



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834 Facsimile (515) 281-6518

NEWS RELEASE

Contact: Ernest Ruben
515/281-5834

FOR RELEASE

December 19, 2022

Auditor of State Rob Sand today released an audit report on City of Shenandoah, Iowa.

FINANCIAL HIGHLIGHTS:

The City's receipts totaled \$12,960,967 for the year ended June 30, 2022, a 22.6% increase over the prior year. Disbursements for the year ended June 30, 2022 totaled \$11,179,739, a 19.5% increase over the prior year. The significant increase in receipts and disbursements is due primarily to note proceeds during the year and capital outlays.

AUDIT FINDINGS:

Sand reported four findings related to the receipt and disbursement of taxpayer funds. They are found on pages 56 through 61 of this report. The findings address a lack of segregation of duties, disbursements exceeding budgeted amounts before amendment, payment of general obligation debt from the General Fund and comingling of City funds with the Shenandoah Library Foundation. Sand provided the City with recommendations to address each of the findings.

Three of the four findings discussed above are repeated from the prior year. The City Council has a fiduciary responsibility to provide oversight of the City's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's web site at [Audit Reports – Auditor of State](#).

###

CITY OF SHENANDOAH

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

JUNE 30, 2022

City of Shenandoah



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834 Facsimile (515) 281-6518

Rob Sand
Auditor of State

December 8, 2022

Officials of the City of Shenandoah
Shenandoah, Iowa

Dear Honorable Mayor and Members of the City Council:

I am pleased to submit to you the financial and compliance audit report for the City of Shenandoah for the year ended June 30, 2022. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the City of Shenandoah throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand
Auditor of State

Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-7
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statement:		
Cash Basis Statement of Activities and Net Position	A	10-11
Governmental Fund Financial Statement:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B	12-13
Proprietary Fund Financial Statement:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C	15
Notes to Financial Statements		16-32
Other Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual – All Governmental Funds and Proprietary Funds		34-35
Notes to Other Information – Budgetary Reporting		37
Schedule of the City’s Proportionate Share of the Net Pension Liability (Asset)		38-39
Schedule of City Contributions		40-41
Notes to Other Information – Pension Liability (Asset)		42
Supplementary Information:	<u>Schedule</u>	
Schedule of Cash Receipts, Disbursements and Changes in Cash Balances – Nonmajor Governmental Funds	1	44-45
Schedule of Receipts by Source and Disbursements by Function – All Governmental Funds	2	46-47
Schedule of Expenditures of Federal Awards	3	49
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 <u>Government Auditing Standards</u>		50-51
Independent Auditor’s Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance		53-55
Schedule of Findings and Questioned Costs		56-61
Staff		62

City of Shenandoah

Officials

(Before January 2022)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Richard Hunt	Mayor	Jan 2022
J. Eric Brantner	Council Member	Jan 2024
Cindy Arman	Council Member	Jan 2024
Rita Gibson	Council Member	Jan 2022
Toni Graham	Council Member	Jan 2022
Kim Swank	Council Member	Jan 2022
AJ Lyman	Administrator	Jan 2022
Karla Gray	City Clerk/Treasurer	Jan 2022
Mahlon Sorensen	Attorney	Jan 2023

(After January 2022)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Roger McQueen	Mayor	Jan 2026
J. Eric Brantner	Council Member	Jan 2024
Cindy Arman	Council Member	(Resigned Mar 2022)
Richard Jones (Appointed May 2022)	Council Member	Nov 2023
Rita Gibson	Council Member	Jan 2026
Toni Graham	Council Member	Jan 2026
Kim Swank	Council Member	Jan 2026
AJ Lyman	Administrator	Jan 2024
Karla Gray	City Clerk/Treasurer	Jan 2024
Mahlon Sorensen	Attorney	Jan 2023

City of Shenandoah



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834 Facsimile (515) 281-6518

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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Shenandoah, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Shenandoah as of June 30, 2022, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

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

Basis of Accounting

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, the City of Shenandoah adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional 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 Shenandoah's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Shenandoah'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 Shenandoah'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 seven years ended June 30, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting. The supplementary information included in Schedules 1 through 3, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements, The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 through 3 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

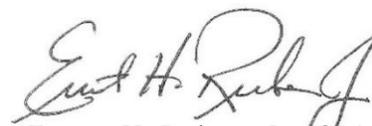
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 34 through 42 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 8, 2022 on our consideration of the City of Shenandoah'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 Shenandoah's internal control over financial reporting and compliance.



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

December 8, 2022

City of Shenandoah

Basic Financial Statements

City of Shenandoah

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2022

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Primary Government:				
Governmental activities:				
Public safety	\$ 1,474,529	169,375	33,659	278,975
Public works	1,413,989	678,909	686,411	-
Health and social services	1,283	-	-	-
Culture and recreation	1,079,730	188,812	127,620	33,200
Community and economic development	170,403	24,401	72	-
General government	392,075	22,193	341,204	11,045
Debt service	634,794	-	-	-
Capital projects	2,117,892	16,311	-	-
Total governmental activities	7,284,695	1,100,001	1,188,966	323,220
Business type activities:				
Water	2,252,634	2,952,174	-	4,636
Sewer	1,255,060	1,079,861	4,637	-
Golf Course	387,350	448,935	-	-
Total business type activities	3,895,044	4,480,970	4,637	4,636
Total primary government	\$ 11,179,739	5,580,971	1,193,603	327,856
Component Unit:				
Library Foundation	61,026	-	-	304,178
General Receipts and Transfers:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
American Rescue Plan Act				
Hotel/motel tax				
Cable franchise fee				
Commercial/industrial tax replacement				
Miscellaneous				
Note proceeds net of premium of \$17,730 and issuance costs of \$2,260				
Sale of capital assets				
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:				
Snook Trust				
Cemetery perpetual care				
Esden Trust				
Expendable:				
Fire				
Streets				
Employee benefits				
Library				
Debt service				
Parks				
Capital projects				
Other purposes				
Unrestricted				
Total cash basis net assets				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Position			
Primary Government			Component Unit
Governmental Activities	Business Type Activities	Total	Library Foundation
(992,520)	-	(992,520)	
(48,669)	-	(48,669)	
(1,283)	-	(1,283)	
(730,098)	-	(730,098)	
(145,930)	-	(145,930)	
(17,633)	-	(17,633)	
(634,794)	-	(634,794)	
<u>(2,101,581)</u>	<u>-</u>	<u>(2,101,581)</u>	
<u>(4,672,508)</u>	<u>-</u>	<u>(4,672,508)</u>	
-	704,176	704,176	
-	(170,562)	(170,562)	
-	61,585	61,585	
-	595,199	595,199	
<u>(4,672,508)</u>	<u>595,199</u>	<u>(4,077,309)</u>	
			<u>243,152</u>
2,070,400	-	2,070,400	-
274,165	-	274,165	-
208,320	-	208,320	-
741,321	-	741,321	-
365,350	-	365,350	-
45,127	-	45,127	-
45,776	-	45,776	-
64,036	-	64,036	-
59,286	-	59,286	-
1,965,470	-	1,965,470	-
19,286	-	19,286	-
174,675	(174,675)	-	-
<u>6,033,212</u>	<u>(174,675)</u>	<u>5,858,537</u>	<u>-</u>
1,360,704	420,524	1,781,228	243,152
6,041,632	3,347,001	9,388,633	498,916
<u>\$ 7,402,336</u>	<u>3,767,525</u>	<u>11,169,861</u>	<u>742,068</u>
\$ 1,135,000	-	1,135,000	-
189,880	-	189,880	-
20,000	-	20,000	-
108,434	-	108,434	-
1,167,305	-	1,167,305	-
460,831	-	460,831	-
329,175	-	329,175	742,068
147,028	99,297	246,325	-
59,861	-	59,861	-
1,330,062	-	1,330,062	-
1,064,544	-	1,064,544	-
<u>1,390,216</u>	<u>3,668,228</u>	<u>5,058,444</u>	<u>-</u>
<u>\$ 7,402,336</u>	<u>3,767,525</u>	<u>11,169,861</u>	<u>742,068</u>

