

**CITY OF STORM LAKE**

**INDEPENDENT AUDITORS' REPORTS  
BASIC FINANCIAL STATEMENTS AND  
OTHER INFORMATION  
SCHEDULE OF FINDINGS**

**JUNE 30, 2024**

CITY OF STORM LAKE

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CITY OF STORM LAKE

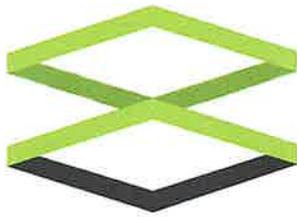
OFFICIALS

Before January 2024

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mike Porsch	Mayor	December 2025
Maggie Martinez	Council Member	December 2025
Tyson Rice	Council Member	December 2023
Kevin McKinney	Council Member	December 2023
Matt Ricklefs	Council Member	December 2025
Maria Ramos	Council Member	December 2023

After January 2024

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mike Porsch	Mayor	December 2025
Maggie Martinez	Council Member	December 2025
Matt Ricklefs	Council Member	December 2025
Kevin McKinney	Council Member	December 2027
Maria Ramos	Council Member	December 2027
Meg McKeon	Council Member	December 2027
Keri Navratil	City Manager	Indefinite
Mayra Martinez	City Clerk	Indefinite
Phil Havens	City Attorney	Indefinite



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and  
Members of the City Council  
City of Storm Lake  
Storm Lake, IA 50588

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Storm Lake, Iowa, as of and for the year ended June 30, 2024, and the related Notes to Financial Statements, which collectively comprise the basic financial statements of the City as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Storm Lake as of June 30, 2024, and the respective changes in its 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Storm Lake, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Basis of Accounting***

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

***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.

## ***Auditors' Responsibility 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 misstatements, whether due to fraud or error, and to issue an auditors' 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 Storm Lake'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 Storm Lake'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.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises Management's Discussion and Analysis, the Budgetary Comparison Information, Schedule of the City's Proportionate Share of the Net Pension Liability, Schedule of City Contributions, Schedule of Cash Receipts, Disbursements, and Changes in Cash Balances - Nonmajor Governmental Funds, Combining Schedule of Cash Receipts, Disbursements, and Changes in Cash Balances - Custodial Funds, and Schedule of Receipts by Source and Disbursements by Function - all Government Funds on pages 5 through 10 and pages 41 through 54 but does not include the basic financial statements and our auditors' 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.

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the City's basic financial statements. We previously audited, in accordance with the standards referred to in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of this report, the financial statements for the eight years ended June 30, 2023 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting. The financial statement for the year ended June 30, 2015 (which is not presented herein) was audited in accordance with the standards referred to in the third paragraph of this report by other auditors who expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2025 on our consideration of the City of Storm Lake'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. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Storm Lake's internal control over financial reporting and compliance.

Wenther, Spencer Co., LLA

March 23, 2025  
Spencer, Iowa

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Storm Lake provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2024. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2024 FINANCIAL HIGHLIGHTS**

- Receipts of the City's governmental activities other than bond proceeds decreased 7.6%, or approximately \$1,346,000, from fiscal year 2023 to fiscal year 2024. Charges for service decreased approximately \$222,000, operating grants, contributions, and restricted interest decreased approximately \$2,094,000; and general receipts increased approximately \$970,000 excluding bond proceeds.
- Disbursements of the City's governmental activities other than debt service and nonprogram decreased 15.4%, or approximately \$2,422,000 from fiscal year 2023 to fiscal year 2024. Public safety disbursements increased approximately \$2,800; public works decreased approximately \$57,000; culture and recreation increased approximately \$186,000; community and economic development decreased approximately \$68,000, general government disbursements increased approximately \$125,000; health and social services disbursements increased approximately \$4,400; and capital projects decreased approximately \$2,615,200.
- The City of Storm Lake's cash basis net position decreased 22.5% or approximately \$5,814,000, from June 30, 2023, to June 30, 2024. Of this amount, the cash basis net position of the governmental activities decreased approximately \$1,983,000 and the cash basis net position of the business type activities decreased approximately \$3,831,000.

### **USING THIS ANNUAL REPORT**

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.
- The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide financial statement by providing information about the most significant funds.
- Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.
- Other Information further explains and supports the financial statements with a comparison of the City's budget for the year, as well as presenting the City's proportionate share of the net pension liability and related contributions.
- Supplementary Information provides detailed information about the nonmajor governmental funds, the individual Custodial Funds, and the City's indebtedness.

### **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 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 accounting principles generally accepted in the United States of America. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

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

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

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

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property and other taxes and state and federal grants finance most of these activities.
- Business Type Activities include the waterworks, sanitary sewer system, storm water system, landfill, and King's Pointe. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has three categories of funds:

- (1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax, Tax Increment Financing, Local Option Sales Tax, and Employee Benefits Tax Levy, 3) the Debt Service Fund, 4) the Capital Projects Fund, and 5) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

- (2) Proprietary funds account for the City's Enterprise Funds and Internal Service Funds. Enterprise Funds are used to report business type activities. The City's Enterprise Funds include the Water, Sewer, Storm Water, Landfill and King's Pointe Funds, each considered to be a major fund of the City. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

- (3) Fiduciary funds are used to report assets held in a trust or agency capacity for others which cannot be used to support the City's own programs. These fiduciary funds include a Pension Trust Fund, and various Custodial Funds.

The financial statement required for fiduciary funds is a Statement (trust) or Combining Schedule (custodial) of Cash Receipts, Disbursements and Changes in Cash Balances.

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from approximately \$10.9 million to approximately \$8.9 million. The analysis that follows focuses on the changes in the net position for governmental and business type activities.

**Changes in Cash Basis Net Position of Governmental Activities**

	<u>Year Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Receipts:		
Program receipts:		
Charges for service	\$ 2,340,999	\$ 2,563,728
Operating grants, contributions, and restricted interest	3,296,332	5,389,956
General receipts:		
Property tax	4,684,509	4,970,749
Tax increment financing	1,835,263	819,641
Sales tax increment financing	249,926	249,960
Other taxes	2,330,559	2,321,474
Franchise fees	1,075,000	1,179,644
Unrestricted investment earnings	400,316	135,415
Bond proceeds	-	5,800,000
Miscellaneous	71,000	-
Total receipts	<u>16,283,904</u>	<u>23,430,567</u>
Disbursements:		
Public safety	3,346,236	3,343,398
Public works	1,969,007	2,026,167
Health and social services	22,692	18,252
Culture and recreation	1,759,614	1,573,547
Community and economic development	479,081	546,582
General government	807,596	682,499
Debt service	2,643,858	2,236,176
Capital projects	4,875,024	7,491,185
Nonprogram	1,528,818	1,431,867
Total disbursements	<u>17,431,926</u>	<u>19,349,673</u>
Change in cash basis net position before transfers	(1,148,022)	4,080,894
Transfers, net	<u>(835,494)</u>	<u>(5,326,321)</u>
Change in cash basis net position	(1,983,516)	(1,245,427)
Cash basis net position, beginning of year	<u>10,900,347</u>	<u>12,145,774</u>
Cash basis net position, end of year	<u>\$ 8,916,831</u>	<u>\$10,900,347</u>

The City's cash basis net position of governmental activities decreased approximately \$1,983,000 during the year. Receipts for governmental activities decreased approximately \$7,146,000 from the prior year due primarily to bond proceeds received during fiscal year 2023. Disbursements decreased approximately \$1,917,000 from the prior year primarily attributable to less capital projects than fiscal year 2023.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)**

The cost of all governmental activities this year was approximately \$17.4 million compared to approximately \$19.3 million last year. However, as shown in the Statement of Activities, the amount taxpayers ultimately financed for these activities was approximately \$11.8 million because some of the cost was paid by those directly benefitting from the programs (approximately \$2.3 million) or by other governments and organizations which subsidized certain programs with grants and contributions (approximately \$3.3 million). The City paid the remaining "public benefit" portion of governmental activities with property tax (some of which could only be used for certain programs) and with other receipts, such as interest, local option sales tax and miscellaneous receipts.

