



**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

**NEWS RELEASE**

Contact: Brian Brustkern  
515/281-5834

FOR RELEASE

December 9, 2024

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

**FINANCIAL HIGHLIGHTS:**

The City's receipts totaled \$16,926,819 for the year ended June 30, 2024, a 42.6% increase over the prior year. Disbursements for the year ended June 30, 2024 totaled \$16,293,717, a 39.9% increase over the prior year. The significant increase in receipts is primarily due to a \$2.8 million bond and \$1 million Rural Development loan issued during the year. The increase in disbursements is due primarily to increases in water capital outlays and public works bridge repairs during the year.

**AUDIT FINDINGS:**

Sand reported five findings related to the receipt and disbursement of taxpayer funds. They are found on pages 62 through 67 of this report. The findings address a lack of segregation of duties, no evidence of independent review of federal Coronavirus State and Local Fiscal Recovery Funds annual report, disbursements exceeding budgeted amounts before amendment and general obligation debt payments made from the Capital Projects Fund. Sand provided the City with recommendations to address each of the findings.

Two of the 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 website 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, 2024**

**City of Shenandoah**



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

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

Rob Sand  
Auditor of State

October 30, 2024

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, 2024. 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

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**City of Shenandoah**

**Officials**

**(Before January 2024)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Roger McQueen	Mayor	Jan 2026
J. Eric Brantner	Council Member	Jan 2024
Richard Jones	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 2025

**(After January 2024)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Roger McQueen	Mayor	Jan 2026
Rita Gibson	Council Member	Jan 2026
Toni Graham	Council Member	Jan 2026
Kim Swank	Council Member	Jan 2026
J. Eric Brantner	Council Member	Jan 2028
Richard Jones	Council Member	Jan 2028
AJ Lyman	Administrator	Jan 2026
Karla Gray	City Clerk/Treasurer	Jan 2026
Mahlon Sorensen	Attorney	Jan 2025

**City of Shenandoah**



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Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business type activities, 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, 2024, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Shenandoah as of June 30, 2024, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis of Accounting

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

Responsibilities of Management for the Financial Statements

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



## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of 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 judgment, 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 nine years ended June 30, 2023 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting. The supplementary information included in Schedules 1 through 3, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information in Schedules 1 through 3 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### Other Information

Management is responsible for the other information included in this report. The other information comprises the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) and the Schedule of City Contributions on pages 40 through 48 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 October 30, 2024 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.



Brian R. Brustkern, CPA  
Deputy Auditor of State

October 30, 2024

**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, 2024

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
<b>Primary Government:</b>				
Governmental activities:				
Public safety	\$ 2,170,260	229,873	28,801	419,830
Public works	1,728,760	712,526	695,669	-
Health and social services	2,542	-	-	-
Culture and recreation	1,317,639	156,326	205,231	-
Community and economic development	161,130	37,923	3,487	-
General government	488,101	18,460	434,889	27,875
Debt service	1,666,471	-	-	-
Capital projects	2,388,886	-	-	1,111,456
Total governmental activities	9,923,789	1,155,108	1,368,077	1,559,161
Business type activities:				
Water	2,587,355	2,935,692	27,679	-
Sewer	3,318,094	1,301,385	27,679	-
Golf Course	464,479	503,058	-	-
Total business type activities	6,369,928	4,740,135	55,358	-
Total primary government	\$ 16,293,717	5,895,243	1,423,435	1,559,161
<b>Component Unit:</b>				
Library Foundation	94,113	-	-	114,318
<b>General Receipts and Transfers:</b>				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Hotel/motel tax				
Cable franchise fee				
Property tax replacement				
Miscellaneous				
General obligation note proceeds net of \$72,869 premium and \$68,270 issuance costs				
USDA rural development loan proceeds				
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				
<b>Cash Basis Net Position</b>				
Restricted:				
Nonexpendable:				
Snook Trust				
Cemetery perpetual care				
Esden Trust				
Expendable:				
Fire				
Streets				
Employee benefits				
Library				
Debt service				
Parks				
Capital projects				
Other purposes				
Unrestricted				
<b>Total cash basis net assets</b>				

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
(1,491,756)	-	(1,491,756)	
(320,565)	-	(320,565)	
(2,542)	-	(2,542)	
(956,082)	-	(956,082)	
(119,720)	-	(119,720)	
(6,877)	-	(6,877)	
(1,666,471)	-	(1,666,471)	
(1,277,430)	-	(1,277,430)	
(5,841,443)	-	(5,841,443)	
-	376,016	376,016	
-	(1,989,030)	(1,989,030)	
-	38,579	38,579	
-	(1,574,435)	(1,574,435)	
(5,841,443)	(1,574,435)	(7,415,878)	
			20,205
2,182,331	-	2,182,331	-
376,120	-	376,120	-
135,150	-	135,150	-
727,650	-	727,650	-
68,620	-	68,620	-
40,721	-	40,721	-
185,850	-	185,850	-
63,438	-	63,438	-
699,599	2,150,000	2,849,599	-
1,000,000	-	1,000,000	-
419,501	-	419,501	-
79,690	(79,690)	-	-
5,978,670	2,070,310	8,048,980	-
137,227	495,875	633,102	20,205
7,599,159	3,797,060	11,396,219	642,949
\$ 7,736,386	4,292,935	12,029,321	663,154
\$ 1,149,981	-	1,149,981	-
197,707	-	197,707	-
20,000	-	20,000	-
186,923	-	186,923	-
932,772	-	932,772	-
416,328	-	416,328	-
357,926	-	357,926	663,154
128,311	82,691	211,002	-
65,038	-	65,038	-
1,045,790	-	1,045,790	-
1,359,301	-	1,359,301	-
1,876,309	4,210,244	6,086,553	-
\$ 7,736,386	4,292,935	12,029,321	663,154