City of Shenandoah

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds

As of and for the year ended June 30, 2022

	Special Revenue				
	General	Road Use Tax	Employee Benefits	Local Option Sales Tax	Urban Renewal Tax Increment Financing
Receipts:					
Property tax	\$ 1,332,530	-	686,236	-	-
Tax increment financing	-	-	-	-	208,320
Local option sales tax	-	-	-	741,321	-
Other city tax	79,256	-	17,505	-	-
Licenses and permits	63,200	-	-	-	-
Use of money and property	16,885	-	-	-	-
Intergovernmental	102,272	686,411	19,338	-	-
Charges for service	727,227	-	-	-	-
Miscellaneous	545,686	-	28,704	-	-
Total receipts	2,867,056	686,411	751,783	741,321	208,320
Disbursements:					
Operating:					
Public safety	1,028,704	-	360,071	-	-
Public works	720,867	558,138	134,984	-	-
Health and social services	-	-	-	-	-
Culture and recreation	914,386	-	153,572	-	-
Community and economic development	72,564	-	-	97,839	-
General government	370,016	-	22,059	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	3,106,537	558,138	670,686	97,839	-
Excess (deficiency) of receipts over (under) disbursements	(239,481)	128,273	81,097	643,482	208,320
Other financing sources (uses):					
Note proceeds net of premium of \$17,730 and issuance costs of \$2,260	-	-	-	-	-
Sale of capital assets	1,568	-	-	-	-
Transfers in	576,189	-	-	-	-
Transfers out	-	-	-	(482,829)	(208,320)
Total other financing sources (uses)	577,757	-	-	(482,829)	(208,320)
Change in cash balances	338,276	128,273	81,097	160,653	-
Cash balances beginning of year	1,190,373	1,039,032	379,734	648,989	122,019
Cash balances end of year	\$ 1,528,649	1,167,305	460,831	809,642	122,019
Cash Basis Fund Balances					
Nonspendable:					
Permanent funds	-	-	-	-	-
Restricted for:					
Fire	74,554	-	-	-	-
Streets	-	1,167,305	-	-	-
Employee benefits	-	-	460,831	-	-
Library	-	-	-	-	-
Debt service	-	-	-	-	122,019
Parks	-	-	-	-	-
Capital projects	-	-	-	-	-
Other purposes	63,879	-	-	809,642	-
Unassigned	1,390,216	-	-	-	-
Total cash basis fund balances	\$ 1,528,649	1,167,305	460,831	809,642	122,019

See notes to financial statements.

Debt Service	Capital Projects	Permanent		Nonmajor	Total
		Snook Trust	Cemetery Perpetual Care		
267,674	-	-	-	-	2,286,440
-	-	-	-	-	208,320
-	-	-	-	-	741,321
6,491	-	-	-	-	103,252
-	-	-	-	-	63,200
-	47,710	6,416	153	1,445	72,609
7,170	597,268	-	-	-	1,412,459
-	-	-	4,725	-	731,952
-	47,311	-	-	244,714	866,415
281,335	692,289	6,416	4,878	246,159	6,485,968
-	-	2,567	-	83,187	1,474,529
-	-	-	-	-	1,413,989
-	-	1,283	-	-	1,283
-	-	2,566	-	9,206	1,079,730
-	-	-	-	-	170,403
-	-	-	-	-	392,075
634,794	-	-	-	-	634,794
-	2,117,892	-	-	-	2,117,892
634,794	2,117,892	6,416	-	92,393	7,284,695
(353,459)	(1,425,603)	-	4,878	153,766	(798,727)
-	1,965,470	-	-	-	1,965,470
-	17,718	-	-	-	19,286
348,645	91,320	-	-	2,943	1,019,097
-	-	-	-	(153,273)	(844,422)
348,645	2,074,508	-	-	(150,330)	2,159,431
(4,814)	648,905	-	4,878	3,436	1,360,704
29,823	681,157	1,149,555	185,002	615,948	6,041,632
25,009	1,330,062	1,149,555	189,880	619,384	7,402,336
-	-	1,135,000	189,880	20,000	1,344,880
-	-	-	-	33,880	108,434
-	-	-	-	-	1,167,305
-	-	-	-	-	460,831
-	-	-	-	329,175	329,175
25,009	-	-	-	-	147,028
-	-	-	-	59,861	59,861
-	1,330,062	-	-	-	1,330,062
-	-	14,555	-	176,468	1,064,544
-	-	-	-	-	1,390,216
25,009	1,330,062	1,149,555	189,880	619,384	7,402,336

City of Shenandoah

City of Shenandoah

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Proprietary Funds

As of and for the year ended June 30, 2022

	Enterprise			Total
	Water	Sewer	Golf	
Operating receipts:				
Charges for service	\$ 2,663,028	1,050,510	448,935	4,162,473
Miscellaneous	289,146	29,351	-	318,497
Total operating receipts	2,952,174	1,079,861	448,935	4,480,970
Operating disbursements:				
Business type activities	1,408,188	476,753	387,350	2,272,291
Excess of operating receipts over operating disbursements	1,543,986	603,108	61,585	2,208,679
Non-operating receipts (disbursements):				
Interest on investments	4,636	4,637	-	9,273
Debt service	(844,446)	(218,520)	-	(1,062,966)
Capital outlay	-	(559,787)	-	(559,787)
Net non-operating receipts (disbursements)	(839,810)	(773,670)	-	(1,613,480)
Excess of receipts over disbursements	704,176	(170,562)	61,585	595,199
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	(17,175)	(157,500)	-	(174,675)
Total other financing sources (uses)	(17,175)	(157,500)	-	(174,675)
Change in cash balances	687,001	(328,062)	61,585	420,524
Cash balances beginning of year	2,066,877	1,168,899	111,225	3,347,001
Cash balances end of year	\$ 2,753,878	840,837	172,810	3,767,525
Cash Basis Fund Balances				
Restricted for debt service	\$ 64,022	35,275	-	99,297
Unrestricted	2,689,856	805,562	172,810	3,668,228
Total cash basis fund balances	\$ 2,753,878	840,837	172,810	3,767,525

See notes to financial statements.