**Changes in Cash Basis Net Position of Business Type Activities**

	<u>Year Ended June 30,</u>	
	<u>2024</u>	<u>2023</u>
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 5,184,002	\$ 4,618,606
Sewer	4,015,900	3,358,417
King's Pointe	5,314,527	5,320,113
Landfill	487,596	473,164
Storm water	425,690	426,462
Capital grants, contributions, and restricted interest	13,000	570,152
General receipts:		
Unrestricted investment earnings	683,508	220,648
Bond proceeds	-	134,298
Miscellaneous	<u>461,261</u>	<u>-</u>
Total receipts	<u>16,585,484</u>	<u>15,121,860</u>
Disbursements:		
Water	5,548,512	4,813,950
Sewer	3,526,868	3,260,081
King's Pointe	10,925,484	6,975,963
Landfill	504,933	481,251
Storm water	<u>372,456</u>	<u>442,337</u>
Total disbursements	<u>20,878,253</u>	<u>15,973,582</u>
Change in cash basis net position before transfers	(4,292,769)	(851,722)
Transfers, net	<u>462,197</u>	<u>4,971,064</u>
Change in cash basis net position	(3,830,572)	4,119,342
Cash basis net position, beginning of year	<u>14,950,480</u>	<u>10,831,138</u>
Cash basis net position, end of year	<u>\$11,119,908</u>	<u>\$14,950,480</u>

The City's cash basis net position of business type activities decreased approximately \$3,831,000 during the year. Receipts for business type activities increased approximately \$1,464,000 from the prior year due primarily to an increase in charges for services and unrestricted investment earnings, while total disbursements were approximately \$4,905,000 more than the prior year due primarily to improvements to King's Pointe.

**INDIVIDUAL MAJOR FUND ANALYSIS**

**Governmental Fund Highlights**

As the City of Storm Lake completed the year, its governmental funds reported a combined fund balance of \$8,738,260, a decrease of \$1,338,176 from the prior year ending fund balance total of \$10,076,436. The following are the major reasons for the changes in fund balances of the major governmental funds from the prior year.

## **INDIVIDUAL MAJOR FUND ANALYSIS** - Continued

- The General Fund cash balance decreased \$678,243 from the prior year. This decrease was attributable primarily to an increase in disbursements.
- The Special Revenue, Road Use Tax Fund ended fiscal year 2024 with a \$1,766,281 cash balance, an increase of \$230,777 compared to the prior year ending balance of \$1,536,004.
- The Special Revenue, Local Option Sales Tax Fund ended fiscal year 2024 with a \$2,274,044 cash balance, a decrease of \$51,784 from the prior year ending balance of \$2,325,828.
- The Special Revenue, Special Levy Fund is used to account for property tax levied to finance the payment of employee benefits. This fund ended fiscal year 2024 with a \$347,978 fund balance compared to the prior year ending fund balance of \$613,532. This decrease was due primarily to an increase in disbursements.
- The Special Revenue, Tax Increment Financing Fund is used to account for receipts from the tax authorized by ordinance in the urban renewal district and used for transfers to other funds to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal development projects. This fund ended fiscal year 2024 with a \$12,992 balance compared to the prior year ending deficit fund balance of \$128,202.
- The Debt Service Fund ended fiscal year 2024 with a \$-0- balance compared to the prior year ending fund balance of \$100,007.
- The Capital Projects Fund ended fiscal year 2024 with a \$743,734 cash balance compared to the prior year ending cash balance of \$1,276,804. The decrease was due primarily to capital projects.

### **Proprietary Fund Highlights**

- The Enterprise, Water Fund, which accounts for the operation and maintenance of the City's water system, ended 2024 with a cash balance of \$5,256,159 compared to the prior year ending cash balance of \$5,423,725.
- The Enterprise, Sewer Fund, which accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system, ended 2024 with a cash balance of \$4,715,354 compared to the prior year ending cash balance of \$3,996,568.
- The Enterprise, King's Pointe Fund, which accounts for the operation and maintenance of King's Pointe Resort, ended 2024 with a net cash balance of \$385,396 compared to the prior year ending cash balance of \$4,679,716. The decrease is due primarily from capital improvements.
- The Enterprise, Landfill Fund ended 2024 with a cash balance of \$384,312 compared to the prior year ending cash balance of \$401,649.
- The Enterprise, Storm Water Fund ended 2024 with a balance of \$378,687 compared to the prior year ending balance of \$448,822. The decrease is due primarily to a decrease in intergovernmental receipts.
- The Internal Service Funds are used by management to charge the cost of employee health benefits, technology purchases, and fleet purchases to the individual funds. The cash balance of the Internal Service Fund decreased \$645,340 to end at \$178,571.

### **BUDGETARY HIGHLIGHTS**

During FY 2024, the City of Storm Lake amended its budget once. The amendment approved April 24, 2024 increased budgeted disbursements by \$4,384,825. The increase is primarily due to operating costs.

### **DEBT ADMINISTRATION**

#### **Long Term Debt**

At June 30, 2024, the City had \$13,559,000 in general obligation debt and \$5,800,000 in urban renewal debt in total long-term debt outstanding for governmental activities. Total long-term debt outstanding for business-type activities was \$4,983,000 at June 30, 2024.

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. At June 30, 2024, the City was at 62% of its constitutional debt limit of approximately \$31 million with a computed outstanding balance of approximately \$11.7 million. Additional information about the City's long-term debt is presented in Note 4 to the financial statements.

## **ECONOMIC FACTORS**

### Economic Factors:

- A significant increase in valuations following the County's reassessment project. Storm Lake saw a 13.59% increase in the amount of general taxable valuation for FY2025.
- The Iowa Legislature's implementation of House File 78 will take the City's general fund plus Emergency Levy from \$8.37 to \$8.12621 in a single year.
- The Iowa Legislature's backfill phase out program will continue to limit the City's rebated tax revenues.
- Unemployment in Buena Vista County was 2.3% in 2024, down from the Iowa unemployment rate of 2.9%, and the national average of 4.2%.
- The Maxfield Housing study identifies a potential demand for approximately 1,450 new housing units in Storm Lake through 2035. This demand will be generated by both new households and existing households based on changing demographic trends and housing preferences. Demand was divided between general-occupancy housing (52%) and age-restricted senior housing (48%). We find strong demand for general occupancy rental housing and active adult senior housing, a result of the growing senior population that will begin seeking maintenance-free housing
- Although the population in Storm Lake increased by 6% last decade and is forecasted to grow by 9% this decade, the current "higher for longer" interest rate environment may cause new housing construction growth rates to slow temporarily as sellers do not want to give up their current interest rates and consumers and builders have slowed production due to elevated financing costs. Once mortgage rates stabilize, growth is expected to rebound.
- Storm Lake is a major job importer as there is an inflow of about 5,246 workers. The positive inflow of workers who commute to Storm Lake provides an opportunity to draw new households into the community through relocations. Furthermore, these workers are seeking retail goods and services, health care, and other services as they commute in Storm Lake daily.
- In 2024, Storm Lake has a Retail Trade population of 39,062.

The Fiscal Year 2024-2025 Budget outlines the funding and operational priorities of the City for the next fiscal year.

- Funding of Capital Improvement projects that address the Council's adopted Strategic Plan and City's Comprehensive Plan.
- Careful long-range planning for revenue variables and continued planning for House File 718 and other future actions by the State Legislature.
- Continuing planning for a stable, controlled, and sustainable tax levy. For this year, the tax levy increased 1.44% to \$13.6000 for the first time in eight years. This minor increase is a result of increasing insurance rates and increased premiums. The City's tax is estimated to account for 33% of the overall tax bill. All funds will exceed the Council's requested 40% of operating expenses. The General Fund, which Council has requested carry at least a \$1M balance, will exceed the goal and again exceed the 40% level at just over 51%.
- Due to the large increase in assessed valuations and the processes outlined in House File 718, the FY2025 budget includes a CGFL Max Rate limitation of 3% equal to a loss of general fund revenues of \$88,805.
- A pay increase of 3% for non-contract employees and a continuation of top-tier benefits. For the first time in several years, the employee contribution to insurance increased by \$20 and \$40 per pay period for single and family plans, respectively.
- Tax Increment Financing revenue is hitting all time high \$3,247,465, allowing Urban Renewal Area debts to decrease.
- The City's financial planning allowed for the completion of the Memorial Road project using internal tax increment financing loans and reserve funds.
- A continued commitment to critical infrastructure continues with progress on the construction of the new water tower #5 and water wells #21 and #22.
- Our Constitutional Debt Limit is \$41,330,214, and we currently carry \$16,425,000 in GO Debt and \$5,800,000 in Urban Renewal debt, 53.8% of the limit. Total debt is estimated to be \$34,574,000 with the additions of a \$2.866M GO bond for two new fire apparatus, two new SRF bonds totaling \$7.888M for the construction of water tower #5, and two new SRF bonds totaling \$2.333M for the construction of water well #22.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of The City of Storm Lake's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Clerk, P.O. Box 1086, 620 Erie Street, Storm Lake, Iowa, 50588.