City of Shenandoah

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

As of and for the year ended June 30, 2024

	Special Revenue				
	General	Road Use Tax	Employee Benefits	Local Option Sales Tax	Urban Renewal Tax Increment Financing
<b>Receipts:</b>					
Property tax	\$ 1,620,377	-	517,649	-	-
Tax increment financing	-	-	-	-	135,150
Local option sales tax	-	-	-	727,650	-
Other city tax	102,318	-	10,607	-	-
Licenses and permits	52,969	-	-	-	-
Use of money and property	44,882	-	-	-	-
Intergovernmental	177,462	695,669	37,963	-	-
Charges for service	718,357	-	-	-	-
Miscellaneous	772,588	-	48,218	-	-
Total receipts	3,488,953	695,669	614,437	727,650	135,150
<b>Disbursements:</b>					
Operating:					
Public safety	1,700,708	-	427,871	-	-
Public works	714,253	848,437	166,070	-	-
Health and social services	-	-	-	-	-
Culture and recreation	1,069,145	-	193,059	-	-
Community and economic development	59,393	-	-	101,737	-
General government	459,259	-	28,842	-	-
Debt service	-	-	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	4,002,758	848,437	815,842	101,737	-
Excess (deficiency) of receipts over (under) disbursements	(513,805)	(152,768)	(201,405)	625,913	135,150
<b>Other financing sources (uses):</b>					
General obligation note proceeds net of \$72,869 premium and \$68,270 issuance costs	60,000	-	-	-	-
USDA rural development loan proceeds	-	-	-	-	-
Sale of capital assets	261,698	-	-	-	-
Transfers in	947,425	-	-	-	-
Transfers out	(69,819)	-	-	(475,000)	(144,027)
Total other financing sources (uses)	1,199,304	-	-	(475,000)	(144,027)
Change in cash balances	685,499	(152,768)	(201,405)	150,913	(8,877)
Cash balances beginning of year	1,538,260	1,085,540	617,733	809,012	104,285
Cash balances end of year	\$ 2,223,759	932,772	416,328	959,925	95,408
<b>Cash Basis Fund Balances</b>					
Nonspendable:					
Permanent funds	\$ -	-	-	-	-
Restricted for:					
Fire	126,493	-	-	-	-
Streets	-	932,772	-	-	-
Employee benefits	-	-	416,328	-	-
Library	-	-	-	-	-
Debt service	-	-	-	-	95,408
Parks	-	-	-	-	-
Capital projects	-	-	-	-	-
Other purposes	220,957	-	-	959,925	-
Unassigned	1,876,309	-	-	-	-
Total cash basis fund balances	\$ 2,223,759	932,772	416,328	959,925	95,408

See notes to financial statements.

Debt Service	Capital Projects	Permanent		Nonmajor	Total
		Snook Trust	Cemetery Perpetual Care		
368,563	-	-	-	-	2,506,589
-	-	-	-	-	135,150
-	-	-	-	-	727,650
7,557	-	-	-	-	120,482
-	-	-	-	-	52,969
-	51,056	10,972	723	5,080	112,713
27,242	1,454,918	-	-	-	2,393,254
-	-	-	3,680	-	722,037
-	9,243	-	-	261,333	1,091,382
403,362	1,515,217	10,972	4,403	266,413	7,862,226
-	-	6,366	-	35,315	2,170,260
-	-	-	-	-	1,728,760
-	-	2,542	-	-	2,542
-	-	3,801	-	51,634	1,317,639
-	-	-	-	-	161,130
-	-	-	-	-	488,101
629,892	1,036,579	-	-	-	1,666,471
-	2,388,886	-	-	-	2,388,886
629,892	3,425,465	12,709	-	86,949	9,923,789
(226,530)	(1,910,248)	(1,737)	4,403	179,464	(2,061,563)
264,599	375,000	-	-	-	699,599
-	1,000,000	-	-	-	1,000,000
-	157,803	-	-	-	419,501
226,936	-	-	-	-	1,174,361
(225,000)	-	-	-	(180,825)	(1,094,671)
266,535	1,532,803	-	-	(180,825)	2,198,790
40,005	(377,445)	(1,737)	4,403	(1,361)	137,227
(7,102)	1,423,235	1,151,718	193,304	683,174	7,599,159
32,903	1,045,790	1,149,981	197,707	681,813	7,736,386
-	-	1,149,981	197,707	20,000	1,367,688
-	-	-	-	60,430	186,923
-	-	-	-	-	932,772
-	-	-	-	-	416,328
-	-	-	-	357,926	357,926
32,903	-	-	-	-	128,311
-	-	-	-	65,038	65,038
-	1,045,790	-	-	-	1,045,790
-	-	-	-	178,419	1,359,301
-	-	-	-	-	1,876,309
32,903	1,045,790	1,149,981	197,707	681,813	7,736,386



**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, 2024

	Enterprise			
	Water	Sewer	Golf	Total
Operating receipts:				
Charges for service	\$ 2,894,456	1,292,697	349,566	4,536,719
Miscellaneous	41,236	8,688	153,492	203,416
Total operating receipts	2,935,692	1,301,385	503,058	4,740,135
Operating disbursements:				
Business type activities	1,818,749	1,155,151	464,479	3,438,379
Excess of operating receipts over operating disbursements	1,116,943	146,234	38,579	1,301,756
Non-operating receipts (disbursements):				
Interest on investments	27,679	27,679	-	55,358
Debt service	(767,661)	(221,960)	-	(989,621)
Capital outlay	(945)	(1,940,983)	-	(1,941,928)
Net non-operating receipts (disbursements)	(740,927)	(2,135,264)	-	(2,876,191)
Excess (deficiency) of receipts over (under) disbursements	376,016	(1,989,030)	38,579	(1,574,435)
Other financing sources (uses):				
General obligation note proceeds	-	2,150,000	-	2,150,000
Transfers in	-	-	50,000	50,000
Transfers out	(33,300)	(96,390)	-	(129,690)
Total other financing sources (uses)	(33,300)	2,053,610	50,000	2,070,310
Change in cash balances	342,716	64,580	88,579	495,875
Cash balances beginning of year	3,157,655	477,535	161,870	3,797,060
Cash balances end of year	\$ 3,500,371	542,115	250,449	4,292,935
<b>Cash Basis Fund Balances</b>				
Restricted for debt service	\$ 64,023	18,668	-	82,691
Unrestricted	3,436,348	523,447	250,449	4,210,244
Total cash basis fund balances	\$ 3,500,371	542,115	250,449	4,292,935

See notes to financial statements.

City of Shenandoah

Notes to Financial Statements

June 30, 2024

**(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 nonprofit 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:

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 paid, there are both restricted and unrestricted cash basis net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

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

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

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 April of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2022 assessed property valuations; is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects tax asking contained in the budget certified to the City Council in April 2023.