City of Shenandoah

Notes to Financial Statements

June 30, 2021

(1) Summary of Significant Accounting Policies

The City of Shenandoah is a political subdivision of the State of Iowa located in Page and Fremont Counties. It was first incorporated in 1871 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water and sewer utilities for its citizens and operates a golf course.

A. Reporting Entity

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

These financial statements present the City of Shenandoah (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Discretely Presented Component Unit

The Shenandoah Public Library Foundation (Library Foundation) is legally separate from the City. The Library Foundation was organized under Chapter 504A of the Code of Iowa as a non-profit corporation. The Library Foundation collects donations which are used to purchase items not included in the City's budget. In accordance with criteria set forth by the Governmental Accounting Standards Board, the Library Foundation meets the definition of a component unit which should be discretely presented.

Jointly Governed Organizations

The City also participates in 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: Page County Assessor's Conference Board, Page County Emergency Management Commission, Page County Joint 911 Service Board and the Page County Landfill Association.

Related Organization

City Council Members are responsible for appointing the members of the Low Rent Housing Board, but the City's accountability for this organization does not extend beyond making the appointments.

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.

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

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

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

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

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

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

The City reports the following major governmental funds:

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

Special Revenue:

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

The Employee Benefits Fund is used to account for property tax and other receipts to be used for payment of employee benefits.

The Local Option Sales Tax Fund is used to account for local option sales tax received from the tax authorized by referendum to be used for community betterment, community planning, economic development and property tax relief.

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

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

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

Permanent:

The Snook Trust Fund is utilized to account for the funds received from a bequest. Net income from investments is to be divided in equal shares between the following five organizations: the Public Library of Shenandoah, the Shenandoah Fire Department, the Shenandoah Ambulance Service, the City of Shenandoah parks system and the Shenandoah Memorial Hospital.

The Cemetery Perpetual Care Fund is used to account for a trust fund for maintenance of the cemetery.

The City reports the following major proprietary funds:

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

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

The Enterprise, Golf Course Fund accounts for the operation and maintenance of the City's Golf Course.

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on 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 incurred, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

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

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

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, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects tax asking contained in the budget certified to the City Council in March 2021.

Governmental Cash Basis Fund Balances

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2022, disbursements exceeded the amount budgeted in the public safety, public works and debt service functions prior to the budget amendment and general government and debt service functions at year end.

(2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2022 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$159,965. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in the Iowa Public Agency Investment Trust is unrated.

Component Unit

At June 30, 2022, the Shenandoah Library Foundation (Foundation), a discretely presented component unit, had the following investments:

Type	Carrying Amount	Fair Value
Stocks	\$ 49,529	39,777
Mutual fund	55,298	91,758
	\$ 104,827	131,535

The Foundation uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the 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 value of the Foundation's stocks and mutual funds were determined using quoted market prices. (Level 1 inputs)

(3) Farm Lease Rent

The City owns crop and hay ground which the City leases to two tenants. Effective April 1, 2022, the City entered into two three-year and one five-year leases. The City is to receive semi-annual payments of \$12,849, \$6,168 and \$1,260 respectively with an implicit rate of 2.0%.

Year Ending June 30	Principal	Interest	Amount
2023	\$ 38,207	2,348	40,555
2024	38,975	1,580	40,555
2025	25,649	797	26,446
2026	11,914	422	12,336
2027	12,153	183	12,336
Total	\$ 126,898	5,330	132,228

(4) Bonds and Notes Payable

A summary of changes in bonds and notes payable for the year ended June 30, 2022 is as follows:

	Restated			Ending Balances	Due Within One Year
	Beginning Balances	Increases	Decreases		
Governmental activities:					
General obligation notes	\$ 1,159,000	950,000	462,000	1,647,000	317,000
Urban renewal notes	880,000	-	115,000	765,000	115,000
General obligation notes - direct borrowing	-	1,000,000	-	1,000,000	1,000,000
Lease agreements	2,601	-	1,475	1,126	1,126
Equipment purchase agreements - direct borrowing	139,113	-	50,173	88,940	29,945
Governmental activities total	<u>\$ 2,180,714</u>	<u>1,950,000</u>	<u>628,648</u>	<u>3,502,066</u>	<u>1,463,071</u>
Business type activities					
Notes from direct borrowing:					
Water revenue	\$ 9,372,276	-	659,276	8,713,000	594,000
Sewer revenue	1,626,000	-	186,000	1,440,000	192,000
Lease agreements	103,836	-	22,715	81,121	28,473
Equipment purchase agreements - direct borrowing	85,000	-	16,530	68,470	16,762
Business-type activities total	<u>\$ 11,187,112</u>	<u>-</u>	<u>884,521</u>	<u>10,302,591</u>	<u>831,235</u>

General Obligation Notes

A summary of the City's June 30, 2022 general obligation notes payable are as follows:

Year Ending June 30,	Sewer System Equipment			Fire Equipment		
	Issued Nov 9, 2017			Issued May 25, 2018		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2023	1.75%	\$ 135,000	2,363	2.95%	\$ 12,000	1,092
2024		-	-	2.95	12,000	738
2025		-	-	2.95	13,000	384
2026		-	-		-	-
2027		-	-		-	-
2028-2032		-	-		-	-
Total		<u>\$ 135,000</u>	<u>2,363</u>		<u>\$ 37,000</u>	<u>2,214</u>

Year Ending June 30,	Urban Renewal Project			Street Repair		
	Issued May 15, 2020			Issued May 6, 2022		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2023	2.00%	\$ 170,000	10,500	3.00%	\$ -	28,500
2024	2.00	175,000	7,100	3.00	105,000	28,500
2025	2.00	180,000	3,600	3.00	110,000	25,350
2026		-	-	3.00	115,000	22,050
2027		-	-	3.00	115,000	18,600
2028-2032		-	-	3.00	505,000	38,400
Total		<u>\$ 525,000</u>	<u>21,200</u>		<u>\$ 950,000</u>	<u>161,400</u>

Year Ending June 30,	Fire Equipment			Total		
	Issued May 6, 2022					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2023	1.95%	\$ 1,000,000	19,500	\$ 1,317,000	61,955	1,378,955
2024		-	-	292,000	36,338	328,338
2025		-	-	303,000	29,334	332,334
2026		-	-	115,000	22,050	137,050
2027		-	-	115,000	18,600	133,600
2028-2032		-	-	505,000	38,400	543,400
Total		<u>\$ 1,000,000</u>	<u>19,500</u>	<u>2,647,000</u>	<u>206,677</u>	<u>2,853,677</u>

On April 12, 2012, the City issued \$1,000,000 of general obligation notes with interest rates ranging from 0.50% to 2.20% per annum. The notes were issued to pay the costs of a fire truck, fire equipment and street improvements and are payable through June 2022. During the year ended June 30, 2022, the City paid principal and interest of \$60,000 and \$1,320, respectively, on the notes. There was no remaining outstanding balance as of June 30, 2022.

