
Private Credit	10.1
Private Equity	12.1

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.

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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

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.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability (asset):	\$ 7,949,070	\$ 4,538,879	\$ 1,715,909

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)

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, 2024, 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, retirement or death. 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, 2024, primarily relating to the General Fund, was \$826,521. This liability has been computed based on rates of pay in effect at June 30, 2024.

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, 2024, these loans to businesses had outstanding balances totaling \$45,264. At June 30, 2024, SEIRPC held cash of \$124,642 for the City, which represents loan repayments received from participating businesses that is available to fund future commercial business growth loans.

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

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%.

The City leases land to Danville Telecom in Joyce Park. The lease has a term of ten years and expires May 31, 2033, with the option to renew for two additional ten-year periods. The city receives annual payments of \$1,200 with an implicit interest rate of 4%.

Future principal and interest lease payments as of June 30, 2024 are as follows:

Year Ending			
<u>June 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	21,428	760	22,188
2026	11,340	357	11,697
2027	944	256	1,200
2028	983	217	1,200
2029	1,023	177	1,200
2030-2032	<u>3,326</u>	<u>274</u>	<u>3,600</u>
Totals	\$ <u>39,044</u>	\$ <u>2,041</u>	\$ <u>41,085</u>

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, 2024.

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 803 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, 2024 were \$355,192.

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 11: RISK MANAGEMENT (Continued)

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of 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, 2024, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and 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, 2024 is as follows:

<u>Transfer In</u>	<u>Amount</u>	<u>Transfer Out</u>	<u>Amount</u>
General	\$ 4,050,135	Employee Benefits	\$ 2,238,017
		ARPA	150,000
		Park Maintenance & Improvement	18,487
		Emergency	93,631
		Sewer	250,000
		Local Option Sales Tax	1,300,000
Economic Development	72,900	TIF	72,900
Capital Projects	122,765	TIF	122,765
Debt Service	723,774	TIF	723,774
Road Use	229,788	Employee Benefits	229,788
Sewer	501,708	Sewer	501,708
Bnridge	8,000	General	8,000
Total Transfers In	\$ <u>5,709,070</u>	Total Transfers Out	\$ <u>5,709,070</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 \$286,755 in fees in fiscal year June 30, 2024. Great River Regional Waste Authority's audited financial statements are available at City Hall.

CITY OF KEOKUK, IOWA

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

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 \$286,755 in fees in fiscal year June 30, 2024. Great River Regional Waste Authority's audited financial statements are available at City Hall.

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 with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2024, \$442,300 of property tax was diverted from the City under the urban renewal and economic development agreements.

NOTE 15: DEFICIT BALANCE

The Debt Service Fund had a balance of (\$58,487) at June 30, 2024. The balance was a result of disbursements exceeding receipts within the funds.

NOTE 16: SUBSEQUENT EVENTS

The City has evaluated subsequent events through December 11, 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, 2024

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	<u>Total</u>
<u>RECEIPTS:</u>			
Property tax	\$ 6,601,762	\$ -	\$ 6,601,762
Tax increment financing collections	1,138,817	-	1,138,817
Other city taxes	3,511,987	-	3,511,987
Use of money and property	1,273,477	98,442	1,371,919
License and permits	426,089	-	426,089
Intergovernmental	2,059,797	-	2,059,797
Charges for service	102,254	4,246,213	4,348,467
Miscellaneous	2,010,943	57,824	2,068,767
Total receipts	<u>17,125,126</u>	<u>4,402,479</u>	<u>21,527,605</u>
<u>DISBURSEMENTS:</u>			
Public safety	5,886,557	-	5,886,557
Public works	2,404,394	-	2,404,394
Culture and recreation	2,219,499	-	2,219,499
Community and economic development	367,314	-	367,314
General government	2,022,783	-	2,022,783
Debt service	3,150,173	-	3,150,173
Capital projects	776,909	-	776,909
Business-type	-	4,646,298	4,646,298
Total disbursements	<u>16,827,629</u>	<u>4,646,298</u>	<u>21,473,927</u>
Excess (deficiency) of receipts over (under) disbursements	297,497	(243,819)	53,678
Other financing sources (uses), net	<u>269,217</u>	<u>(242,000)</u>	<u>27,217</u>
Excess (deficit) of receipts and other financing sources over (under) disbursements and other financing uses	566,714	(485,819)	80,895
<u>BALANCES - Beginning of year</u>	<u>13,005,908</u>	<u>6,327,330</u>	<u>19,333,238</u>
<u>BALANCES - End of year</u>	\$ <u>13,572,622</u>	\$ <u>5,841,511</u>	\$ <u>19,414,133</u>