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

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

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

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, 2024, disbursements exceeded the amount budgeted in the public safety, health and social services and debt service functions prior to the budget amendment and health and social services and debt service functions at year end.

## (2) Cash and Pooled Investments

The City's deposits in banks at June 30, 2024 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

The City had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$173,095. 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, 2024, the Shenandoah Library Foundation (Foundation), a discretely presented component unit, had the following investments:

Type	Carrying Amount	Fair Value
Stocks	\$ 49,529	48,426
Mutual fund	108,661	159,615
	<u>\$ 158,190</u>	<u>208,041</u>

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 leases and one five-year lease. The City is to receive semi-annual payments of \$12,849, \$1,260 and \$6,168, respectively with an implicit rate of 2.0%.

Year Ending June 30	Principal	Interest	Amount
2025	\$ 25,649	797	26,446
2026	11,914	422	12,336
2027	12,153	183	12,336
Total	<u>\$ 49,716</u>	<u>1,402</u>	<u>51,118</u>

**(4) Bonds, Notes and Leases Payable**

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

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
<b>Governmental activities:</b>					
General obligation notes	\$ 1,890,000 *	2,845,000	330,000	4,405,000	360,000
USDA rural development loan	-	1,000,000	-	1,000,000	56,790
Urban renewal notes	650,000	-	120,000	530,000	125,000
General obligation notes - direct borrowing	1,000,000	-	1,000,000	-	-
Lease agreement	-	13,380	-	13,380	2,570
Equipment purchase agreements - direct borrowing	58,995	-	30,976	28,019	13,783
Governmental activities total	\$ 3,598,995	3,858,380	1,480,976	5,976,399	558,143
<b>Business type activities</b>					
<b>Notes from direct borrowing:</b>					
Water revenue	\$ 8,119,000	-	605,000	7,514,000	618,000
Sewer revenue	1,248,000	-	197,000	1,051,000	203,000
Lease agreements	24,895	67,645	29,543	62,997	16,740
Equipment purchase agreements - direct borrowing	109,160 **	-	24,150	85,010	24,428
Business-type activities total	\$ 9,501,055	67,645	855,693	8,713,007	862,168

\* The beginning balance of the general obligation notes was increased by \$35,000 to correct the balance of the Street Repair debt issued June 7, 2022. The debt schedule was also corrected to reflect the correct balance of the debt.

\*\* The beginning balance of the Business Type Activities equipment purchase agreement was increased by \$18,000 to correct the balances of the Golf Course Top Dresser and Golf Course Yanmar Tractor equipment purchase agreements. The debt schedules for each agreement were also corrected to reflect the correct balance of the debt.

General Obligation Notes

A summary of the City's June 30, 2024 general obligation notes payable are as follows:

Year	Urban Renewal Project			Street Repair		
	Issued May 15, 2020			Issued June 7, 2022		
Ending June 30,	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	2.00%	\$ 180,000	3,600	3.25%	\$ 115,000	28,438
2026		-	-	3.25	115,000	24,700
2027		-	-	3.25	120,000	20,962
2028		-	-	3.25	125,000	17,062
2029		-	-	3.25	130,000	13,000
2030-2034		-	-	3.25	270,000	13,163
Total		\$ 180,000	3,600		\$ 875,000	117,325



Year Ending June 30,	Urban Renewal Projects			Capital Improvement Projects		
	Issued Mar 29, 2023			Issued Oct 25, 2023		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	5.50%	\$ 25,000	27,775	5.00%	\$ 40,000	134,963
2026	5.50	25,000	26,400	5.00	245,000	132,963
2027	5.50	30,000	25,025	5.00	255,000	120,713
2028	5.50	30,000	23,375	5.00	265,000	107,962
2029	5.50	30,000	21,725	5.00	280,000	94,712
2030-2034	5.50	185,000	80,850	4.00-5.00	1,625,000	251,763
2035-2039	5.50	180,000	25,575	4.75	70,000	25,887
2040-2043				4.75	65,000	8,075
Total		\$ 505,000	230,725		\$ 2,845,000	877,038

Year Ending June 30,	Totals		
	Principal	Interest	Total
2025	\$ 360,000	194,776	554,776
2026	385,000	184,063	569,063
2027	405,000	166,700	571,700
2028	420,000	148,399	568,399
2029	440,000	129,437	569,437
2030-2034	2,080,000	345,776	2,425,776
2035-2039	250,000	51,462	301,462
2040-2043	65,000	8,075	73,075
	\$ 4,405,000	1,228,688	5,633,688

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, 2024, the City paid \$25,000 of principal and \$202 of interest on the notes, paying the obligation in full.

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, 2024, the City paid \$175,000 of principal and \$7,100 of interest on the notes. The outstanding principal balance on the notes at June 30, 2024 is \$180,000.

On June 7, 2022, the City issued \$985,000 of general obligation notes with an interest rate of 3.25% 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, 2024, the City paid \$110,000 of principal and \$32,013 of interest on the notes. The outstanding principal balance on the note at June 30, 2023 is \$875,000.

On March 29, 2023, the City issued \$525,000 of general obligation notes with an interest rate of 5.5% 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. 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, 2024, the City paid principal of \$20,000 and interest of \$33,848 on the notes. The outstanding principal balance on the note at June 30, 2023 is \$505,000.

On October 25, 2023, the City issued \$2,845,000 in general obligation capital loan notes with a varying interest rate of 4.00% to 5.00% per annum. The notes were issued to pay for street improvements, tree removal, acquisition of a fire truck, restoration or demolition of blighted properties, acquisition of land for the wastewater treatment plant and are payable through June 30, 2043. During the year ended June 30, 2024, the City paid \$80,978 of interest on the notes. The outstanding principal balance on the note at June 30, 2024 is \$2,845,000.

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 2024. During the year ended June 30, 2024, the City paid the remaining \$1,036,579 of principal and interest on the agreement.

USDA Rural Development Loan Agreement

On March 28, 2024, the City entered into a loan agreement with USDA for a \$1,000,000 USDA Rural Economic Development loan with an interest rate of 2.25% to aid in economic development. The loan requires 15 payments of \$79,200 on March 28 of each year. The following is a schedule of future loan payments. During the year ended June 30, 2024, no principal or interest was paid on the loan agreement.