On October 25, 2012, the City issued \$225,000 of general obligation notes with interest rates ranging from 1.65% to 3.00% per annum. The notes were issued to pay the costs of theatre improvements and are payable through June 2022. During the year ended June 30, 2022, the City paid principal and interest of \$25,000 and \$750, respectively, on the notes. There was no remaining outstanding balance as of June 30, 2022.

On June 10, 2016, the City issued \$1,420,000 of general obligation notes with an interest rate of 2.00% per annum. The notes were issued to pay the costs of hotel demolition and development and street improvements and are payable through June 2022. During the year ended June 30, 2022, the City paid principal and interest of \$60,000 and \$1,200, respectively, on the notes. There was no remaining outstanding balance as of June 30, 2022.

On November 9, 2017, the City issued \$405,000 of general obligation notes with an interest rate of 1.75% per annum. The notes were issued for equipping the sewer and sanitation departments, including the acquisition of a sewer jet truck and attached fixtures and equipment. During the year ended June 30, 2022, the City paid principal and interest of \$135,000 and \$4,725, respectively, on the notes. The outstanding principal balance on the notes at June 30, 2022 is \$135,000.

On May 25, 2018, the City issued \$85,000 of general obligation notes with interest rate of 2.95%. The notes were issued to pay the costs of equipping the fire department, including the acquisition and equipping of a fire truck. During the year ended June 30, 2022, the City paid principal and interest of \$12,000 and \$1,446 respectively, on the notes. The outstanding principal balance on the notes at June 30, 2022 is \$37,000.

On May 15, 2020, the City issued \$860,000 of general obligation notes with an interest rate of 2.00%. The notes were issued to pay the costs of aiding in the planning, undertaking and carrying out of an urban renewal project, including a grant to fund the construction of a community-based outpatient clinic. During the year ended June 30, 2022, the City paid principal and interest of \$170,000 and \$13,900, respectively, on the notes. The outstanding principal balance on the notes at June 30, 2022 is \$525,000.

On June 7, 2022, the City issued \$950,000 of general obligation notes with an interest rate of 3.00% per annum. The notes were issued to pay the cost of street improvements and are payable through June 30, 2031. During the year ended June 30, 2022, no principal or interest on the notes. The outstanding principal balance on the note at June 30, 2022 is \$950,000.

General Obligation Notes – Direct Borrowing

On May 6, 2022, the City issued \$1,000,000 of general obligation notes from First Heritage Bank with an interest rate of 1.95%. The note was issued to pay the costs of a fire truck and is payable through June 2023. During the year ended June 30, 2022, no principal or interest was paid on the note. The outstanding principal balance on the note at June 30, 2022 is \$1,000,000.

Urban Renewal Tax Increment Financing Revenue Notes

The City's June 30, 2022 urban renewal tax increment financing revenue notes payable is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2023	3.65%	\$ 115,000	27,923	142,923
2024	3.65	120,000	23,725	143,725
2025	3.65	125,000	19,345	144,345
2026	3.65	130,000	14,783	144,783
2027	3.65	135,000	10,038	145,038
2028	3.65	140,000	5,110	145,110
Total		\$ 765,000	100,924	865,924

On May 15, 2020, the City issued \$985,000 of urban renewal tax increment financing (TIF) revenue notes with an interest rate of 3.65% per annum. The notes were issued pursuant to the provisions of Chapter 384.24A and 403.9 of the Code of Iowa for the purpose of paying costs of an urban renewal project and currently refunding \$545,000 of the City's 2014 urban renewal revenue notes. The proceeds of the urban renewal revenue notes shall be expended only for the purposes consistent with the plans of the City's urban renewal area. The notes are not a general obligation of the City, but the debt is subject to the constitutional debt limitation of the City. During the year ended June 30, 2022, the City paid principal of \$115,000 and interest of \$32,577 on the notes.

The notes are payable solely from the TIF receipts generated by increased property values in the City's TIF district and credited to the Special Revenue, Urban Renewal Tax Increment Financing Fund pursuant to Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100% of the debt service requirements over the life of the notes. Total principal and interest remaining on the notes is \$865,924, payable through 2028. For the current year, principal and interest paid and total TIF receipts were \$147,577 and \$208,320 respectively. The outstanding principal balance on the notes at June 30, 2022 is \$765,000.

Sewer Revenue Loan Notes – Direct Borrowing

The City's June 30, 2022 sewer revenue loan notes payable is as follows:

Year Ending June 30,	Sewer Issued Jul 10, 2007			Sewer Issued Sep 8, 2017			Total		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest	Principal	Interest	Total
2023	1.75%	\$ 157,000	14,543	1.75%	\$ 35,000	10,658	\$ 192,000	25,201	217,201
2024	1.75	161,000	11,795	1.75	36,000	10,045	197,000	21,840	218,840
2025	1.75	166,000	8,978	1.75	37,000	9,415	203,000	18,393	221,393
2026	1.75	171,000	6,073	1.75	37,000	8,768	208,000	14,841	222,841
2027	1.75	176,000	3,080	1.75	38,000	8,120	214,000	11,200	225,200
2028-2032	1.75	-	-	1.75	202,000	30,328	202,000	30,328	232,328
2033-2037		-	-	1.75	224,000	11,900	224,000	11,900	235,900
Total		\$ 831,000	44,469		\$ 609,000	89,233	\$ 1,440,000	133,702	1,573,702

On July 10, 2007, the City entered into a loan agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources for the issuance of sewer revenue capital loan notes of up to \$2,700,000 with interest at 1.75% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The notes were issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of constructing improvements and extensions to the municipal wastewater treatment system. During the year ended June 30, 2022, the City paid principal of \$152,00 and interest of \$17,203 on the notes.

On September 8, 2017, the City entered into an agreement with the Iowa Finance Authority for the issuance of sewer revenue notes of up to \$833,000 with interest at 1.75% per annum. The agreement requires the City to annually pay a .25% servicing fee on the outstanding principal balance. During the year ended June 30, 2022, the City had drawn down a total of \$776,928 note proceeds. The notes were issued pursuant to the provisions of Chapter 384.24A and 384.83 of the code of Iowa to pay the cost of improvements to equipment. During the year ended June 30, 2022, the City paid principal of \$34,000 and interest of \$11,253 on the notes.

On October 1, 2021, the City entered into a sewer revenue capital loan anticipation project note for up to \$1,595,000 with the Iowa Finance Authority. The note is interest free and is for the purpose of sewer planning and design. The note is due October 1, 2024. At June 30, 2022, the City had not drawn funds on this note.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$3,476,928 of sewer revenue capital loan notes issued in July 2007 and September 2017. The notes are payable solely from sewer customer net receipts. Annual principal and interest payments on the notes are expected to require 36% of net receipts. The total principal and interest remaining to be paid on the notes is \$1,573,702. For the current year, principal and interest paid and total customer net receipts were \$214,456 and \$603,108, respectively.

The resolutions providing for the issuance of the sewer revenue capital notes includes 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 fund.
- (b) Sufficient monthly transfers shall be made to a sewer revenue note sinking account for the purpose of making principal and interest payments when due.
- (c) Sewer user rates shall be established at a level which produces and maintains net receipts at a level not less than 110% of the average annual installments of principal and interest on the notes falling due in the same year.