**BASIC FINANCIAL STATEMENTS**

**CITY OF STORM LAKE**  
**CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

		Program Receipts		
	Disbursements	Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions, and Restricted Interest
<b>Functions/Programs:</b>				
<b>Governmental activities:</b>				
Public safety .....	\$ 3,346,236	\$ 217,844	\$ 106,042	\$ -
Public works .....	1,969,007	332,248	1,593,149	-
Health and social services .....	22,692	-	-	-
Culture and recreation .....	1,759,614	737,842	33,572	-
Community and economic development .....	479,081	-	-	-
General government .....	807,596	200,453	141,275	-
Debt service .....	2,643,858	-	-	-
Capital projects .....	4,875,024	-	1,403,428	-
Nonprogram .....	1,528,818	852,612	18,866	-
Total governmental activities	17,431,926	2,340,999	3,296,332	-
<b>Business type activities:</b>				
Water .....	5,548,512	5,184,002	-	-
Sewer .....	3,526,868	4,015,900	-	13,000
King's Pointe .....	10,925,484	5,314,527	-	-
Landfill .....	504,933	487,596	-	-
Storm water .....	372,456	425,690	-	-
Total business type activities	20,878,253	15,427,715	-	13,000
<b>Total</b>				
<b>General Receipts and Transfers:</b>				
Property and other city tax levied for:				
General purposes .....				
Debt service .....				
Tax increment financing .....				
Sales tax increment financing .....				
Hotel motel tax .....				
Local option sales tax .....				
Utility excise tax .....				
Franchise fees .....				
Unrestricted interest on investments .....				
Miscellaneous .....				
Transfers .....				
Total general receipts and transfers				
Change in cash basis net position .....				
Cash basis net position - beginning of year .....				
Cash basis net position - end of year				

Exhibit A

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

<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ (3,022,350)	\$ -	\$ (3,022,350)
(43,610)	-	(43,610)
(22,692)	-	(22,692)
(988,200)	-	(988,200)
(479,081)	-	(479,081)
(465,868)	-	(465,868)
(2,643,858)	-	(2,643,858)
(3,471,596)	-	(3,471,596)
(657,340)	-	(657,340)
<u>(11,794,595)</u>	<u>-</u>	<u>(11,794,595)</u>
-	(364,510)	(364,510)
-	502,032	502,032
-	(5,610,957)	(5,610,957)
-	(17,337)	(17,337)
-	53,234	53,234
<u>-</u>	<u>(5,437,538)</u>	<u>(5,437,538)</u>
4,006,538	-	4,006,538
677,971	-	677,971
1,835,263	-	1,835,263
249,926	-	249,926
431,866	-	431,866
1,838,979	-	1,838,979
59,714	-	59,714
1,075,000	-	1,075,000
400,316	683,508	1,083,824
71,000	461,261	532,261
(835,494)	462,197	(373,297)
<u>9,811,079</u>	<u>1,606,966</u>	<u>11,418,045</u>
(1,983,516)	(3,830,572)	(5,814,088)
<u>10,900,347</u>	<u>14,950,480</u>	<u>25,850,827</u>
<u>\$ 8,916,831</u>	<u>\$11,119,908</u>	<u>\$20,036,739</u>

CITY OF STORM LAKE  
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION - Continued  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

Cash Basis Net Position

Restricted:

Nonexpendable - Library .....

Expendable:

Streets .....

Capital improvements .....

Other purposes .....

Unrestricted .....

Total cash basis net position

Exhibit A

---

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

---

Governmental <u>Activities</u>	Business Type <u>Activities</u>	<u>Total</u>
\$ 2,920	\$ -	\$ 2,920
1,766,281	-	1,766,281
3,017,778	-	3,017,778
347,978	-	347,978
<u>3,781,874</u>	<u>11,119,908</u>	<u>14,901,782</u>
<u>\$8,916,831</u>	<u>\$11,119,908</u>	<u>\$20,036,739</u>

**CITY OF STORM LAKE**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND**  
**CHANGES IN CASH BALANCES**  
**GOVERNMENTAL FUNDS**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

	General	Special Revenue			Tax Increment Financing
		Road Use Tax	Local Option Sales Tax	Special Levy	
<b>Receipts:</b>					
Property tax .....	\$2,867,386	\$ -	\$ -	\$1,008,445	\$ -
Tax increment financing .....	-	-	-	-	1,835,263
Other city tax .....	1,544,147	-	1,838,979	13,058	-
Licenses and permits .....	144,725	-	-	-	-
Use of money and property .....	348,874	-	11,158	39,995	-
Intergovernmental .....	166,414	1,591,776	-	-	-
Charges for service .....	1,214,669	14,486	-	17,018	-
Miscellaneous .....	71,000	-	-	-	-
<b>Total receipts</b>	<b>6,357,215</b>	<b>1,606,262</b>	<b>1,850,137</b>	<b>1,078,516</b>	<b>1,835,263</b>
<b>Disbursements:</b>					
<b>Operating:</b>					
Public safety .....	2,810,169	-	-	512,204	-
Public works .....	358,917	1,381,964	-	228,126	-
Health and social services .....	22,692	-	-	-	-
Culture and recreation .....	1,402,542	-	-	145,691	-
Community and economic development .....	236,272	-	-	27,140	215,669
General government .....	570,203	-	-	45,612	-
Debt service .....	-	-	-	-	-
Capital projects .....	1,772,973	729,021	-	-	-
<b>Total disbursements</b>	<b>7,173,768</b>	<b>2,110,985</b>	<b>-</b>	<b>958,773</b>	<b>215,669</b>
Excess (deficiency) of receipts over (under) disbursements	(816,553)	(504,723)	1,850,137	119,743	1,619,594
<b>Other financing sources (uses):</b>					
Operating transfers in .....	1,033,100	735,000	-	-	-
Operating transfers out .....	(894,790)	-	(1,901,921)	(385,297)	(1,478,400)
<b>Total other financing sources (uses)</b>	<b>138,310</b>	<b>735,000</b>	<b>(1,901,921)</b>	<b>(385,297)</b>	<b>(1,478,400)</b>
<b>Net change in cash balances</b>	<b>(678,243)</b>	<b>230,277</b>	<b>(51,784)</b>	<b>(265,554)</b>	<b>141,194</b>
Cash balances - beginning of year .....	3,844,276	1,536,004	2,325,828	613,532	(128,202)
Cash balances - end of year	\$3,166,033	\$1,766,281	\$2,274,044	\$ 347,978	\$ 12,992
<b>Cash Basis Fund Balances</b>					
Nonspendable - Library .....	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted for:					
Streets .....	-	1,766,281	-	-	-
Capital improvements .....	-	-	2,274,044	-	-
Other purposes .....	-	-	-	347,978	-
Unassigned .....	3,166,033	-	-	-	12,992
<b>Total cash basis fund balances</b>	<b>\$3,166,033</b>	<b>\$1,766,281</b>	<b>\$2,274,044</b>	<b>\$ 347,978</b>	<b>\$ 12,992</b>

Exhibit B

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 677,971	\$ -	\$ 130,707	\$ 4,684,509
-	-	-	1,835,263
7,672	-	1,703	3,405,559
-	-	-	144,725
-	-	289	400,316
-	1,403,428	255,622	3,417,240
-	-	97,364	1,343,537
-	-	110,277	181,277
<u>685,643</u>	<u>1,403,428</u>	<u>595,962</u>	<u>15,412,426</u>
-	-	23,863	3,346,236
-	-	-	1,969,007
-	-	-	22,692
-	-	211,381	1,759,614
-	-	-	479,081
-	-	191,781	807,596
2,643,858	-	-	2,643,858
-	2,373,030	-	4,875,024
<u>2,643,858</u>	<u>2,373,030</u>	<u>427,025</u>	<u>15,903,108</u>
<u>(1,958,215)</u>	<u>(969,602)</u>	<u>168,937</u>	<u>(490,682)</u>
1,858,208	436,532	-	4,062,840
-	-	(249,926)	(4,910,334)
<u>1,858,208</u>	<u>436,532</u>	<u>(249,926)</u>	<u>(847,494)</u>
(100,007)	(533,070)	(80,989)	(1,338,176)
<u>100,007</u>	<u>1,276,804</u>	<u>508,187</u>	<u>10,076,436</u>
<u>\$ -</u>	<u>\$ 743,734</u>	<u>\$ 427,198</u>	<u>\$ 8,738,260</u>
\$ -	\$ -	\$ 2,920	\$ 2,920
-	-	-	1,766,281
-	743,734	-	3,017,778
-	-	-	347,978
-	-	424,278	3,603,303
<u>\$ -</u>	<u>\$ 743,734</u>	<u>\$ 427,198</u>	<u>\$ 8,738,260</u>

CITY OF STORM LAKE  
RECONCILIATION OF THE STATEMENT OF CASH RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN CASH BALANCES  
TO THE CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION -  
GOVERNMENTAL FUNDS  
JUNE 30, 2024