Year Ending June 30,	Essential Coporate Purchase Issued Mar 28, 2024			
	Interest Rates	Principal	Interest	Total
2025	2.25%	\$ 56,790	22,500	79,290
2026	2.25	58,068	21,222	79,290
2027	2.25	59,374	19,916	79,290
2028	2.25	60,710	18,580	79,290
2029	2.25	62,076	17,214	79,290
2030-2034	2.25	331,971	64,479	396,450
2035-2039	2.25	371,011	25,413	396,424
Total		\$ 1,000,000	189,324	1,189,324

Urban Renewal Tax Increment Financing Revenue Notes

The City's June 30, 2024 urban renewal tax increment financing revenue notes payable is as follows:

Year Ending June 30,	Urban Renewal Projects Issued May 15, 2020			
	Interest Rates	Principal	Interest	Total
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		<u>\$ 530,000</u>	<u>49,276</u>	<u>579,276</u>

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, 2024, the City paid principal of \$120,000 and interest of \$23,725 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 \$579,276, payable through 2028. For the current year, principal and interest paid and total TIF receipts were \$143,725 and \$135,150, respectively. The outstanding principal balance on the notes at June 30, 2024 is \$530,000.

Water Revenue Loan Notes – Direct Borrowing

The City's June 30, 2024 water revenue loan notes payable is as follows:

Year Ending June 30,	Water Issued Sep 20, 2013			
	Interest Rates	Principal	Interest	Total
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	1.75	655,000	98,420	753,420
2029	1.75	668,000	86,958	754,958
2030-2034	1.75	3,548,000	254,624	3,802,624
2035	1.75	753,000	13,178	766,178
Total		<u>\$ 7,514,000</u>	<u>815,010</u>	<u>8,329,010</u>

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, 2024, the City paid principal of \$605,000 and interest of \$142,083 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, 2024, the City had drawn down a total of \$505,276 on the 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, 2024, the City paid principal of \$276 and interest of \$5 interest on the notes. The balance has been paid in full at June 30, 2024.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$14,057,000 of water revenue notes issued in September 2013. The notes are payable solely from water customer net receipts. Annual principal and interest payments on the notes are expected to require 67% of net receipts. The total principal and interest remaining to be paid on the notes is \$8,329,010. For the current year, principal and interest paid and total customer net receipts were \$747,364 and \$1,116,943, 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.

Sewer Revenue Loan Notes – Direct Borrowing

The City’s June 30, 2024 sewer revenue loan notes payable is as follows:

Year Ending June 30,	Sewer Issued Jul 10, 2007			Sewer Issued Sep 8, 2017		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	1.75%	\$ 166,000	8,978	1.75%	\$ 37,000	9,415
2026	1.75	171,000	6,073	1.75	37,000	8,768
2027	1.75	176,000	3,080	1.75	38,000	8,120
2028		-	-	1.75	39,000	7,455
2029		-	-	1.75	40,000	6,773
2030-2034		-	-	1.75	210,000	23,187
2035-2039		-	-	1.75	137,000	4,813
Total		<u>\$ 513,000</u>	<u>18,131</u>		<u>\$ 538,000</u>	<u>68,531</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2025	\$ 203,000	18,393	221,393
2026	208,000	14,841	222,841
2027	214,000	11,200	225,200
2028	39,000	7,455	46,455
2029	40,000	6,773	46,773
2030-2034	210,000	23,187	233,187
2035-2039	137,000	4,813	141,813
Total	<u>\$ 1,051,000</u>	<u>86,662</u>	<u>1,137,662</u>

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, 2024, the City paid principal of \$161,000 and interest of \$11,795 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. As of June 30, 2024, 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, 2024, the City paid principal of \$36,000 and interest of \$10,045 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, 2024, 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 150% of net receipts. The total principal and interest remaining to be paid on the notes is \$1,137,662. For the current year, principal and interest paid and total customer net receipts were \$218,840 and \$146,234, 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 succeeding year.

At June 30, 2024, the City did not establish user rates sufficient to produce and maintain net receipts at a level not less than 110% of the amount of principal and interest on the notes falling due in the succeeding year.

Lease Agreements

Governmental Activities:

On June 12, 2024, the City entered into a noncancelable lease agreement for a copy machine. An initial lease liability was recorded in the amount of \$13,380. The agreement requires monthly payments of \$235 over 5 years, with an implicit interest rate of 2.0% and a final payment on June 12, 2029. During the year ended June 30, 2024, the City did not pay principal or interest. Future principal and interest payments are as follows:

Year Ending June 30	Copier		
	Principal	Interest	Total
2025	\$ 2,570	244	2,814
2026	2,622	192	2,814
2027	2,675	139	2,814
2028	2,729	85	2,814
2029	2,784	30	2,814
	<u>\$ 13,380</u>	<u>690</u>	<u>14,070</u>

Business Type Activities:

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 \$42,500. The agreement requires 6 monthly payments per year of \$2,000 over four years, with an implicit interest rate of 2.0% and a final payment on October 1, 2024. The six monthly payments are made May 1 through October 1. This lease was terminated by the vendor in fiscal year 2024.

On April 1, 2022, the City entered into a noncancelable lease agreement for six additional golf carts. An initial lease liability was recorded in the amount of \$10,500. The agreement requires 6 monthly payments per year of \$600 over three years, with an implicit interest rate of 2.0% and a final payment on October 1, 2024. The six monthly payments are made May 1 through October 1. This lease was terminated by the vendor in FY 24.

On June 28, 2024, the City entered into a noncancelable lease agreement for 20 golf carts. An initial lease liability was recorded in the amount of \$67,645. The agreement requires yearly payments per year of \$6,001 in year one, \$18,000 in years two through four and \$12,001 in year five with an implicit interest rate of 2.0% and a final payment on July 1, 2027.