Water Revenue Loan Notes – Direct Borrowing

The City’s June 30, 2022 water revenue loan notes payable is as follows:

Year Ending June 30,	Water			
	Interest Rates	Issued Sep 20, 2013		
		Principal	Interest	Total
2023	1.75%	\$ 594,000	152,478	746,478
2024	1.75	605,000	142,083	747,083
2025	1.75	618,000	131,495	749,495
2026	1.75	630,000	120,680	750,680
2027	1.75	642,000	109,655	751,655
2028-2032	1.75	3,409,000	375,148	3,784,148
2033-2035	1.75	2,215,000	78,033	2,293,033
Total		\$ 8,713,000	1,109,570	9,822,570

On September 20, 2013, the City entered into an agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources for the issuance of water revenue notes of up to \$14,057,000 with interest at 1.75% per annum. The agreement also requires the City to annually pay a .25% servicing fee on the outstanding principal balance. The notes were issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of constructing improvements and extensions to the water treatment facilities. During the year ended June 30, 2022, the City paid principal of \$582,000 and interest of \$162,663 on the notes.

On November 18, 2016, the City entered into an agreement with the Iowa Finance Authority and the Iowa Department of Natural Resources for the issuance of water revenue notes of up to \$2,000,000 with interest at 1.75% per annum. During the year ended June 30, 2022, the City had drawn down a total of \$505,276 notes. The agreement also requires the City to annually pay a 0.25% servicing fee on the outstanding principal balance. The notes were issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of constructing improvements and extensions to the water treatment facilities. During the year ended June 30, 2022, the City paid principal of \$77,276 and interest of \$1,352 on the notes.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$ 16,057,000 of water revenue notes issued in September 2013 and November 2016. The notes are payable solely from water customer net receipts. Annual principal and interest payments on the notes are expected to require 53% of net receipts. The total principal and interest remaining to be paid on the notes is \$9,822,570. For the current year, principal and interest paid and total customer net receipts were \$823,291 and \$1,543,986, respectively.

The resolution providing for the issuance of the water revenue capital loan notes includes 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 fund.
- (b) Sufficient monthly transfers shall be made to a water revenue note sinking account for the purpose of making principal and interest payments when due.
- (c) User rates shall be established at a level which produces and maintains net receipts at a level not less than 110% of the amount of principal and interest on the notes falling due in the same year.

Lease Agreement

On April 1, 2021, the city entered into a noncancelable lease agreement for 20 golf carts. An initial lease liability was recorded in the amount of \$48,000. The agreement requires 6 monthly payments per year of \$2,000 over 4 years, with an implicit interest rate of 2.0% and a final payment on October 1, 2024.

On April 1, 2022, the city entered into a noncancelable lease agreement for 6 additional golf carts. An initial lease liability was recorded in the amount of \$10,800. The agreement requires 6 monthly payments per year of \$600 over 3 years, with an implicit interest rate of 2.0% and a final payment on October 1, 2024.

Year ending June 30, 2022	Golf Carts		Total
	Principal	Interest	
2023	\$ 14,128	1,472	15,600
2024	14,703	897	15,600
2025	10,192	208	10,400
Total	<u>\$ 39,023</u>	<u>2,577</u>	<u>41,600</u>

On March 28, 2018, the city entered into a noncancelable lease agreement for a copy machine. An initial lease liability was recorded in the amount of \$7,569. The agreement requires monthly payments of \$126.15 over 5 years, with an implicit interest rate of 2.0% and a final payment on March 28, 2023.

Year ending June 30, 2022	Copier		Total
	Principal	Interest	
2023	\$ 1,126	9	1,135
Total	<u>\$ 1,126</u>	<u>9</u>	<u>1,135</u>

Equipment Purchase Agreement – Direct Borrowing

On May 3, 2017, the City entered into an equipment purchase agreement to acquire a loader for the street department. An initial lease liability was recorded in the amount of \$66,978. The agreement requires annual payments of \$18,260 over 7 years, with an interest rate of 3.56% and a final payment on May 3, 2024.

Year ending June 30, 2022	Loader		Total
	Principal	Interest	
2023	\$ 17,027	1,233	18,260
2024	17,632	628	18,260
Total	<u>\$ 34,659</u>	<u>1,861</u>	<u>36,520</u>

On June 15, 2017, the City entered into an equipment purchase agreement to acquire a backhoe. An initial lease liability was recorded in the amount of \$90,609. The agreement requires annual payments of \$20,100 over 5 years, with an interest rate of 3.56%. A final payment on June 15, 2022.

On June 1, 2021, the City entered into an equipment purchase agreement to acquire an excavator. An initial lease liability was recorded in the amount of \$68,602. The agreement requires annual payments of \$14,704 over 5 years, with an interest rate of 2.35% and a final payment on August 1, 2025.

Year ending June 30, 2022	Excavator		Total
	Principal	Interest	
2023	\$ 12,918	1,786	14,704
2024	13,344	1,360	14,704
2025	13,783	921	14,704
2026	14,236	468	14,704
Total	\$ 54,281	4,535	58,816

On February 10, 2021, the City entered into an equipment purchase agreement to acquire mowing equipment for the golf course. An initial lease liability was recorded in the amount of \$85,000. The agreement requires annual payments of \$17,723 over 5 years, with an interest rate of 1.40% and a final payment on July 20, 2025.

Year ending June 30, 2022	Golf Course Equipment		Total
	Principal	Interest	
2023	\$ 16,762	961	17,723
2024	16,997	726	17,723
2025	17,236	487	17,723
2026	17,475	248	17,723
Total	\$ 68,470	2,422	70,892

(5) Plan Pension

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

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

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

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

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

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

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

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

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

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

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

In fiscal year 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.21% of covered payroll and the City contributed 9.31% of covered payroll, for a total rate of 15.52%.

The City's contributions to IPERS for the year ended June 30, 2022 were \$189,399.

Net Pension Liability (Asset), Pension Expense (Reduction), Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the City reported an asset of \$(382,910) for its proportionate share of the overall plan net pension asset. The overall plan net pension asset was measured as of June 30, 2021 and the total pension asset used to calculate the overall plan net pension asset was determined by an actuarial valuation as of that date. The City's proportion of the overall plan net pension asset was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the City's proportion of the overall plan net pension asset was 0.110915%, which was an increase of 0.091306% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City’s pension expense (reduction), deferred outflows of resources and deferred inflows of resources totaled \$(131,834), 257,629 and \$1,508,067, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The overall plan net pension asset in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and .65% real wage inflation.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	100.0%	

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

Sensitivity of the City’s Proportionate Share of the Net Pension Asset to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension asset calculated using the discount rate of 7.00%, as well as what the City’s proportionate share of the overall plan net pension asset would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) 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 (asset)	\$ 817,983	(382,910)	(1,397,926)

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

(6) Other Postemployment Benefits (OPEB)

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2022, the City contributed \$445,099 and plan members eligible for benefits contributed \$42,001 to the plan. At June 30, 2022, 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 of Shenandoah and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of service. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	<u>27</u>
Total	<u>27</u>

(7) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation, sick leave, and compensatory time for subsequent use. Employees separated from City employment are paid for unused vacation leave and compensatory time earned. However, sick leave time is lost upon resignation, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory time payable to employees at June 30, 2022, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 104,800
Compensatory time	12,500
Total	<u>\$ 117,300</u>

This liability has been computed based on rates of pay in effect at June 30, 2022.