See Accompanying Independent Auditor's Report

Budgeted Amounts		Final to Total Variance
<u>Original</u>	<u>Final</u>	
\$ 6,256,307	\$ 6,256,307	\$ 345,455
1,054,595	1,054,595	84,222
4,457,196	4,517,196	(1,005,209)
215,819	449,899	922,020
89,625	85,550	340,539
4,449,058	4,486,302	(2,426,505)
4,089,200	4,229,100	119,367
1,097,300	2,666,148	(597,381)
<u>21,709,100</u>	<u>23,745,097</u>	<u>(2,217,492)</u>
5,987,986	5,848,486	(38,071)
2,353,585	2,693,354	288,960
2,870,005	2,093,916	(125,583)
949,912	981,912	614,598
1,915,203	2,070,404	47,621
3,124,927	3,144,927	(5,246)
4,340,365	649,000	(127,909)
5,676,667	6,772,079	2,125,781
<u>27,218,650</u>	<u>24,254,078</u>	<u>2,780,151</u>
(5,509,550)	(508,981)	562,659
<u>-</u>	<u>-</u>	<u>27,217</u>
(5,509,550)	(508,981)	589,876
<u>18,175,086</u>	<u>19,333,087</u>	<u>151</u>
\$ <u>12,665,536</u>	\$ <u>18,824,106</u>	\$ <u>590,027</u>

CITY OF KEOKUK, IOWA

NOTES TO OTHER INFORMATION – BUDGETARY REPORTING

JUNE 30, 2024

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, two budget amendments resulted in a \$2,035,997 increase in budgeted revenues and a \$2,964,572 decrease in budgeted disbursements. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2024, the City exceeded the amount budgeted in the Public Safety, Culture and Recreation, Capital Projects, and Debt Service 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 TEN YEARS*

OTHER INFORMATION

	<u>2024</u>	<u>2023</u>	<u>2022</u>
City's proportion of the net pension liability (asset)	0.034605 %	0.036785 %	0.036415 %
City's proportionate share of the net pension liability (asset)	\$ 1,596,750	\$ 1,460,013	\$ 51,050
City's covered payroll	\$ 2,978,000	\$ 2,978,000	\$ 3,112,000
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	53.62 %	49.03 %	1.64 %
IPERS' net position as a percentage of the total pension liability (asset)	90.13 %	91.40 %	100.81 %

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

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.036209 %	0.036669 %	0.036805 %	0.040426 %	0.039442 %	0.039040 %	0.039435 %
\$ 2,525,817	\$ 2,137,625	\$ 2,328,379	\$ 2,668,822	\$ 2,458,194	\$ 1,940,871	\$ 1,596,000
\$ 2,854,000	\$ 2,809,000	\$ 2,765,000	\$ 2,990,000	\$ 2,803,000	\$ 2,688,000	\$ 2,632,000
88.50 %	74.90 %	82.89 %	89.26 %	87.89 %	72.21 %	60.64 %
82.90 %	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>2024</u>	<u>2023</u>	<u>2022</u>
Statutorily required contribution	\$ 281,123	\$ 281,123	\$ 293,807
Contributions in relation to the statutorily required contribution	<u>(281,123)</u>	<u>(281,123)</u>	<u>(293,807)</u>
Contribution deficiency	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's covered payroll	\$ 2,978,000	\$ 2,978,000	\$ 3,112,000
Contributions as a percentage of covered payroll	9.44 %	9.44 %	9.44 %

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 240,565	\$ 269,375	\$ 265,205	\$ 246,948	\$ 267,065	\$ 250,318	\$ 240,000
<u>(240,565)</u>	<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>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ 2,548,000	\$ 2,854,000	\$ 2,809,000	\$ 2,765,000	\$ 2,990,000	\$ 2,803,000	\$ 2,688,000
9.44 %	9.44 %	9.44 %	8.93 %	8.93 %	8.93 %	8.93 %

CITY OF KEOKUK, IOWA

NOTES TO OTHER INFORMATION – IPERS PENSION LIABILITY

YEAR ENDED JUNE 30, 2024

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%.