During the year ended June 30, 2024, the City paid principal of \$29,543, and interest of \$1,353. Future principal and interest payments are as follows:

Year Ending June 30	Golf Carts		
	Principal	Interest	Total
2025	\$ 16,740	1,260	18,000
2026	17,075	925	18,000
2027	17,416	584	18,000
2028	11,766	235	12,001
	<u>\$ 62,997</u>	<u>3,004</u>	<u>66,001</u>

Equipment Purchase Agreement – Direct Borrowing

Governmental Activities:

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 seven years, with an interest rate of 3.56% and a final payment on May 3, 2024. During the year ended June 30, 2024, the City paid principal of \$17,632 and interest of \$628. The lease was paid in full at June 30, 2024.

On June 1, 2021, the City entered into an equipment purchase agreement to acquire an excavator. An initial liability was recorded in the amount of \$68,602. The agreement requires annual payments of \$14,704 over five years, with an interest rate of 2.35% and a final payment on August 1, 2025. During the year ended June 30, 2024, the City paid principal of \$13,344 and interest of \$1,360.

Year Ending June 30,	Excavator		
	Principal	Interest	Total
2025	\$ 13,783	921	14,704
2026	14,236	468	14,704
Total	\$ 28,019	1,389	29,408

Business Type Activities:

On February 10, 2021, the City entered into an equipment purchase agreement to acquire mowing equipment for the golf course. An initial liability was recorded in the amount of \$85,000. The agreement requires annual payments of \$17,723 over five years, with an interest rate of 1.40% and a final payment on July 20, 2025. During the year ended June 30, 2024, the City paid principal of \$16,997 and interest of \$726.

On April 18, 2023, the City entered into an equipment purchase agreement to acquire a top dresser for the golf course. An initial liability was recorded in the amount of \$19,500. The agreement requires annual payments of \$3,711 over five years, with an interest rate of 7.37% and a final payment on November 20, 2027. During the year ended June 30, 2024, the City did not pay principal or interest due to a credit in the prior year, the credit accounted for \$2,595 in principal and \$1,116 in interest.

On April 18, 2023, the City entered into an equipment purchase agreement to acquire a Yanmar Tractor for the golf course. An initial liability was recorded in the amount of \$37,952. The agreement requires annual payments of \$6,945 over five years, with an interest rate of 7.25% and a final payment on November 20, 2027. During the year ended June 30, 2024, the City paid principal of \$4,558 and interest of \$2,387.



Future principal and interest payments are as follows:

Year Ending June 30,	Golf Course Equipment			Golf Course Top Dresser		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 17,236	487	17,723	\$ 2,537	1,174	3,711
2026	17,475	248	17,723	2,731	980	3,711
2027	-	-	-	2,939	772	3,711
2028	-	-	-	8,698	513	9,211
Total	\$ 34,711	735	35,446	\$ 16,905	3,439	20,344

Year Ending June 30,	Golf Course Yanmar Tractor			Totals		
	Principal	Interest	Total			
2025	\$ 4,655	2,290	6,945	\$ 24,428	3,951	28,379
2026	5,004	1,941	6,945	25,210	3,169	28,379
2027	5,378	1,567	6,945	8,317	2,339	10,656
2028	18,357	1,088	19,445	27,055	1,601	28,656
Total	\$ 33,394	6,886	40,280	\$ 85,010	11,060	96,070

**(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](http://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 , 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 2024, 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, 2024 were \$235,337.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the City reported a liability of \$832,857 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2023, the City's proportion was 0.018452%, which was a increase of 0.003580% over its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$105,302, \$1,019,358 and \$777,390, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total plan net pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2023 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	21.0%	4.56%
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
Total	<u>100.0%</u>	

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

Sensitivity of City’s Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate – The following presents the City’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the City’s proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 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)	\$ 2,193,400	832,857	(307,439)

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](http://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, 2024, the City contributed \$572,272 and plan members eligible for benefits contributed \$78,014 to the plan. At June 30, 2024, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits – Individuals who are employed by the City 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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	<u>42</u>
Total	<u><u>42</u></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, 2024, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 114,000
Compensatory time	24,000
Total	<u>\$ 138,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2024.

**(8) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2024 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Local Option Sales Tax	\$ 475,000
	Wilson Trust - City	180,825
	Debt Service	225,000
	Enterprise:	
	Water	33,300
	Sewer	33,300
		<u>947,425</u>
Debt Service	General	19,819
	Special Revenue:	
	Urban Renewal Tax	
	Increment Financing	144,027
	Enterprise:	
Sewer	63,090	
		<u>226,936</u>
Enterprise	General	
Golf Course		50,000
Total		<u>\$ 1,224,361</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. The bond was paid in full in December of 2023 leaving no outstanding balance at June 30, 2024. The bonds and related interest were paid solely from the net revenues of the Medical Center and the bond principal and interest did 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) Development Agreements**

On March 1, 2023, The City entered into a development agreement with Community 1<sup>st</sup> Credit Union (developer). The City agreed to pay the developer a maximum of \$225,000 for minimum improvements to the Credit Union in the City of Shenandoah Development Urban Renewal Area. The developer agreed the construction is to be completed no later than May 31, 2023. Starting October 15, 2024, and every October 15 thereafter during the term, the developer shall submit documentation to the satisfaction of the City to demonstrate completed project objectives have been met according to the agreement. Payments begin June 1, 2026, equal to 50% of incremental property for up to ten years or \$225,000, provided the developer is in compliance with the terms of the agreement.

On March 1, 2023, the City entered into a development agreement with Shenandoah Senior Villas (developer). The City agreed to pay the developer a maximum of \$300,000 for minimum improvements and remediation of blighted conditions of development property including housing units in the City of Shenandoah Development Urban Renewal Area. The developer agrees the construction is to be completed no later than December 31, 2024. Starting October 15, 2024, and every October 15 thereafter during the term, the developer shall submit documentation to the satisfaction of the City to demonstrate completed project objectives have been met according to the agreement. Payments begin June 1, 2027, equal to 100% of incremental property for up to 20 years, or \$300,000 provided the developer is in compliance with the terms of the agreement.

On March 1, 2023, The City entered into a development agreement with Green Plains Shenandoah LLC (developer). The City agreed to pay the developer a maximum of \$9,000,000 for minimum improvements of property in the City of Shenandoah Development Urban Renewal Area. The developer agrees the construction is to be completed no later than December 31, 2023. Starting October 15, 2024, and every October 15 thereafter during the term, the developer shall submit documentation to the satisfaction of the City to demonstrate completed project objectives have been met according to the agreement. Payments begin December 1, 2025, equal to 100% of incremental property for up to sixteen years, or \$9,000,000 provided the developer is in compliance with the terms of the agreement.