(8) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2022 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Local Option Sales Tax	\$ 402,000
	Wilson Trust - Library	30,000
	Wilson Trust - City	109,839
	Enterprise:	
	Water	17,175
	Sewer	17,175
		<u>576,189</u>
Special Revenue	Special Revenue:	
Federal Emergency Management Assistance	Local Option Sales Tax	2,943
Capital Projects	Special Revenue:	
	Wilson Trust - City	13,434
	Local Option Sales Tax	77,886
		<u>91,320</u>
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment Financing	208,320
	Enterprise:	
	Sewer	140,325
		<u>348,645</u>
Total		<u>\$ 1,019,097</u>

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

(9) Industrial Development Revenue Bonds

The City has issued a total of \$7,000,000 of industrial development revenue bonds series 2021 under the provisions of Chapter 419 of the Code of Iowa to finance the construction, renovation and expansion of the Shenandoah Medical Center, of which \$7,000,000 is outstanding at June 30, 2022. The bonds and related interest are payable solely from the net revenues of the Medical Center and the bond principal and interest do not constitute liabilities of the City.

(10) Risk Management

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

(11) Economic Development Revolving Loan Account

The City of Shenandoah operates a revolving loan fund to assist business owners in financing facade beautification, store front and building repairs and business expansion project.

Conditions of the loans are determined by the Loan Review Committee on a case-by-case basis, with final approval by the City Council. Current loans are for a period of five to fifteen years, bear interest at rates ranging from 1% to 4% and are to be repaid in either monthly or quarterly installments. During the year ended June 30, 2022. The City disbursed \$50,000 in loans, received \$20,721 of principal and \$3,680 of interest. The outstanding loan principal balance within the General Fund was \$110,832 at June 30, 2022.

(12) Commitments

Water Treatment Plant Construction

In June 2013, the City entered a contract for construction of a new water treatment facility. During the year ended June 30, 2018, the project contractor ceased construction and the surety, Liberty Mutual, took over the project on April 14, 2015 pursuant to a Takeover Agreement. During the year ended June 30, 2019, a settlement agreement was approved, and the City paid \$816,383 to the contractor and received \$600,000 from the City's insurer in fiscal year 2020. At June 30, 2022, parties to the litigation reached a settlement in the amount of \$250,000. When settlement proceeds are received the City will proceed with engineer recommended repairs to the Water Treatment Plant in FY 2023 and potentially into FY 2024.

(13) Joint Venture

The City is a member of the Shenandoah Ambulance Service (Ambulance Service), a joint venture established in accordance with the provisions of Chapter 28E of the Code for the purpose of providing ambulance service to the Shenandoah service area. The participating entities are the City and the Shenandoah Medical Center (Medical Center), each with an equal share in the organization.

Under the terms of the agreement, the City will provide an annual subsidy and one ambulance and related equipment to the Ambulance Service. The Medical Center will provide equipment, space and facilities necessary to house the ambulance, receive dispatch calls and perform all administrative recordkeeping and billing services. The Ambulance Service has contracted with the Medical Center to provide personnel, employee benefits and supplies necessary to provide ambulance service.

Upon dissolution of the Ambulance Service, including payment of all indebtedness and bills, the residual remaining funds are to be distributed evenly between the City and the Medical Center.

During the year ended June 30, 2022, the City paid \$84,000 to the Ambulance Service pursuant to the agreement.

Other Information

City of Shenandoah
 Budgetary Comparison Schedule
 of Receipts, Disbursements and Changes in Balances -
 Budget and Actual – All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2022

	Governmental Funds Actual	Proprietary Funds Actual	Total
Receipts:			
Property tax	\$ 2,286,440	-	2,286,440
Tax increment financing	208,320	-	208,320
Other city tax	844,573	-	844,573
Licenses and permits	63,200	-	63,200
Use of money and property	72,609	9,273	81,882
Intergovernmental	1,412,459	-	1,412,459
Charges for service	731,952	4,162,473	4,894,425
Miscellaneous	866,415	318,497	1,184,912
Total receipts	<u>6,485,968</u>	<u>4,490,243</u>	<u>10,976,211</u>
Disbursements:			
Public safety	1,474,529	-	1,474,529
Public works	1,413,989	-	1,413,989
Health and social services	1,283	-	1,283
Culture and recreation	1,079,730	-	1,079,730
Community and economic development	170,403	-	170,403
General government	392,075	-	392,075
Debt service	634,794	-	634,794
Capital projects	2,117,892	-	2,117,892
Business type activities	-	3,895,044	3,895,044
Total disbursements	<u>7,284,695</u>	<u>3,895,044</u>	<u>11,179,739</u>
Excess (deficiency) of receipts over (under) disbursements	(798,727)	595,199	(203,528)
Other financing sources, net	<u>2,159,431</u>	<u>(174,675)</u>	<u>1,984,756</u>
Change in balances	1,360,704	420,524	1,781,228
Balances beginning of year	<u>6,041,632</u>	<u>3,347,001</u>	<u>9,388,633</u>
Balances end of year	<u>\$ 7,402,336</u>	<u>3,767,525</u>	<u>11,169,861</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Total
		Variance
2,273,921	2,273,921	12,519
208,320	208,320	-
758,080	758,080	86,493
62,525	62,525	675
108,885	108,885	(27,003)
8,008,288	8,008,288	(6,595,829)
5,601,474	5,601,474	(707,049)
804,555	804,555	380,357
17,826,048	17,826,048	(6,849,837)
1,767,826	1,767,826	293,297
1,951,060	1,951,060	537,071
2,300	2,300	1,017
1,259,794	1,259,794	180,064
343,000	343,000	172,597
389,620	389,620	(2,455)
622,115	622,115	(12,679)
939,800	3,000,800	882,908
10,975,094	10,975,094	7,080,050
18,250,609	20,311,609	9,131,870
(424,561)	(2,485,561)	2,282,033
5,000	1,970,000	14,756
(419,561)	(515,561)	2,296,789
8,083,987	8,083,987	1,304,646
7,664,426	7,568,426	3,601,435

City of Shenandoah

City of Shenandoah

Notes to Other Information – Budgetary Reporting

June 30, 2022

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Funds and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$2,061,000. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2022, disbursements exceeded the amounts budgeted in the public safety, public works and debt service functions prior to the budget amendment and general government and debt service functions at year end.

City of Shenandoah

Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)

Iowa Public Employees' Retirement System
For the Last Eight Years*
(In Thousands)

Other Information

	2022	2021	2020	2019
City's proportion of the net pension liability (asset)	0.110915% **	0.019609%	0.019125%	0.018492%
City's proportionate share of the net pension liability (asset)	\$ (383)	1,377	1,107	1,170
City's covered payroll	\$ 1,986	1,979	1,971	1,744
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	-19.28%	69.58%	56.16%	67.09%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%

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

** Overall net plan asset.

See accompanying independent auditor's report.