Exhibit C

Total governmental funds cash balances per - Exhibit B .....	\$ 8,738,260
<p>Amounts reported for governmental activities in the Cash Basis Statement of Activities and Net Position are different because:</p>	
<p>The Internal Service Fund is used by management to charge the costs of employee health benefits and fleet purchases to the individual funds. The cash balance of the Internal Service Fund is included in governmental activities in the Cash Basis Statement of Activities and Net Position. ....</p>	
	<u>178,571</u>
Cash basis net position of governmental activities - Exhibit A	<u>\$ 8,916,831</u>
Change in cash balances - Exhibit B .....	\$(1,338,176)
<p>Amounts reported for governmental activities in the Cash Basis Statement of Activities and Net Position are different because:</p>	
<p>The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The change in the cash balance of the Internal Service Fund is reported with governmental activities in Cash Basis Statement of Activities and Net Position. ....</p>	
	<u>(645,340)</u>
Change in net position of governmental activities - Exhibit A	<u>\$(1,983,516)</u>

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

	Enterprise Funds			
	Water	Sewer	King's Pointe	Landfill
Operating receipts:				
Charges for services .....	\$5,184,002	\$4,015,900	\$ 5,314,527	\$ 487,596
Miscellaneous .....	16,190	-	445,071	-
Total operating receipts	<u>5,200,192</u>	<u>4,015,900</u>	<u>5,759,598</u>	<u>487,596</u>
Operating disbursements:				
Business type activities .....	<u>4,310,603</u>	<u>2,858,039</u>	<u>10,925,484</u>	<u>504,933</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>889,589</u>	<u>1,157,861</u>	<u>(5,165,886)</u>	<u>(17,337)</u>
Non-operating receipts (disbursements):				
Intergovernmental .....	-	13,000	-	-
Interest income .....	341,754	341,754	-	-
Capital improvements .....	(668,312)	(93,024)	-	-
Debt service .....	<u>(569,597)</u>	<u>(575,805)</u>	-	-
Net non-operating receipts (disbursements)	<u>(896,155)</u>	<u>(314,075)</u>	-	-
Excess (deficiency) of receipts over (under) disbursements	<u>(6,566)</u>	<u>843,786</u>	<u>(5,165,886)</u>	<u>(17,337)</u>
Other financing sources (uses):				
Operating transfers in .....	-	-	944,950	-
Operating transfers out .....	<u>(161,000)</u>	<u>(125,000)</u>	<u>(73,384)</u>	-
Total other financing sources (uses)	<u>(161,000)</u>	<u>(125,000)</u>	<u>871,566</u>	-
Change in cash balance	(167,566)	718,786	(4,294,320)	(17,337)
Cash balances - beginning of year .....	<u>5,423,725</u>	<u>3,996,568</u>	<u>4,679,716</u>	<u>401,649</u>
Cash balances - end of year	<u>\$5,256,159</u>	<u>\$4,715,354</u>	<u>\$ 385,396</u>	<u>\$ 384,312</u>
Cash Basis Fund Balances:				
Unrestricted .....	<u>\$5,256,159</u>	<u>\$4,715,354</u>	<u>\$ 385,396</u>	<u>\$ 384,312</u>

Exhibit D

<u>Storm Water</u>	<u>Total</u>	<u>Internal Service Funds</u>
\$ 425,690	\$15,427,715	\$ 852,612
-	461,261	-
<u>425,690</u>	<u>15,888,976</u>	<u>852,612</u>
<u>324,796</u>	<u>18,923,855</u>	<u>1,528,818</u>
<u>100,894</u>	<u>(3,034,879)</u>	<u>(676,206)</u>
-	13,000	-
-	683,508	18,866
-	(761,336)	-
<u>(47,660)</u>	<u>(1,193,062)</u>	<u>-</u>
<u>(47,660)</u>	<u>(1,257,890)</u>	<u>18,866</u>
<u>53,234</u>	<u>(4,292,769)</u>	<u>(657,340)</u>
-	944,950	12,000
<u>(123,369)</u>	<u>(482,753)</u>	<u>-</u>
<u>(123,369)</u>	<u>462,197</u>	<u>12,000</u>
(70,135)	(3,830,572)	(645,340)
<u>448,822</u>	<u>14,950,480</u>	<u>823,911</u>
<u>\$ 378,687</u>	<u>\$11,119,908</u>	<u>\$ 178,571</u>
<u>\$ 378,687</u>	<u>\$11,119,908</u>	<u>\$ 178,571</u>

CITY OF STORM LAKE  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES - FIDUCIARY FUND  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

Exhibit E

	<u>Pension Trust</u>
	<u>Police/Fire</u>
Additions:	
Transfers in .....	\$ 373,297
Deductions:	
Public safety .....	<u>(373,297)</u>
Change in cash balances	-
Cash balance - beginning of year .....	<u>-</u>
Cash balance - end of year	<u>\$ -</u>

**NOTES TO FINANCIAL STATEMENTS**

CITY OF STORM LAKE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

1. Summary of Significant Accounting Policies

The City of Storm Lake is a political subdivision of the State of Iowa located in Buena Vista County. It was first incorporated in 1873 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water, sewer, storm water, and landfill utilities for its citizens and owns and operates a hotel and indoor water park.

A. Reporting Entity

For financial reporting purposes, the City 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. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The City participates in a jointly governed organization agreement with the Buena Vista County Solid Waste Commission, a political subdivision created under Chapter 28E of the Code of Iowa. The purpose of the Commission includes providing economic disposal of solid waste produced or generated within Buena Vista County and member cities. The City's ongoing financial interest in the jointly governed organization consists of the operation of the landfill and other solid waste collection and disposal operations. The City collects landfill fees as a part of its regular utility billings. The Commission then bills the City quarterly for its operations. This fee is computed for each municipality on a per capita basis. For the year ended June 30, 2024, this fee totaled \$485,339. Copies of the Commission's financial statements are available from the City Clerk at the City of Alta, 223 Main Street, Alta, IA 51002 or from the State Auditor's Office.

The City participates in a jointly governed organization agreement with the Lake Improvements Commission, a political subdivision created under Chapter 28E of the Code of Iowa. The financial information for the Commission is reflected as an agency fund in these financial statements. The purpose of the Commission is to finance and effect a continued dredging of Storm Lake. Copies of the Commission's financial statements are available from the City Clerk at City of Storm Lake, P.O. Box 1086, and 620 Erie Street, Storm Lake, IA 50588 or from the State Auditor's Office.

The City also participates in several jointly governed organizations for which the City is not financially accountable, or that the nature and significance of the relationship with the City are such that exclusion does not cause the City's financial statements to be misleading or incomplete. City officials are members of the following Boards or Commissions: Buena Vista County Assessor's Conference Board, Buena Vista County Emergency Management Commission, Buena Vista County Communications Commission, Joint E911 Service Board, Region V Drug Task Force, Storm Lake United, Buena Vista County Foundation, Community Education, and Storm Lake Cemetery.

CITY OF STORM LAKE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

1. Summary of Significant Accounting Policies - (Continued)

B. Basis of Presentation

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

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

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

*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 Local Option Sales Tax Fund is used to account for the receipts from the tax authorized by referendum and used for capital improvements, equipment, and community programs and services.

CITY OF STORM LAKE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

1. Summary of Significant Accounting Policies - (Continued)

B. Basis of Presentation - (Continued)

Special Revenue:

The Special Levy Fund is used to account for property tax levied to finance the payment of employee benefits.

The Tax Increment Financing Fund is used to account for receipts from the tax authorized by ordinance in the urban renewal district and used for transfers to other funds to pay the principal and interest on the general obligation capital loan notes and other indebtedness incurred for urban renewal development projects.

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 used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The City reports the following major proprietary funds:

Enterprise:

The Water Fund is used to account for the operation and maintenance of the City's water system.

The Sewer Fund is used to account for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The King's Pointe Fund is used to account for the operation of a hotel facility and indoor water park.

The Landfill Fund is used to account for the City's share of the operation and maintenance of the landfill.

The Storm Water Fund is used to account for the operation and maintenance of the City's storm water system.

Additionally, the City also reports the following funds:

Proprietary Fund - The Internal Service Funds are utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Fund - Account for assets held by the City in a trustee or agency capacity for the benefit of others. Fiduciary funds account for assets held by the City under the terms of a formal trust agreement and which cannot be used to support City activities.

CITY OF STORM LAKE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

1. Summary of Significant Accounting Policies - (Continued)

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 accounting principles generally accepted in the United States of America.

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. Governmental Cash Basis Fund Balances

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

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

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

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through ordinance or resolution approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

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

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information.

F. Subsequent Events

The City has evaluated subsequent events through the date of the auditors' report, which is the date the financial statements were available to be issued.

CITY OF STORM LAKE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

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 (IPAIT) which are valued at an amortized cost of \$5,735,888 pursuant to Rule 20-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The City's investment in IPAIT is unrated.