On March 1, 2023, the City entered into a development agreement with Maloja LLC (developer). The City agreed to pay the developer a maximum of \$250,000 for minimum improvements of property in the City of Shenandoah Development Urban Renewal Area. The developer agrees the construction is to be completed no later than September 1, 2024. At project benchmark completion dates, the developer shall submit documentation to the satisfaction of the City to demonstrate completed project objectives have been met according to the agreement. The agreement requires the following payments providing the developer is in compliance with the terms of the agreement: \$125,000 at beginning of project paid for with note proceeds from the general obligation notes issued March 29, 2023, \$62,500 at 50% project completion and \$62,500 at 100% project completion. Incremental property tax receipts will repay the general obligation urban renewal notes.

**(12) 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 5% and are to be repaid in either monthly or quarterly installments. During the year ended June 30, 2024 the City disbursed \$25,000 in loans, received \$35,032 of principal and \$2,815 of interest. The outstanding loan principal balance within the General Fund was 92,307 at June 30, 2024.

**(13) Commitments**

In September 2023, the City entered a contract for construction of two new shallow water wells with contractor Building Crafts in the amount of \$1,198,900. During the year the City approved one change order decreasing the total contract amounts to \$1,195,447. Payments were made of \$358,653 as of June 30, 2024. The balance of \$836,794 will be paid as work on the project progresses.

**(14) 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, 2024, the City paid \$84,500 in current year fees and \$21,757 to cover the City's share of fiscal year 2022 operating shortfall to the Ambulance Service pursuant to the agreement.

**(15) Subsequent Event**

On October 8, 2024, the City entered into a Sewer Revenue Capital Loan Notes Anticipation Project Notes, Series 2024, in the amount of \$33,000,000 to pay the costs of improving and expanding the City owned wastewater treatment facility. The notes bear interest at a rate of 4.0%, per annum, and mature in 2026.



**City of Shenandoah**

## **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, 2024

	Governmental Funds Actual	Proprietary Funds Actual	Total
Receipts:			
Property tax	\$ 2,506,589	-	2,506,589
Tax increment financing	135,150	-	135,150
Other city tax	848,132	-	848,132
Licenses and permits	52,969	-	52,969
Use of money and property	112,713	55,358	168,071
Intergovernmental	2,393,254	-	2,393,254
Charges for service	722,037	4,536,719	5,258,756
Miscellaneous	1,091,382	203,416	1,294,798
Total receipts	7,862,226	4,795,493	12,657,719
Disbursements:			
Public safety	2,170,260	-	2,170,260
Public works	1,728,760	-	1,728,760
Health and social services	2,542	-	2,542
Culture and recreation	1,317,639	-	1,317,639
Community and economic development	161,130	-	161,130
General government	488,101	-	488,101
Debt service	1,666,471	-	1,666,471
Capital projects	2,388,886	-	2,388,886
Business type activities	-	6,369,928	6,369,928
Total disbursements	9,923,789	6,369,928	16,293,717
Deficiency of receipts under disbursements	(2,061,563)	(1,574,435)	(3,635,998)
Other financing sources, net	2,198,790	2,070,310	4,269,100
Change in balances	137,227	495,875	633,102
Balances beginning of year	7,599,159	3,797,060	11,396,219
Balances end of year	\$ 7,736,386	4,292,935	12,029,321

See accompanying independent auditor's report.

Budgeted Amounts		Final to
Original	Final	Total Variance
2,490,211	2,490,211	16,378
143,725	143,725	(8,575)
880,878	880,878	(32,746)
63,575	63,575	(10,606)
113,035	113,035	55,036
25,115,590	25,115,590	(22,722,336)
5,477,284	5,477,284	(218,528)
805,174	805,174	489,624
35,089,472	35,089,472	(22,431,753)
1,811,830	2,355,087	184,827
1,752,750	1,858,250	129,490
2,500	2,500	(42)
1,401,339	1,401,339	83,700
354,120	354,120	192,990
437,070	519,667	31,566
535,924	536,424	(1,130,047)
4,193,379	4,193,379	1,804,493
30,315,173	30,315,173	23,945,245
40,804,085	41,535,939	25,242,222
(5,714,613)	(6,446,467)	2,810,469
4,008,500	4,008,500	260,600
(1,706,113)	(2,437,967)	3,071,069
11,616,907	11,616,907	(220,688)
9,910,794	9,178,940	2,850,381

**City of Shenandoah**

City of Shenandoah

Notes to Other Information – Budgetary Reporting

June 30, 2024

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds 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 \$731,854. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2024, disbursements exceeded the amount budgeted in the public safety, health and human services and debt service functions prior to the budget amendment and health and human services and debt service functions at year end.

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City of Shenandoah

Schedule of the City's Proportionate Share of the Net Pension Liability

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

Other Information

	2024	2023	2022	2021
City's proportion of the net pension liability (asset)	0.018452%	0.014872%	0.110915% **	0.019609%
City's proportionate share of the net pension liability (asset)	\$ 833	562	(383)	1,377
City's covered payroll	\$ 2,342	1,998	1,986	1,979
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	35.57%	28.13%	-19.28%	69.58%
IPERS' net position as a percentage of the total pension liability (asset)	90.13%	91.40%	100.81%	82.90%

\* 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.

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2020	2019	2018	2017	2016	2015
0.019125%	0.018492%	0.018019%	0.019643%	0.019023%	0.019024%
1,107	1,170	1,200	1,236	940	754
1,971	1,744	1,747	1,815	1,778	1,785
56.16%	67.09%	68.69%	68.99%	52.87%	42.24%
85.45%	83.62%	82.21%	81.82%	85.19%	87.61%



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City of Shenandoah

Schedule of City Contributions

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

Other Information

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutorily required contribution	\$ 235	220	189	190
Contributions in relation to the statutorily required contribution	<u>(235)</u>	<u>(220)</u>	<u>(189)</u>	<u>(190)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ 2,491	2,342	1,998	1,986
Contributions as a percentage of covered payroll	9.43%	9.39%	9.46%	9.57%

See accompanying independent auditor's report.