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 TEN YEARS*

OTHER INFORMATION

	<u>2024</u>	<u>2023</u>	<u>2022</u>
City's proportion of the net pension liability	0.0072483 %	0.0077597 %	0.0077801 %
City's proportionate share of the net pension liability	\$ 4,538,879	\$ 4,357,613	\$ 1,747,310
City's covered payroll	\$ 2,757,471	\$ 2,620,808	\$ 2,528,319
City's proportionate share of the net pension liability as a percentage of its covered payroll	164.60 %	166.27 %	69.11 %
Plan fiduciary net position as a percentage of the total pension liability	83.53 %	83.53 %	77.80 %

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

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.0074101 %	0.0076678 %	0.0078512 %	0.008315 %	0.008186 %	0.818680 %	0.809408 %
\$ 4,860,456	\$ 4,565,441	\$ 4,604,545	\$ 5,198,813	\$ 3,807,187	\$ 3,846,278	\$ 2,934,000
\$ 2,354,206	\$ 2,321,150	\$ 2,282,036	\$ 2,335,291	\$ 2,196,017	\$ 2,147,000	\$ 2,058,000
206.46 %	196.69 %	198.37 %	222.62 %	173.37 %	179.15 %	142.57 %
74.00 %	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>2024</u>	<u>2023</u>	<u>2022</u>
Statutorily required contribution	\$ 615,410	\$ 659,036	\$ 686,127
Contributions in relation to the statutorily required contribution	<u>(615,410)</u>	<u>(659,036)</u>	<u>(686,127)</u>
Contribution deficiency	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
City's covered payroll	\$ 2,678,023	\$ 2,757,471	\$ 2,620,808
Contributions as a percentage of covered payroll	22.98 %	23.90 %	26.18 %

See Accompanying Independent Auditor's Report

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 639,918	\$ 574,661	\$ 603,963	\$ 586,028	\$ 605,074	\$ 609,834	\$ 653,000
<u>(639,918)</u>	<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>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ 2,528,319	\$ 2,354,206	\$ 2,321,150	\$ 2,282,036	\$ 2,335,291	\$ 2,196,017	\$ 2,147,000
25.31 %	24.41 %	26.02 %	25.68 %	25.91 %	27.77 %	30.41 %

CITY OF KEOKUK, IOWA

NOTES TO OTHER INFORMATION – MFPRSI PENSION LIABILITY

YEAR ENDED JUNE 30, 2024

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

SUPPLEMENTARY INFORMATION

CITY OF KEOKUK, IOWA

SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

	<u>Special Revenue</u>		
	<u>Economic Development</u>	<u>Emergency Tax Levy</u>	<u>Total</u>
<u>RECEIPTS:</u>			
Property tax	\$ -	\$ 74,929	\$ 74,929
Other city taxes	116,251	11,889	128,140
Intergovernmental	83,250	2,137	85,387
Total receipts	<u>199,501</u>	<u>88,955</u>	<u>288,456</u>
<u>DISBURSEMENTS:</u>			
Community and economic development	<u>216,521</u>	<u>-</u>	<u>216,521</u>
Excess (deficit) of receipts over (under) disbursements	<u>(17,020)</u>	<u>88,955</u>	<u>71,935</u>
Other financing sources (uses):			
Transfer in	72,900	-	72,900
Transfers out	<u>-</u>	<u>(93,631)</u>	<u>(93,631)</u>
Total other financing sources (uses)	<u>72,900</u>	<u>(93,631)</u>	<u>(20,731)</u>
Change in cash balances	55,880	(4,676)	51,204
<u>CASH BALANCES - Beginning of year</u>	<u>266,711</u>	<u>215,208</u>	<u>481,919</u>
<u>CASH BALANCES - End of year</u>	\$ <u>322,591</u>	\$ <u>210,532</u>	\$ <u>533,123</u>
<u>Cash Basis Fund Balances</u>			
Restricted	\$ <u>322,591</u>	\$ <u>210,532</u>	\$ <u>533,123</u>
Total cash basis fund balances	\$ <u>322,591</u>	\$ <u>210,532</u>	\$ <u>533,123</u>