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

3. Interfund Transfers

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

<u>Transfer to</u>	<u>Amount</u>	<u>Transfer from</u>	<u>Amount</u>
General	\$1,033,100	Special Revenue:	
		Local Option Sales Tax	\$ 983,100
		Tax increment financing	50,000
Special Revenue:		General	495,000
Road use tax	735,000	Special Revenue:	
		Local Option Sales Tax	240,000
Debt Service	1,858,208	General	121,790
		Special Revenue:	
		Local Option Sales Tax	342,039
		Tax increment financing	947,700
		Sales tax increment	249,926
		Enterprise:	
		King's Pointe	73,384
		Storm Water	123,369
Capital Projects	436,532	Special Revenue:	
		Local Option Sales Tax	150,532
		Enterprise:	
		Water	161,000
		Sewer	125,000

CITY OF STORM LAKE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

3. Interfund Transfers - (Continued)

<u>Transfer to</u>	<u>Amount</u>	<u>Transfer from</u>	<u>Amount</u>
Enterprise: King's Pointe	\$ 944,950	General Special Revenue: Local Option Sales Tax Tax Increment Financing	\$ 278,000 186,250 480,700
Internal Service	12,000	Special Revenue: Special levy	12,000
Pension Trust: Police/Fire	<u>373,297</u>	Special Revenue: Special Levy	<u>373,297</u>
<b>TOTAL</b>	<b><u>\$5,393,087</u></b>		<b><u>\$5,393,087</u></b>

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

4. Bonds and Notes Payable

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Government activities:					
General obligation bonds .....	\$15,468,000	\$ -	\$1,909,000	\$13,559,000	\$1,960,000
Urban renewal tax increment financing revenue .....	<u>5,800,000</u>	<u>-</u>	<u>-</u>	<u>5,800,000</u>	<u>-</u>
Governmental activities total	<u>\$21,268,000</u>	<u>\$ -</u>	<u>\$1,909,000</u>	<u>\$19,359,000</u>	<u>\$1,960,000</u>
Business type activities:					
Water revenue notes .....	\$ 2,535,000	\$ -	\$ 523,000	\$ 2,012,000	\$ 264,000
Sewer revenue notes .....	3,254,000	-	422,000	2,832,000	432,000
Storm water revenue notes ...	<u>183,000</u>	<u>-</u>	<u>44,000</u>	<u>139,000</u>	<u>45,000</u>
Business type activities total	<u>\$ 5,972,000</u>	<u>\$ -</u>	<u>\$ 989,000</u>	<u>\$ 4,983,000</u>	<u>\$ 741,000</u>

CITY OF STORM LAKE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

4. Bonds and Notes Payable - (Continued)

General Obligation Bonds

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

Year Ending June 30,	2018 A Fire Truck and Refunding Issued October 22, 2018			2018 Refund Hotel Bonds Issued October 22, 2018		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	3.00%	\$ 255,000	\$ 56,250	3.35%	\$ 175,000	\$ 31,436
2026	3.00	260,000	51,600	3.40	175,000	25,572
2027	3.00	160,000	43,800	3.45	175,000	19,622
2028	3.00	165,000	39,000	3.60	190,000	13,586
2029	3.00	165,000	34,050	3.60	190,000	6,840
2030-2034	3.00	970,000	53,100	-	-	-
2035-2039	-	-	-	-	-	-
<b>Total</b>		<b><u>\$1,975,000</u></b>	<b><u>\$277,800</u></b>		<b><u>\$ 905,000</u></b>	<b><u>\$ 97,056</u></b>

Year Ending June 30,	2020A Refunding Bond Issued July 21, 2020			2021A Refunding Bonds Issued May 5, 2021		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	2.75%	\$ 650,000	\$154,110	3.00%	\$ 690,000	\$ 75,350
2026	2.75	668,000	136,236	3.00	305,000	54,650
2027	2.75	303,000	117,866	3.00	300,000	45,500
2028	2.75	311,000	109,532	2.00	310,000	36,500
2029	2.75	320,000	100,980	2.00	315,000	30,300
2030-2034	2.75	2,755,000	313,500	2.00	1,200,000	60,000
2035-2039	2.75	<u>597,000</u>	<u>16,418</u>	-	-	-
<b>Total</b>		<b><u>\$5,604,000</u></b>	<b><u>\$948,642</u></b>		<b><u>\$3,120,000</u></b>	<b><u>\$302,300</u></b>

Year Ending June 30,	2021B Refunding Bonds Issued May 5, 2021			2021C Memorial Sewer Bonds Issued July 2, 2021		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	1.32%	\$ 120,000	\$ 9,300	1.75%	\$ 70,000	\$ 28,120
2026	1.52	340,000	7,716	1.75	72,000	26,720
2027	1.82	140,000	2,548	1.75	73,000	25,280
2028	-	-	-	1.75	75,000	23,820
2029	-	-	-	1.75	76,000	22,320
2030-2034	-	-	-	1.75	404,000	88,140
2035-2039	-	-	-	1.75	446,000	46,120
2040-2044	-	-	-	1.75	<u>139,000</u>	<u>4,680</u>
<b>Total</b>		<b><u>\$ 600,000</u></b>	<b><u>\$ 19,564</u></b>		<b><u>\$1,355,000</u></b>	<b><u>\$265,200</u></b>

CITY OF STORM LAKE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

4. Bonds and Notes Payable - (Continued)

General Obligation Bonds - (Continued)

Year Ending June 30,	<u>Total</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,960,000	\$ 354,566	\$ 2,314,566
2026	1,820,000	302,494	2,122,494
2027	1,151,000	254,616	1,405,616
2028	1,051,000	222,438	1,273,438
2029	1,066,000	194,490	1,260,490
2030-2034	5,329,000	514,740	5,843,740
2035-2039	1,043,000	62,538	1,105,538
2040-2044	<u>139,000</u>	<u>4,680</u>	<u>143,680</u>
Total	<u>\$13,559,000</u>	<u>\$1,910,562</u>	<u>\$15,469,562</u>

On October 22, 2018, the City issued \$3,390,000 of general obligation bonds with an interest rate of 3.00% per annum. The bonds were issued to refund 2011 series general obligation bonds and the purchase of a fire truck. During the year ended June 30, 2024, the City paid \$240,000 of principal and \$66,450 of interest on the bonds.

On October 22, 2018, the City issued \$1,850,000 of general obligation bonds with interest rates ranging from 2.75% to 3.60% per annum. The bonds were issued to refund 2010 series general obligation bonds. During the year ended June 30, 2024, the City paid \$165,000 of principal and \$36,798 of interest on the bonds.

On July 21, 2020, the City issued \$8,171,000 of general obligation bonds with an interest rate of 2.75% per annum. The bonds were issued to refund 2015A and 2015B general obligation bonds. During the year ended June 30, 2024, the City paid \$641,000 of principal and \$171,737 of interest on the bonds.

On May 5, 2021, the City issued \$5,690,000 of general obligation bonds with interest rates ranging from 2.00% to 3.00% per annum. The bonds were issued to refund 2012C general obligation bonds, 2015 sales tax revenue bonds, and 2013C and 2015 storm water revenue bonds. During the year ended June 30, 2024, the City paid \$685,000 of principal and \$95,900 of interest on the bonds.

On May 5, 2021, the City issued \$930,000 of general obligation bonds with interest rates ranging from 0.47% to 1.82% per annum. The bonds were issued to refund the 2016A general obligation bonds. During the year ended June 30, 2024, the City paid \$110,000 of principal and \$10,290 of interest on the bonds.

On July 2, 2021, the City issued \$1,608,000 of general obligation bonds with an interest rate of 1.75% per annum. The City has advanced \$1,490,605 of the funds through the year ended June 30, 2024. The bonds were issued for a sewer project. During the year ended June 30, 2024, the City paid \$68,000 of principal and \$24,903 of interest on the bonds from the sewer fund.

CITY OF STORM LAKE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

4. Bonds and Notes Payable - (Continued)

Urban Renewal Tax Increment Financing Revenue Notes

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

<u>Year Ending June 30,</u>	<u>2023 Urban Renewal Notes Issued June 15, 2023</u>		
	<u>Interest Rates</u>	<u>Principal</u>	<u>Interest</u>
2025	7.5%	\$ -	\$ 435,000
2026	7.5	-	435,000
2027	7.5	-	435,000
2028	7.5	-	435,000
2029	7.5	-	435,000
2030-2034	7.5	1,040,000	2,100,375
2035-2039	7.5	2,280,000	1,461,375
2040-2043	7.5	1,775,000	627,000
2044-2048	7.5	<u>705,000</u>	<u>107,250</u>
<b>Total</b>		<b><u>\$5,800,000</u></b>	<b><u>\$6,471,000</u></b>

The City issued \$5,800,000 of urban renewal tax increment financing (TIF) revenue bonds in June 2023 for the purpose of defraying a portion of the costs of various construction and refurbishing projects within the urban renewal district. The bonds are payable solely from the TIF receipts generated by increased property values in the City's urban renewal district and credited to the Special Revenue, Urban Renewal Tax Increment Fund in accordance with 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 bonds. The proceeds of the urban renewal tax increment financing revenue bonds shall be expended only for purposes which are consistent with the plans of the City's urban renewal area. The bonds are not a general obligation of the City. However, the debt is subject to the constitutional debt limitation of the City. Total principal and interest remaining on the bonds is \$12,271,000, payable through June 2047. During the year ended June 30, 2024, the City made no principal payments and \$418,083 of interest on the notes.