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2020	2019	2018	2017	2016	2015
190	190	166	160	164	165
(190)	(190)	(166)	(160)	(164)	(165)
-	-	-	-	-	-
1,979	1,971	1,744	1,747	1,815	1,778
9.60%	9.64%	9.52%	9.16%	9.04%	9.28%

City of Shenandoah

Notes to Other Information – Pension Liability

Year ended June 30, 2024

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

## **Supplementary Information**

City of Shenandoah

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

As of and for the year ended June 30, 2024

	Gidley Park Trust	Wilson Trust - Library	Wilson Trust - City	Special Forgotten Angels Cemetery Trust
<b>Receipts:</b>				
Use of money and property	\$ 1,438	3,598	-	-
Miscellaneous	2,967	58,117	131,734	-
Total receipts	4,405	61,715	131,734	-
<b>Disbursements:</b>				
Operating:				
Public safety	-	-	-	-
Culture and recreation	1,675	49,959	-	-
Total disbursements	1,675	49,959	-	-
Excess of receipts over disbursements	2,730	11,756	131,734	-
Other financing uses:				
Transfers out	-	-	(180,825)	-
Change in cash balances	2,730	11,756	(49,091)	-
Cash balances beginning of year	62,308	266,468	223,272	3,351
Cash balances end of year	<u>\$ 65,038</u>	<u>278,224</u>	<u>174,181</u>	<u>3,351</u>
<b>Cash Basis Fund Balances</b>				
Nonspendable - Esden Trust	\$ -	-	-	-
Restricted for:				
Fire	-	-	-	-
Library	-	278,224	-	-
Parks	65,038	-	-	-
Other purposes	-	-	174,181	3,351
Total cash basis fund balances	<u>\$ 65,038</u>	<u>278,224</u>	<u>174,181</u>	<u>3,351</u>

See accompanying independent auditor's report.

Revenue				Permanent	
Simons Trust - Library	Volunteer Fire Department	Snook Library	Esden Trust		Total
-	14	-	30		5,080
-	65,973	2,542	-		261,333
-	65,987	2,542	30		266,413
-	35,315	-	-		35,315
-	-	-	-		51,634
-	35,315	-	-		86,949
-	30,672	2,542	30		179,464
-	-	-	-		(180,825)
-	30,672	2,542	30		(1,361)
58,822	29,758	18,338	20,857		683,174
58,822	60,430	20,880	20,887		681,813
-	-	-	20,000		20,000
-	60,430	-	-		60,430
58,822	-	20,880	-		357,926
-	-	-	-		65,038
-	-	-	887		178,419
58,822	60,430	20,880	20,887		681,813

City of Shenandoah

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

For the Last Ten Years

	2024	2023	2022	2021
<b>Receipts:</b>				
Property tax	\$ 2,506,589	2,459,436	2,286,440	2,453,023
Tax increment financing	135,150	125,189	208,320	774,116
Local option sales tax	727,650	703,509	741,321	214,825
Other city tax	120,482	128,200	103,252	159,402
Licenses and permits	52,969	57,527	63,200	54,204
Use of money and property	112,713	76,474	72,609	77,996
Intergovernmental	2,393,254	1,769,509	1,412,459	935,526
Charges for service	722,037	731,311	731,952	714,889
Miscellaneous	1,091,382	856,120	866,415	874,403
<b>Total</b>	<b>\$ 7,862,226</b>	<b>6,907,275</b>	<b>6,485,968</b>	<b>6,258,384</b>
<b>Disbursements:</b>				
<b>Operating:</b>				
Public safety	\$ 2,170,260	1,562,093	1,474,529	1,391,172
Public works	1,728,760	1,621,845	1,413,989	1,505,519
Health and social services	2,542	-	1,283	2,441
Culture and recreation	1,317,639	1,152,841	1,079,730	1,063,382
Community and economic development	161,130	159,481	170,403	179,028
General government	488,101	630,213	392,075	318,708
Debt service	1,666,471	507,443	634,794	808,374
Capital projects	2,388,886	1,752,837	2,117,892	744,203
<b>Total</b>	<b>\$ 9,923,789</b>	<b>7,386,753</b>	<b>7,284,695</b>	<b>6,012,827</b>

See accompanying independent auditor's report.

2020	2019	2018	2017	2016	2015
2,528,768	2,430,237	2,271,242	2,319,962	2,424,067	2,488,161
274,304	267,231	318,111	289,462	192,579	200,960
614,924	505,725	549,967	512,063	429,223	414,139
169,412	135,730	123,099	137,742	140,561	147,736
67,940	61,551	60,812	57,632	54,555	59,741
97,007	99,358	106,315	106,114	96,968	87,424
1,475,526	924,517	923,535	1,007,770	1,367,315	728,536
691,913	750,909	760,633	924,170	887,261	788,888
640,997	564,158	892,745	690,364	411,508	590,526
<b>6,560,791</b>	<b>5,739,416</b>	<b>6,006,459</b>	<b>6,045,279</b>	<b>6,004,037</b>	<b>5,506,111</b>
1,397,272	1,640,558	1,342,306	1,328,272	1,303,790	1,363,870
1,274,834	1,528,982	1,412,792	1,300,149	1,234,086	1,170,151
2,157	1,289	738	667	733	783
911,387	1,047,563	1,287,205	1,330,579	978,769	987,092
155,610	133,282	403,185	631,070	225,804	1,192,497
487,509	328,969	450,764	360,168	340,058	336,795
780,880	909,049	714,639	867,138	1,180,749	1,011,315
1,160,260	94,561	418,364	417,306	553,363	303,125
<b>6,169,909</b>	<b>5,684,253</b>	<b>6,029,993</b>	<b>6,235,349</b>	<b>5,817,352</b>	<b>6,365,628</b>



**City of Shenandoah**

City of Shenandoah  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2024

Grantor/Program	Assistance Listings Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Agriculture:			
Passed through Iowa Department Natural Resources:			
Community Facilities Loans and Grants	10.766	16-073-447712136	<u>1,500,000</u>
Total U.S. Department of Agriculture			<u>1,500,000</u>
U.S. Department of Transportation:			
Passed through Iowa Department of Transportation:			
Highway Planning and Construction Cluster:			
Highway Planning and Construction	20.205	BRM-6965 (618)-8N-73	<u>720,677</u>
Total U.S. Department of Transportation			<u>720,677</u>
U.S. Department of the Treasury:			
COVID-19, CORONAVIRUS STATE AND LOCAL			
FISCAL RECOVERY FUNDS	21.027	ARPA	<u>626,030</u>
Total U.S. Department of Treasury			<u>626,030</u>
Total			<u>\$ 2,846,707</u>

**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, 2024. 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 not 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**

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Auditor of State

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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, 2024, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 30, 2024. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of 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 deficiency in internal control, described in Part II if the accompanying Schedule of Findings and Questioned Costs as item 2024-001 that we consider 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 noncompliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2024 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

### 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.



Brian R. Brustkern, CPA  
Deputy Auditor of State

October 30, 2024

**City of Shenandoah**



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

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Rob Sand  
Auditor of State

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 programs for the year ended June 30, 2024. The City of Shenandoah's major federal programs are identified in 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 programs for the year ended June 30, 2024.