CITY OF KEOKUK, IOWA

SCHEDULE OF INDEBTEDNESS
YEAR ENDED JUNE 30, 2024

<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	\$ 1,495,000
Refunding capital loan notes	June 8, 2016	2.00-3.00%	4,515,000	2,275,000
Capital loan notes	June 8, 2021	0.80%	1,000,000	295,000
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	4,230,000
Refunding capital loan notes	June 6, 2022	2.50-4.50%	1,765,000	1,700,000
Refunding capital loan notes	April 25, 2023	3.69-4.00%	4,995,000	4,995,000
Total			<u>24,545,000</u>	<u>16,790,000</u>
Revenue notes:				
Planning and design revenue notes	March 1, 2024	2.43%	2,251,241	-
Solid waste revenue capital loan notes	July 20, 2020	2.75%	695,000	488,000
Sewer revenue capital loan notes	January 20, 2010	3.00%	3,889,000	1,248,000
Sewer revenue capital loan notes	December 20, 2013	1.75%	5,578,000	2,916,000
Sewer revenue capital loan notes	June 5, 2015	1.75%	7,155,182	4,115,000
Total			<u>19,568,423</u>	<u>8,767,000</u>
Total			\$ <u>44,113,423</u>	\$ <u>25,557,000</u>

SCHEDULE 2

<u>Issued During Year</u>	<u>Redeemed/ Cancelled During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
\$ -	\$ 225,000	\$ 1,270,000	\$ 32,723	\$ 28,222
-	365,000	1,910,000	48,840	41,540
-	295,000	-	1,180	1,180
-	-	1,800,000	69,617	69,617
-	800,000	3,430,000	117,200	93,200
-	65,000	1,635,000	68,525	66,900
-	-	4,995,000	219,780	199,800
-	<u>1,750,000</u>	<u>15,040,000</u>	<u>557,865</u>	<u>500,459</u>
2,251,241	-	2,251,241	13,676	27,353
-	69,000	419,000	13,420	11,523
-	139,000	1,109,000	55,740	52,186
-	248,000	2,668,000	56,862	49,530
-	320,000	3,795,000	33,724	30,555
<u>2,251,241</u>	<u>776,000</u>	<u>10,242,241</u>	<u>173,422</u>	<u>171,147</u>
\$ <u>2,251,241</u>	\$ <u>2,526,000</u>	\$ <u>25,282,241</u>	\$ <u>731,287</u>	\$ <u>671,606</u>

CITY OF KEOKUK, IOWA

BOND AND NOTE MATURITIES
YEAR ENDED JUNE 30, 2024

General Obligation Bonds/Notes

Capital Loan Notes			Refunding Capital Loan Notes					
Issued June 6, 2019			Issued April 2, 2020		Issued June 8, 2016		Issued June 8, 2016	
Year Ending June 30,	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount	Interest Rate	Amount
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		\$ 3,430,000		\$ 1,270,000		\$ 1,910,000

Issued June 6, 2022			Issued April 25, 2023		
Year Ending June 30,	Interest Rate	Amount	Interest Rate	Amount	Total
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		\$ 1,635,000		\$ 4,995,000	15,040,000

CITY OF KEOKUK, IOWA

BOND AND NOTE MATURITIES
YEAR ENDED JUNE 30, 2024

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
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	335,000
2029	3.00	163,000	2.00	265,000	2.00	340,000
2030	3.00	169,000	2.00	268,000	2.00	340,000
2031	3.00	174,000	2.00	272,000	2.00	345,000
2032		-	2.00	276,000	2.00	345,000
2033		-	2.00	279,000	2.00	355,000
2034		-	2.00	283,000	2.00	365,000
2035		-		-	2.00	370,000
2036		-		-		-
Total		\$ 1,109,000		\$ 2,668,000		\$ 3,795,000

Year Ending June 30,	Issued March 1, 2024		Issued July 20, 2020		Total
	Interest Rate	Amount	Interest Rate	Amount	
2025	2.43	426,241	2.75	69,000	1,221,241
2026	2.43	438,000	2.75	70,000	1,245,000
2027	2.43	450,000	2.75	70,000	1,266,000
2028	2.43	462,000	2.75	70,000	1,286,000
2029	2.43	475,000	2.75	70,000	1,313,000
2030	2.43	-	2.75	70,000	847,000
2031		-		-	791,000
2032		-		-	621,000
2033		-		-	634,000
2034		-		-	648,000
2035		-		-	370,000
Total		2,251,241		\$ 419,000	\$ 10,242,241