CITY OF STORM LAKE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

4. Bonds and Notes Payable - (Continued)

Revenue Notes

A summary of the City's June 30, 2024 revenues notes bonds payable is as follows:

Year Ending June 30,	Storm Water Issued October 5, 2006			Sewer Issued April 5, 2007		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	1.75%	\$ 45,000	\$ 4,170	3.00%	\$ 41,000	\$ 3,810
2026	1.75	46,000	2,820	3.00	42,000	2,580
2027	1.75	48,000	1,440	3.00	44,000	1,320
2028	-	-	-	-	-	-
2029	-	-	-	-	-	-
2030-2032	-	-	-	-	-	-
Total		<u>\$ 139,000</u>	<u>\$ 8,430</u>		<u>\$ 127,000</u>	<u>\$ 7,710</u>

Year Ending June 30,	Water Issued September 26, 2019			Sewer Issued September 26, 2019		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	1.77%	\$ 264,000	\$ 35,612	1.73%	\$ 391,000	\$ 46,797
2026	1.77	267,000	30,940	1.73	394,000	40,032
2027	1.77	274,000	26,214	1.73	401,000	33,216
2028	1.77	276,000	21,364	1.73	403,000	26,279
2029	1.77	283,000	16,479	1.73	409,000	19,307
2030-2032	1.77	<u>648,000</u>	<u>19,169</u>	1.73	<u>707,000</u>	<u>17,196</u>
Total		<u>\$2,012,000</u>	<u>\$149,778</u>		<u>\$2,705,000</u>	<u>\$182,827</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2025	\$ 741,000	\$ 90,389	\$ 831,389
2026	749,000	76,372	825,372
2027	767,000	62,190	829,190
2028	679,000	47,643	726,643
2029	692,000	35,786	727,786
2030-2032	<u>1,355,000</u>	<u>36,365</u>	<u>1,391,365</u>
Total	<u>\$4,983,000</u>	<u>\$348,745</u>	<u>\$5,331,745</u>

CITY OF STORM LAKE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

4. Bonds and Notes Payable - (Continued)

Revenue Bonds/Notes - (Continued)

The City has pledged future water customer revenues, net of specified operating disbursements, to repay \$7,500,000 and \$2,185,000 of water revenue notes issued in August 2003 and September 2019. Proceeds from the notes provided financing for the construction of improvements to water system and refunding of debt from prior projects. The notes are payable solely from water customer net receipts and are payable through 2032. Annual principal and interest payments on the notes are expected to require approximately 34% of net receipts. In 2024, the \$7,500,000 note was paid in full. The total principal and interest remaining to be paid on the \$2,185,000 note is \$2,161,788. For the current year, principal and interest paid and total customer net receipts were \$567,772 and \$889,589, respectively.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$660,000 and \$4,582,000 of sewer revenue notes issued in April 2007 and September 2019. Proceeds from the notes provided financing for the construction of improvements to the sewer treatment plant and refunding of debt from prior projects. The notes are payable solely from sewer customer net receipts and are payable through 2031. Annual principal and interest payments on the notes are expected to require less than 42% of net receipts. The total principal and interest remaining to be paid on the notes is \$3,022,537. The total principal and interest paid and total customer net receipts were \$478,328 and \$1,157,861, respectively.

The City has pledged future storm water customer receipts, net of specified operating disbursements, to repay \$729,000 of storm water revenue notes issued in October 2006. Proceeds from the notes provided financing for the construction of improvements to the storm water system. The notes are payable solely from storm water customer net receipts and are payable through 2027. Annual principal and interest payments on the notes are expected to require less than 92% of net receipts. The total principal and interest remaining to be paid on the notes is \$147,430. For the current year, principal and interest paid and total customer net receipts were \$47,203 and \$53,234, respectively.

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

- A. The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- B. Sufficient monthly transfers shall be made to separate revenue note sinking and reserve accounts within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- C. The City is to establish user rates at a level which produces and maintains net revenues at a level not less than 110% of the amount of principal and interest on the notes falling due in the same year.

5. Pension Plans

Iowa Public Employees' Retirement System (IPERS)

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System. 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.

CITY OF STORM LAKE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

5. Pension Plans - (Continued)

Iowa Public Employees' Retirement System (IPERS) - Continued

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

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

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

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

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

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

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

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

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

In fiscal year 2023, 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 \$319,423.

CITY OF STORM LAKE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

5. Pension Plans - (Continued)

Iowa Public Employees' Retirement System - (Continued)

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2024, the City reported a liability of \$1,577,975 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 .034960%, which was a decrease of 0.000742% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024 the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$139,687, \$1,294,898, and \$1,005,906, respectively.

There were no non-employer contributing entities to IPERS.

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

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:

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

CITY OF STORM LAKE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

5. Pension Plans - (Continued)

Iowa Public Employees' Retirement System - (Continued)

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 that employee contributions will be made at the contractually required rate and that 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 (asset).

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease <u>6.00%</u>	Discount Rate <u>7.00%</u>	1% Increase <u>8.00%</u>
City's proportionate share of the net pension liability	\$3,423,675	\$1,577,975	\$ 31,227

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).

Municipal Fire and Police Retirement System (MFPRSI)

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

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

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

CITY OF STORM LAKE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

5. Pension Plans - (Continued)

Municipal Fire and Police Retirement System - (Continued)

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation for each additional year of service, up to a maximum of 8 years. Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50 percent surviving spouse benefit.

Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5-year DROP period. When electing to participate in DROP, the member signs a contract stating the member will retire at the end of the selected DROP period. During the DROP period the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits - Disability benefits may be either accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60% of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50% of the member's average final compensation, for those with 5 or more years of service, or the member's service retirement benefit calculation amount, and 25% of average final compensation for those with less than 5 years of service.

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

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

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

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2024.

CITY OF STORM LAKE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

5. Pension Plans - (Continued)

Municipal Fire and Police Retirement System - (Continued)

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

The City's contributions to MFPRSI for the year ended June 30, 2024 was \$366,368.

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

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2024.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2024, the City reported a liability of \$2,567,873 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2023, the City's proportion was .41%, a decrease of .01% as of June 30, 2022.

For the year ended June 30, 2024, the City pension expense, deferred outflows of resources, and deferred inflows of resources totaled \$366,992, \$1,346,659, and \$974,025, respectively.

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

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2020.

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

CITY OF STORM LAKE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

5. Pension Plans - (Continued)

Municipal Fire and Police Retirement System - (Continued)

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed contributions will be made at 9.40% of covered payroll and the City's contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the MFPRSI's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on MFPRSI's investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease <u>6.50%</u>	Discount Rate <u>7.50%</u>	1% Increase <u>8.50%</u>
City's proportionate share of the net pension liability	\$4,497,191	\$2,567,873	\$ 970,777

Pension Plan Fiduciary Net Position - Detailed information about MFPRSI's fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI's website at [www.mfprsi.org](http://www.mfprsi.org).

CITY OF STORM LAKE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

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 \$979,229 and plan members eligible for benefits contributed \$103,065 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 and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2024, there were 71 active employees and 1 inactive employee or beneficiaries currently receiving benefit payments.

7. Commitments

The City has entered into construction contracts totaling approximately \$10,200,000 for various public improvement projects within the City. As of June 30, 2024, approximately \$5,569,000 has been paid on the projects. The remaining \$4,631,000 will be paid as work on the projects progresses.

The City has entered into an agreement for the management of the airport for the year ending June 30, 2025 for \$5,957 per month.

The City has also entered into various agreements with S & L Hospitality through March 31, 2027, which provide for management fees as follows:

King's Pointe Resort - 3.5% of each month's gross revenues and 25% of excess budgeted profits.

King's Pointe Waterpark Resort - \$12,000 per month plus \$1,500 per month for accounting fees for five months of operation each fiscal year.

Sunrise Pointe Golf Course - \$1,500 per month plus 3.5% of gross revenues and \$750 per month accounting fees.

Surprise Park cottages - 3.5% of gross revenues.

CITY OF STORM LAKE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

8. 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.

Effective August 1, 1983, the City adopted a plan of self-insurance for employee's health benefits. Deposits are made to the Employee Health Benefit Fund, an internal service fund of the City, to pay employee claims. An excess coverage insurance policy covers individual claims over \$25,000, or total group claims exceeding 125% of expected claims.

An actuarial study of the adequacy of reserves, rates, and financial condition of the Employee Health Benefit Fund was performed for the plan year January 1, 2023 to December 31, 2023. The study included census of covered members as of December 31, 2023, a summary of aggregate and specific excess loss reinsurance coverage, monthly claim expense information, a summary of revenue and expenses and review of the plan document summary description.