2018	2017	2016	2015
0.018019%	0.019643%	0.019023%	0.019024%
1,200	1,236	940	754
1,747	1,815	1,778	1,785
68.69%	68.99%	52.87%	42.24%
82.21%	81.82%	85.19%	87.61%

City of Shenandoah

Schedule of City Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years
(In Thousands)

Other Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 189	190	190	190
Contributions in relation to the statutorily required contribution	<u>(189)</u>	<u>(190)</u>	<u>(190)</u>	<u>(190)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ 1,998	1,986	1,979	1,971
Contributions as a percentage of covered payroll	9.46%	9.57%	9.60%	9.64%

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
166	160	164	165	164	159
(166)	(160)	(164)	(165)	(164)	(159)
-	-	-	-	-	-
1,744	1,747	1,815	1,778	1,785	1,764
9.52%	9.16%	9.04%	9.28%	9.19%	9.01%

City of Shenandoah

Notes to Other Information – Pension Liability (Asset)

Year ended June 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

Supplementary Information

City of Shenandoah

Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds

of and for the year ended June 30, 2022

					Special	
	Rapp Trust Library	Gidley Park Trust	Reed Estate Trust	Wilson Trust - Library	Federal Emergency Management Assistance	Wilson Trust - City
Receipts:						
Use of money and property	\$ -	1,313	-	91	-	-
Miscellaneous	-	1,296	-	61,438	1	139,259
Total receipts	-	2,609	-	61,529	1	139,259
Disbursements:						
Operating:						
Public safety	-	-	-	-	-	-
Culture and recreation	-	3,845	-	5,361	-	-
Total disbursements	-	3,845	-	5,361	-	-
Excess (deficiency) of receipts over (under) disbursements	-	(1,236)	-	56,168	1	139,259
Other financing sources (uses):						
Transfers In	-	-	-	-	2,943	-
Transfers out	-	-	-	(30,000)	-	(123,273)
Total other financing sources (uses)	-	-	-	(30,000)	2,943	(123,273)
Change in cash balances	-	(1,236)	-	26,168	2,944	15,986
Cash balances beginning of year	5,084	61,097	9,468	220,763	(2,944)	146,808
Cash balances (deficits) end of year	\$ 5,084	59,861	9,468	246,931	-	162,794
Cash Basis Fund Balances (deficits)						
Nonspendable - Esden Trust	\$ -	-	-	-	-	-
Restricted for:						
Fire	-	-	-	-	-	-
Library	5,084	-	-	246,931	-	-
Parks	-	59,861	-	-	-	-
Other purposes	-	-	9,468	-	-	162,794
Total cash basis fund balances (deficits)	\$ 5,084	59,861	9,468	246,931	-	162,794

See accompanying independent auditor's report.

Revenue					Permanent	
Forgotten Angels Cemetery Trust	Simons Trust - Library	Volunteer Fire Department	Snook Library	Esden Trust	Total	
-	-	11	-	30	1,445	
-	-	41,437	1,283	-	244,714	
-	-	41,448	1,283	30	246,159	
-	-	83,187	-	-	83,187	
-	-	-	-	-	9,206	
-	-	83,187	-	-	92,393	
-	-	(41,739)	1,283	30	153,766	
-	-	-	-	-	2,943	
-	-	-	-	-	(153,273)	
-	-	-	-	-	(150,330)	
-	-	(41,739)	1,283	30	3,436	
3,351	58,822	75,619	17,055	20,825	615,948	
3,351	58,822	33,880	18,338	20,855	619,384	
-	-	-	-	20,000	20,000	
-	-	33,880	-	-	33,880	
-	58,822	-	18,338	-	329,175	
-	-	-	-	-	59,861	
3,351	-	-	-	855	176,468	
3,351	58,822	33,880	18,338	20,855	619,384	

City of Shenandoah

Schedule of Receipts By Source and Disbursements By Function -
All Governmental Funds

For the Last Ten Years

	2022	2021	2020	2019
Receipts:				
Property tax	\$ 2,286,440	2,453,023	2,528,768	2,430,237
Tax increment financing	208,320	774,116	274,304	267,231
Local option sales tax	741,321	214,825	614,924	505,725
Other city tax	103,252	159,402	169,412	135,730
Licenses and permits	63,200	54,204	67,940	61,551
Use of money and property	72,609	77,996	97,007	99,358
Intergovernmental	1,412,459	935,526	1,475,526	924,517
Charges for service	731,952	714,889	691,913	750,909
Miscellaneous	866,415	874,403	640,997	564,158
Total	\$ 6,485,968	6,258,384	6,560,791	5,739,416
Disbursements:				
Operating:				
Public safety	\$ 1,474,529	1,391,172	1,397,272	1,640,558
Public works	1,413,989	1,505,519	1,274,834	1,528,982
Health and social services	1,283	2,441	2,157	1,289
Culture and recreation	1,079,730	1,063,382	911,387	1,047,563
Community and economic development	170,403	179,028	155,610	133,282
General government	392,075	318,708	487,509	328,969
Debt service	634,794	808,374	780,880	909,049
Capital projects	2,117,892	744,203	1,160,260	94,561
Total	\$ 7,284,695	6,012,827	6,169,909	5,684,253

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
2,271,242	2,319,962	2,424,067	2,488,161	2,421,302	2,267,452
318,111	289,462	192,579	200,960	282,353	271,000
549,967	512,063	429,223	414,139	481,110	558,689
123,099	137,742	140,561	147,736	177,508	189,363
60,812	57,632	54,555	59,741	6,595	7,364
106,315	106,114	96,968	87,424	55,406	61,324
923,535	1,007,770	1,367,315	728,536	892,826	1,276,224
760,633	924,170	887,261	788,888	927,355	804,247
892,745	690,364	411,508	590,526	421,246	648,067
6,006,459	6,045,279	6,004,037	5,506,111	5,665,701	6,083,730
1,342,306	1,328,272	1,303,790	1,363,870	1,288,484	1,265,822
1,412,792	1,300,149	1,234,086	1,170,151	1,204,316	1,256,709
738	667	733	783	861	1,146
1,287,205	1,330,579	978,769	987,092	1,070,145	1,160,098
403,185	631,070	225,804	1,192,497	380,641	382,075
450,764	360,168	340,058	336,795	280,622	317,453
714,639	867,138	1,180,749	1,011,315	998,863	1,036,792
418,364	417,306	553,363	303,125	420,724	1,413,500
6,029,993	6,235,349	5,817,352	6,365,628	5,644,656	6,833,595

City of Shenandoah

City of Shenandoah
 Schedule of Expenditures of Federal Awards
 Year ended June 30, 2022

Grantor/Program	Assistance Listings Number	Pass-Through Entity Identifying Number	Program Expenditures
Direct:			
U.S. Department of Transportation: Federal Aviation Administration: Airport Improvement Program	20.106	3-19-0082-14	\$ 43,492
Indirect:			
U.S. Department of Agriculture: Iowa Department Natural Resources Cooperative Forestry Assistance	10.664	2021 VFA P008-21	3,500
U.S. Department of Agriculture: Iowa Department of Agriculture: Community Facilities Loans and Grants	10.766	16-073-447712136	1,055,815
Institute of Museum and Library Services: Iowa Department of Education Grants to States	45.310	ARPA 2021-46	5,000
Total indirect			1,064,315
Total			\$ 1,107,807

Basis of Presentation – The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the City of Shenandoah under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Shenandoah, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City of Shenandoah.