CITY OF KEOKUK, IOWA

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

FOR THE LAST TEN YEARS

	<u>2024</u>		<u>2023</u>		<u>2022</u>		<u>2021</u>
<u>RECEIPTS:</u>							
Property tax	\$ 6,601,762	\$	5,426,890	\$	5,255,797	\$	5,001,198
Tax increment financing	1,138,817		1,130,407		1,186,299		1,247,593
Other city tax	3,511,987		3,137,229		3,404,160		3,185,445
Use of money and property	1,273,477		1,030,997		313,713		113,257
Licenses and permits	426,089		247,900		154,186		155,996
Intergovernmental	2,059,797		3,315,486		2,776,541		2,560,051
Charges for service	102,254		107,922		54,718		283,952
Miscellaneous	2,010,943		6,485,782		1,766,815		451,996
Total	\$ <u>17,125,126</u>	\$	<u>20,882,613</u>	\$	<u>14,912,229</u>	\$	<u>12,999,488</u>
<u>DISBURSEMENTS:</u>							
Public safety	\$ 5,886,557	\$	5,994,202	\$	5,394,760	\$	5,331,775
Public works	2,404,394		2,908,248		2,385,476		2,176,635
Culture and recreation	2,219,499		1,872,560		1,725,596		1,496,162
Community and economic development	367,314		325,048		279,461		273,503
General government	2,022,783		1,682,153		1,856,170		1,532,495
Debt service	3,150,173		1,991,554		2,121,185		1,703,192
Capital projects	776,909		209,016		298,120		322,419
Total	\$ <u>16,827,629</u>	\$	<u>14,982,781</u>	\$	<u>14,060,768</u>	\$	<u>12,836,181</u>

See Accompanying Independent Auditor's Report

SCHEDULE 4

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 4,927,657	\$ 4,769,360	\$ 4,584,033	\$ 4,342,566	\$ 4,285,973	\$ 4,563,921
1,308,398	1,277,043	1,276,160	1,080,317	831,826	1,444,299
2,946,773	2,746,949	3,082,193	3,201,258	3,085,227	2,949,695
126,705	135,234	142,359	154,831	238,483	123,663
90,716	78,936	103,500	89,220	171,002	130,274
2,609,208	2,173,070	2,512,746	2,263,827	2,143,687	3,664,508
81,875	109,967	125,700	136,685	111,812	209,129
1,770,400	1,460,922	1,060,678	1,142,047	1,003,132	173,863
<u>\$ 13,861,732</u>	<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>
\$ 5,442,822	\$ 5,125,895	\$ 5,621,547	\$ 5,106,066	\$ 4,540,975	\$ 4,554,654
2,161,178	1,664,847	1,747,734	1,747,234	1,640,975	1,747,198
1,585,572	1,517,644	1,955,421	1,604,799	1,316,719	1,356,187
677,907	754,655	865,396	666,048	242,748	700,083
1,097,864	1,088,622	1,468,963	1,401,869	1,245,057	585,476
9,341,254	1,617,005	1,628,070	1,672,955	4,762,076	2,005,454
5,633,314	368,011	982,227	453,353	143,317	2,998,715
<u>\$ 25,939,911</u>	<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>



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

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, 2024, and the related Notes to the Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated 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 our 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.

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.

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

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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2024 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. 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
December 11, 2024

CITY OF KEOKUK, IOWA

SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2024

Part I: Summary of the Independent Auditor's Results

- a. Unmodified opinions were issued on the financial statements prepared on the cash basis of accounting, which is a basis of accounting other than 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.

Part II: Findings Related to the Financial Statements

Internal Control Deficiencies:

II-A-24 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.

Part II: Findings Related to the Financial Statements

Instances of Non-Compliance:

No matters were noted.

CITY OF KEOKUK, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Part III: Other Findings Related to Required Statutory Reporting

III-A-24 Certified Budget – Disbursements during the year ended June 30, 2024 exceeded the amounts budgeted in the Culture and Recreation, Public Safety, Debt Service and Capital Projects. 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.

III-B-24 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.

III-C-24 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

III-D-24 Business Transactions – No business transactions between the City and City officials or employees were noted.

III-E-24 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.

III-F-24 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.

III-G-24 City Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

III-H-24 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.

III-I-24 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 110% of the principal and interest on the bonds as they become due. The City fiscal year 2024 net operating receipts of \$25,950 were less than 110% of the \$82,420 of the revenue note principal and interest due during fiscal year 2024.

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.

III-J-24 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.

III-K-24 Financial Condition – The Debt Service Fund had a deficit balance of (\$58,487) at June 30, 2024.

CITY OF KEOKUK, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

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

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.

III-L-24 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.