Following is a financial analysis of the plan for the year ended December 31, 2023.

Funds on hand - January 1, 2023	\$1,190,539
Contributions received	575,440
Other sources of revenue	<u>14,312</u>
	1,780,291
Claims paid	1,007,165
Aggregate stop-loss premiums and other charges	<u>415,295</u>
	\$ <u>357,831</u>
Funds on hand - December 31, 2023	

9. Compensated Absences

City Employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement, or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximated liability for earned vacation, sick leave and longevity payable to employees at June 30, 2024, primarily relating to the General Fund is as follows:

Vacation	\$ 296,454
Sick Leave	482,379
Longevity	<u>23,375</u>
Total	<u>\$ 802,208</u>

10. Deferred Compensation

The City offers its employees deferred compensation plans as allowed by the Internal Revenue Code Section 457. City employees are allowed to defer a portion of the current salary until future years. The employee becomes eligible to withdraw funds upon termination, retirement, death, or unforeseeable emergency.

The City has adopted GASB Statement 32 and does not report the assets of the plans on its balance sheet.

CITY OF STORM LAKE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024

11. Litigation

The City is party to various legal proceedings which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. City officials believe the outcome of these matters will not have a material adverse effect on the City's financial statements.

12. Development Agreements

The City has entered into four development agreements to assist in certain urban renewal projects. The City agreed to rebate incremental property tax paid by the participating companies with respect to the improvements set forth in the urban renewal plan. The incremental property tax to be received by the City under Chapter 403.19 of the Code of Iowa from the participating companies will be rebated for a period from three to ten years beginning with the tax year in which the property tax on the completed value of the improvements is first paid. During the year ended June 30, 2024, the City rebated \$65,006 of incremental property tax to the participating companies. At June 30, 2024, the remaining balance to be paid on the agreements was \$505,196.

13. Tax Abatements

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

City Tax Abatements

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

For the year ended June 30, 2024, the City abated \$65,006 of property tax under the urban renewal and economic development projects.

14. Subsequent Events

Subsequent to June 30, 2024, the City approved approximately \$6,400,000 for construction contracts, issued approximately \$10,200,000 in revenue notes, and issued approximately \$2,860,000 in general obligation bonds.

**OTHER INFORMATION**

CITY OF STORM LAKE  
 BUDGETARY COMPARISON SCHEDULE OF  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES -  
 BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS  
 AND PROPRIETARY FUNDS  
 OTHER INFORMATION  
 YEAR ENDED JUNE 30, 2024

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>	<u>Total</u>
Receipts:			
Property tax .....	\$ 4,684,509	\$ -	\$ 4,684,509
Tax increment financing .....	1,835,263	-	1,835,263
Other city tax .....	3,405,559	-	3,405,559
Licenses and permits .....	144,725	-	144,725
Use of money and property .....	400,316	683,508	1,083,824
Intergovernmental .....	3,417,240	13,000	3,430,240
Charges for service .....	1,343,537	15,427,715	16,771,252
Miscellaneous .....	181,277	461,261	642,538
Total receipts	<u>15,412,426</u>	<u>16,585,484</u>	<u>31,997,910</u>
Disbursements:			
Public safety .....	3,346,236	-	3,346,236
Public works .....	1,969,007	-	1,969,007
Health and social services .....	22,692	-	22,692
Culture and recreation .....	1,759,614	-	1,759,614
Community and economic development .....	479,081	-	479,081
General government .....	807,596	-	807,596
Debt service .....	2,643,858	-	2,643,858
Capital projects .....	4,875,024	-	4,875,024
Business type activities .....	-	20,878,253	20,878,253
Total disbursements	<u>15,903,108</u>	<u>20,878,253</u>	<u>36,781,361</u>
Excess (deficiency) of receipts over disbursements	(490,682)	(4,292,769)	(4,783,451)
Other financing sources - net .....	<u>(847,494)</u>	<u>462,197</u>	<u>(385,297)</u>
Change in fund balances	(1,338,176)	(3,830,572)	(5,168,748)
Balance - beginning of year .....	<u>10,076,436</u>	<u>14,950,480</u>	<u>25,026,916</u>
Balance - end of year	<u>\$ 8,738,260</u>	<u>\$11,119,908</u>	<u>\$19,858,168</u>

<u>Budgeted Amounts</u>		<u>Final To Total Variance</u>
<u>Original</u>	<u>Final</u>	
\$ 4,272,141	\$ 4,272,141	\$ 412,368
1,779,143	1,779,143	56,120
3,217,668	3,217,668	187,891
179,695	179,695	(34,970)
7,195	7,195	1,076,629
5,930,554	5,930,554	(2,500,314)
15,610,158	15,610,158	1,161,094
<u>32,700</u>	<u>32,700</u>	<u>609,838</u>
<u>31,029,254</u>	<u>31,029,254</u>	<u>968,656</u>
3,844,373	3,844,373	498,137
1,983,870	2,238,953	269,946
23,000	23,000	308
1,761,081	1,761,081	1,467
1,130,117	1,130,117	651,036
754,210	839,710	32,114
2,326,226	2,761,226	117,368
12,338,909	12,338,909	7,463,885
<u>21,410,224</u>	<u>25,019,466</u>	<u>4,141,213</u>
<u>45,572,010</u>	<u>49,956,835</u>	<u>13,175,474</u>
(14,542,756)	(18,927,581)	(12,206,818)
<u>10,613,287</u>	<u>16,413,287</u>	<u>16,798,584</u>
(3,929,469)	(2,514,294)	<u>\$ 4,591,766</u>
<u>22,147,746</u>	<u>20,928,562</u>	
<u>\$18,218,277</u>	<u>\$18,414,268</u>	

CITY OF STORM LAKE  
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 Internal Service Fund. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year ended June 30, 2024, one budget amendment increased budgeted disbursements by \$4,384,825. The budget amendments are reflected in the final budgeted amounts.

CITY OF STORM LAKE  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)  
FOR THE LAST TEN YEARS \*  
OTHER INFORMATION  
JUNE 30, 2024

Iowa Public Employees' Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>
City's proportion of the net pension liability (asset)	.034960%	.034218%	.0056476%
City's proportionate share of the net pension liability (asset)	\$ 1,577,975	\$ 1,292,818	\$ (19,497)
City's covered-employee payroll	\$ 3,186,305	\$ 2,874,923	\$ 2,535,216
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	49.52%	44.97%	(0.77%)
Plan fiduciary net position as a percentage of the total pension liability	90.13%	91.40%	100.81%

Municipal Fire and Police Retirement System of Iowa

	<u>2024</u>	<u>2023</u>	<u>2022</u>
City's proportion of the net pension liability	0.41%	0.42%	0.40%
City's proportionate share of the net pension liability	\$ 2,567,873	\$ 2,390,156	\$ 905,189
City's covered-employee payroll	\$ 1,480,531	\$ 1,396,692	\$ 1,310,638
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	173.44%	171.13%	69.06%
Plan fiduciary net position as a percentage of the total pension liability	83.53%	84.62%	93.62%

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

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
.0267644%	.0279345%	0.0269526%	0.0271135%	0.0295327%	0.0323609%	0.0324885%
\$ 1,880,127	\$ 1,617,593	\$ 1,705,990	\$ 1,806,100	\$ 1,858,588	\$ 1,598,785	\$ 1,288,463
\$ 2,191,697	\$ 2,041,867	\$ 2,097,263	\$ 2,096,304	\$ 2,190,629	\$ 2,318,383	\$ 2,224,037
85.78%	79.22%	81.34%	86.16%	84.84%	68.96%	57.93%
82.90%	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.38%	0.38%	0.361872%	0.36767%	0.338812%	0.379704%	0.374498%
\$ 3,007,440	\$ 2,478,438	\$ 2,154,598	\$ 2,156,293	\$ 2,118,459	\$ 1,783,904	\$ 1,357,547
\$ 1,197,959	\$ 1,035,228	\$ 1,051,819	\$ 1,041,323	\$ 918,136	\$ 995,759	\$ 956,354
251.05%	239.41%	204.84%	207.07%	230.73%	179.15%	141.95%
76.47%	79.94%	81.07%	80.60%	78.20%	83.04%	86.27%

CITY OF STORM LAKE  
SCHEDULE OF CITY CONTRIBUTIONS  
LAST TEN YEARS  
OTHER INFORMATION  
JUNE 30, 2024

Iowa Public Employees' Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutorily required contributions	\$ 319,423	\$ 300,673	\$ 271,300	\$ 239,446
Contributions in relation to the statutorily required contribution	<u>(319,423)</u>	<u>(300,673)</u>	<u>(271,300)</u>	<u>(239,446)</u>
Contribution of deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$3,384,948	\$3,186,305	\$2,874,923	\$2,535,216
Contributions as a percentage of covered-employee payroll	9.44%	9.44%	9.44%	9.44%