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

Indirect Cost Rate – The City of Shenandoah has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006
Telephone (515) 281-5834 Facsimile (515) 281-6518

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

To the Honorable Mayor and Members of the City Council:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Shenandoah, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 8, 2022. 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 Shenandoah's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Shenandoah's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Shenandoah'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. We identified a certain deficiency in internal control, described in Part II of the accompanying Schedule of Findings and Questioned Costs as item 2022-001 to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Shenandoah'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 IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2022 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

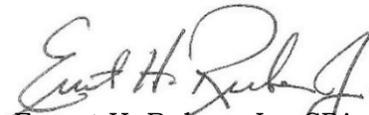
City of Shenandoah's Responses to Findings

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


Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

December 8, 2022

City of Shenandoah



**OFFICE OF AUDITOR OF STATE
STATE OF IOWA**

Rob Sand
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0006

Telephone (515) 281-5834 Facsimile (515) 281-6518

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

To the Honorable Mayor and Members of the City Council:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Shenandoah, Iowa's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the City of Shenandoah's major federal program for the year ended June 30, 2022. The City of Shenandoah's major federal program is identified in the summary of auditor's results section (Part I) of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Shenandoah complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

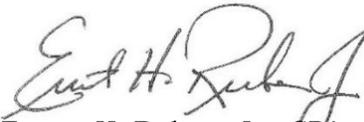
Report on Internal Control Over Compliance

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

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

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

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



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

December 8, 2022

City of Shenandoah

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

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 material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- c) The audit did not disclose any non-compliance which is material to the financial statements.
- d) No material weaknesses in internal control over the major program were noted.
- e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- f) The audit disclosed no audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- g) The major program was Assistance Listing Number 10.766 –Community Facilities Loans and Grants.
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i) The City of Shenandoah did not qualify as a low-risk auditee.

City of Shenandoah

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

2022-001 Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee.

This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's and the Library Foundation's financial statements.

Condition – We noted that one or two individuals have control over the following areas for which no compensating controls exist for the City:

- (1) Accounting system – performing all general accounting functions, including journal entries, and having custody of assets.
- (2) Investments – recordkeeping, investing, custody of investments and reconciling earnings.
- (3) Utilities – opening mail, billing, collecting, depositing, posting, entering rates into the system and maintaining detailed accounts receivable and write-off records.
- (4) Debt – recordkeeping, compliance and debt payment processing.

We noted that one or two individuals have control over each of the following areas for which no compensating controls exist for both the Volunteer Fire Department and the Shenandoah Library Foundation:

- (1) Receipts – opening mail, collecting, depositing, posting and reconciling.
- (2) Disbursements – preparing, approving, check writing, recording and reconciling.
- (3) Cash – handling, reconciling and recording.

Cause – The City, the Volunteer Fire Department, and the Library Foundation have 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, the Volunteer Fire Department's, and the Library Foundation's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

City of Shenandoah

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Recommendation – The City, the Volunteer Fire Department, and the Library Foundation should review control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports. Independent reviews of financial transactions, reconciliations and reports should be documented by the signature or initials of the reviewer and the date of the review.

Responses –

City – The City will review internal controls.

Library Foundation – We try to separate duties by having one-person open mail and log checks or cash received while another staff member totals the deposit slips for weekly deposits and then at the suggestion of the auditors a staff member at City Hall reconciles the deposit slip with the mail log before the deposit is made. However, in a small office it is difficult to always have those duties performed by different individuals. We will endeavor to separate these duties as recommended by the auditors.

Fire Department – We will work to comply with segregation of duties and have an accounting procedures manual to ensure segregation of duties are met during vacancies on administrative positions.

Conclusions –

City – Response acknowledged. The City should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

Library Foundation – Response acknowledged. The Library Foundation should also review controls over disbursements and handling cash, including reconciling and recording cash transactions.

Fire Department – Response acknowledged. The Fire Department should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Shenandoah

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Part III: Findings and Questioned Costs for Federal Awards:

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No material weakness in internal control over the major program were noted.

City of Shenandoah

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

Part IV: Other Findings Related to Required Statutory Reporting:

2022-A Certified Budget – Disbursements during the year ended June 30, 2022 exceeded the amounts budgeted in the public safety, public works and debt service functions prior to the budget amendment and general government and debt service functions at year end. Chapter 384.20 of the Code of Iowa states, in part, “public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

Response – The City amends the budget once a year to minimize cost to the City. The City will amend prior to exceeding the budget.

Conclusion – Response accepted.

2022-B Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

2022-C Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

2022-D 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.

2022-E Business Transactions – No business transactions between the City and City officials or employees were noted.

2022-F Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.

2022-G City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

2022-H Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.

2022-I Revenue Notes – No instances of non-compliance with the water revenue note requirements were noted.

2022-J Annual Urban Renewal Report – The Annual Urban Renewal Report (AURR) for the period ending June 30, 2021 was certified to the Iowa Department of Management on or before December 1.

City of Shenandoah

Schedule of Findings and Questioned Costs

Year ended June 30, 2022

2022-K Payment of General Obligation Notes – Chapter 384.4 of the Code of Iowa states, in part, “moneys pledged or available to service general obligation bonds, and received from sources other than property taxes, must be deposited in the Debt Service Fund”. Certain interest on the general obligation notes for the fire department equipment was paid from the General Fund.

Recommendation – The City should transfer from the General Fund to the Debt Service Fund for future funding contributions. Payments on the notes should then be made disbursed from the Debt Service Fund.

Response – Transfers from the General Fund to the Debt Service Fund will be made and all payments will be disbursed from the Debt Service Fund for future payments.

Conclusion – Response accepted.

2022-L City of Shenandoah and Shenandoah Library Foundation – During the year, the Shenandoah Library Foundation used the City credit card to make purchases for the Foundation. Article III, Section 31 of the Constitution of the State of Iowa states, "No public money or property shall be appropriated for local, or private purposes, unless such appropriation, compensation, or claim, be allowed by two thirds of the members elected to each branch of the General Assembly. By allowing the private Foundation to use the City credit card, the City has loaned resources to the Foundation.

Recommendation – The City should not permit the Shenandoah Library Foundation, a private non-profit organization to use the City credit card.

Responses – The City will no longer allow the Library Foundation to use their credit card to make purchases.

Conclusion – Response accepted.

City of Shenandoah

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
Deborah J. Moser, CPA, Manager
Nichole D. Tucker, Senior II Auditor
Maria L. Collins, Staff Auditor
Mackenzie L. Johnson, Staff Auditor
Kim M. Behrens, Assistant Auditor
Maranda L. Hoch-deGuzman, Assistant Auditor