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 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 judgment 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 judgment 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


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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2024-002 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Shenandoah's response to the internal control over compliance finding identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The City of Shenandoah's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Brian R. Brustkern, CPA  
Deputy Auditor of State

October 30, 2024



City of Shenandoah

Schedule of Findings and Questioned Costs

Year ended June 30, 2024

**Part I: Summary of the Independent Auditor's Results:**

- a) Unmodified opinions were issued on the financial statements prepared on the cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles.
- b) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- c) The audit did not disclose any noncompliance which is material to the financial statements.
- d) A significant deficiency in internal control over the major programs was disclosed by the audit of the financial statements.
- e) An unmodified opinion was issued on compliance with requirements applicable to the major programs.
- f) The audit disclosed an audit finding which is required to be reported in accordance with the Uniform Guidance, Section 200.516.
- g) The major programs were Assistance Listing Number 10.766 – Community Facilities Loans and Grants and 21.027 – COVID-19, CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS.
- 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, 2024

**Part II: Findings Related to the Financial Statements:**

**INTERNAL CONTROL DEFICIENCIES:**

2024-001 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) Long-term 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 the Shenandoah Library Foundation:

- (1) Receipts – opening mail, collecting, depositing, posting and reconciling.
- (2) Cash – handling, reconciling and recording.

Cause – The City 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 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, 2024

Recommendation – The City 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.

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.

**INSTANCES OF NONCOMPLIANCE:**

No matters were noted.

City of Shenandoah

Schedule of Findings and Questioned Costs

Year ended June 30, 2024

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCE OF NONCOMPLIANCE:**

No matters were noted.

**INTERNAL CONTROL DEFICIENCY:**

**Assistance Listing Number 21.027: COVID-19, CORONAVIRUS STATE AND LOCAL  
FISCAL RECOVERY FUNDS**

**Federal Award Year: 2024**

**Prior Year Finding Number: N/A**

**U.S. Department of Treasury**

2024-002 Project and Expenditure Report

Criteria – The Uniform Guidance, Part 200.303, requires the auditee establish and maintain effective internal control over the federal award which provides reasonable assurance the auditee is managing the federal award in compliance with federal statutes, regulations, and the terms of the federal award. The City is required to submit an annual project and expenditures report.

The Compliance and Reporting Guidance, State and Local Fiscal Recovery Funds, requires the annual report be submitted to the U.S. Treasury by April 30, each year.

Condition – The required report was submitted timely however there was no evidence of independent review of the report.

Cause – City procedures have not been established to ensure the report is independently reviewed.

Effect – The lack of established policies and procedures for independent review could result in inaccurate information in the required report.

Recommendation – The City should establish policies and procedures to ensure reports are independently reviewed in accordance with the Compliance and Reporting Guidance. Independent review of the annual report should be documented by the signature or initials of the reviewer and the date of the review.

Response and Corrective Action Planned – A policy and procedure will be established to ensure the City documents independent review on future reports.

Conclusion – Response accepted.

City of Shenandoah

Schedule of Findings and Questioned Costs

Year ended June 30, 2024

**Part IV: Other Findings Related to Required Statutory Reporting:**

2024-A Certified Budget – Disbursements during the year ended June 30, 2024 exceeded the amounts budgeted in the public safety, health and social services and debt service functions prior to the budget amendment and health and social services 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.

2024-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.

2024-C Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

2024-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.

2024-E Business Transactions – No business transactions between the City and City officials or employees were noted.

2024-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.

2024-G City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

2024-H Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.

City of Shenandoah

Schedule of Findings and Questioned Costs

Year ended June 30, 2024

2024-I Revenue Notes – The sewer revenue note agreements with the Iowa Finance Authority requires the City to produce and maintain net revenues at a level not less than 110% of the amount of principal and interest on the revenue notes and any other obligations secured by a pledge of the net revenues falling due in the succeeding year.

The Sewer Utility Fund had net receipts of \$146,234 which was less than the required cumulative amount of principal and interest falling due in the succeeding year of \$243,532.

Recommendation – The City should ensure net operating receipts for the Sewer Utility are sufficient to make required debt service payments and comply with the revenue note agreements.

Response – The City will work to ensure receipts are at 110% in the future.

Conclusion – Response accepted.

2024-J Annual Urban Renewal Report – The Annual Urban Renewal Report (AURR) for the period ending June 30, 2023 was certified to the Iowa Department of Management on or before December 1.

2024-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 tax, must be deposited in the debt service fund”. Certain interest on the general obligation notes for the fire department equipment was paid from the Capital Project Fund.

Recommendation – The City should transfer from the Capital Project Fund to the Debt Service Fund for future funding contributions, if any. Payments on the notes should be made from the Debt Service Fund, as required.

Response – Transfers from the Capital Project 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.

2024-L Tax Increment Financing – The Special Revenue, Tax Increment Financing (TIF) Fund properly disbursed payments for TIF loans and rebates. Also, the City of Shenandoah properly completed the Tax Increment Debt Certificate Forms to request TIF property taxes.

City of Shenandoah

Staff

This audit was performed by:

Brian R. Brustkern, CPA, Deputy  
Lesley R. Geary, CPA, Manager  
Nichole D. Tucker, Senior II Auditor  
Terese A. Berning, Staff Auditor  
Ariel D. Dennler, Staff Auditor  
Miranda L. Hoch, Staff Auditor