Municipal Fire and Police Retirement System of Iowa

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutorily required contributions	\$ 366,368	\$ 353,847	\$ 375,281	\$ 331,281
Contributions in relation to the statutorily required contribution	<u>(366,368)</u>	<u>(353,847)</u>	<u>(375,281)</u>	<u>(331,281)</u>
Contribution of deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$1,594,290	\$1,480,531	\$1,396,692	\$1,310,638
Contributions as a percentage of covered-employee payroll	22.98%	23.90%	26.87%	25.28%

Iowa Public Employees' Retirement System

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 207,245	\$ 192,049	\$ 187,932	\$ 187,899	\$ 196,320	\$ 208,067
<u>(207,245)</u>	<u>(192,049)</u>	<u>(187,932)</u>	<u>(187,899)</u>	<u>(196,320)</u>	<u>(208,067)</u>
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
\$2,191,697	\$2,041,867	\$2,097,263	\$2,096,304	\$2,190,629	\$2,318,383
9.45%	9.41%	8.96%	8.96%	8.96%	8.97%

Municipal Fire and Police Retirement System of Iowa

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 292,802	\$ 269,367	\$ 270,107	\$ 269,911	\$ 254,972	\$ 302,810
<u>(292,802)</u>	<u>(269,367)</u>	<u>(270,107)</u>	<u>(269,911)</u>	<u>(254,972)</u>	<u>(302,810)</u>
\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
\$1,197,959	\$1,035,228	\$1,051,819	\$1,041,323	\$ 918,136	\$ 995,759
24.44	26.02%	25.68%	25.92%	27.77%	30.41%

CITY OF STORM LAKE  
NOTES TO OTHER INFORMATION - PENSION LIABILITY  
YEAR ENDED JUNE 30, 2024

Iowa Public Employees' Retirement System

Changes of Benefit Terms

There are no significant changes in benefit terms.

Changes of Assumptions

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

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

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

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

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

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

CITY OF STORM LAKE  
NOTES TO OTHER INFORMATION - PENSION LIABILITY - Continued  
YEAR ENDED JUNE 30, 2024

Municipal Fire and Police Retirement System of Iowa

Changes of Benefit Terms

There were no significant changes of benefit terms.

Changes of Assumptions:

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

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

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

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

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

	<u>Special Revenue</u>			
	<u>Tort</u> <u>Insurance</u>	<u>Sales Tax</u> <u>Increment</u>	<u>Crime</u> <u>Prevention</u>	<u>Library</u>
Receipts:				
Property tax .....	\$ 130,707	\$ -	\$ -	\$ -
Other city tax .....	1,703	-	-	-
Use of money and property .....	-	-	-	189
Intergovernmental .....	-	249,926	-	5,696
Charges for services.....	86,623	-	-	-
Miscellaneous .....	-	-	<u>106,042</u>	<u>2,835</u>
Total receipts	<u>219,033</u>	<u>249,926</u>	<u>106,042</u>	<u>8,720</u>
Disbursements:				
Operating:				
Public safety .....	-	-	15,029	-
Culture and recreation .....	-	-	205,308	6,073
General government .....	<u>191,781</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>191,781</u>	<u>-</u>	<u>220,337</u>	<u>6,073</u>
Excess (deficiency) of revenues over (under) expenditures	27,252	249,926	(114,295)	2,647
Other financing sources (uses):				
Transfers in (out) .....	<u>-</u>	<u>(249,926)</u>	<u>-</u>	<u>-</u>
Net change in cash balances	27,252	-	(114,295)	2,647
Cash balances - beginning of year .....	<u>-</u>	<u>-</u>	<u>217,003</u>	<u>134,730</u>
Cash balances - end of year	<u>\$ 27,252</u>	<u>\$ -</u>	<u>\$ 102,708</u>	<u>\$ 137,377</u>
Cash Basis Fund Balances				
Nonspendable - Library .....	\$ -	\$ -	\$ -	\$ -
Restricted for:				
Other purposes .....	<u>27,252</u>	<u>-</u>	<u>102,708</u>	<u>137,377</u>
Total cash basis fund balances	<u>\$ 27,252</u>	<u>\$ -</u>	<u>\$ 102,708</u>	<u>\$ 137,377</u>

<u>Law Enforcement</u>	<u>Permanent Emma Meyers Trust</u>	<u>Total</u>
\$ -	\$ -	\$ 130,707
-	-	1,703
94	6	289
-	-	255,622
10,741	-	97,364
1,400	-	110,277
<u>12,235</u>	<u>6</u>	<u>595,962</u>
8,834	-	23,863
-	-	211,381
-	-	191,781
<u>8,834</u>	<u>-</u>	<u>427,025</u>
3,401	6	168,937
-	-	(249,926)
3,401	6	(80,989)
<u>153,540</u>	<u>2,914</u>	<u>508,187</u>
<u>\$ 156,941</u>	<u>\$ 2,920</u>	<u>\$ 427,198</u>
\$ -	\$ 2,920	\$ 2,920
<u>156,941</u>	<u>-</u>	<u>424,278</u>
<u>\$ 156,941</u>	<u>\$ 2,920</u>	<u>\$ 427,198</u>

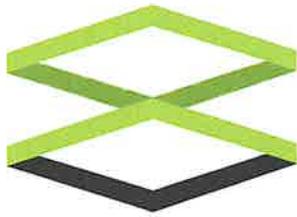
CITY OF STORM LAKE  
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH BALANCES  
CUSTODIAL FUNDS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

	Lake Improvements <u>Commission</u>	<u>Drainage</u>	<u>Total</u>
Receipts .....	\$ -	\$ -	\$ -
Disbursements .....	<u>(13,625)</u>	<u>-</u>	<u>(13,625)</u>
Net change in fund balances	<u>(13,625)</u>	<u>-</u>	<u>(13,625)</u>
Cash balances - beginning of year .....	<u>66,588</u>	<u>10,150</u>	<u>75,738</u>
Cash balances - end of year	<u>\$ 52,963</u>	<u>\$ 10,150</u>	<u>\$ 63,113</u>

CITY OF STORM LAKE  
SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION -  
ALL GOVERNMENTAL FUNDS  
FOR THE LAST TEN YEARS  
YEAR ENDED JUNE 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Receipts:				
Property tax .....	\$ 4,684,509	\$ 4,970,749	\$ 4,730,119	\$ 4,583,513
Tax increment financing .....	1,835,263	819,641	828,352	825,516
Other city tax .....	3,405,559	3,501,118	3,185,817	3,084,831
Licenses and permits .....	144,725	240,660	142,059	202,078
Use of money and property .....	400,316	163,910	26,705	161,028
Intergovernmental .....	3,417,240	5,552,397	1,736,151	1,973,114
Charges for services .....	1,343,537	1,364,869	1,156,346	1,487,547
Miscellaneous .....	<u>181,277</u>	<u>116,546</u>	<u>2,088,631</u>	<u>225,236</u>
 Total	 <u>\$15,412,426</u>	 <u>\$16,729,890</u>	 <u>\$13,894,180</u>	 <u>\$12,542,863</u>
 Disbursements:				
Operating:				
Public safety .....	\$ 3,346,236	\$ 3,343,398	\$ 3,124,103	\$ 2,485,975
Public works .....	1,969,007	2,026,167	1,877,813	1,357,412
Health and social services .....	22,692	18,252	7,743	529
Culture and recreation .....	1,759,614	1,573,547	1,393,372	1,240,124
Community and economic development .....	479,081	546,582	394,870	239,044
General government .....	807,596	682,499	736,296	780,286
Debt service .....	2,643,858	2,236,176	2,223,950	16,566,449
Capital projects .....	<u>4,875,024</u>	<u>7,491,185</u>	<u>4,877,168</u>	<u>3,007,937</u>
 Total	 <u>\$15,903,108</u>	 <u>\$17,917,806</u>	 <u>\$14,635,315</u>	 <u>\$25,677,756</u>

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 4,447,283	\$ 4,489,523	\$ 4,399,828	\$ 4,548,875	\$ 3,992,039	\$ 3,814,004
876,997	872,126	784,218	895,498	740,590	728,556
2,733,116	2,685,607	2,490,531	2,180,362	2,218,063	2,042,772
276,641	136,798	180,457	251,129	152,648	298,421
831,931	301,843	154,242	136,203	145,908	147,828
1,457,020	1,458,452	1,933,035	1,542,127	3,610,380	1,756,176
1,047,375	1,014,259	1,428,568	1,584,278	1,190,134	1,808,585
<u>312,635</u>	<u>334,543</u>	<u>271,121</u>	<u>92,470</u>	<u>308,636</u>	<u>281,220</u>
<u>\$11,982,998</u>	<u>\$11,293,151</u>	<u>\$11,642,000</u>	<u>\$11,230,942</u>	<u>\$12,358,398</u>	<u>\$10,877,562</u>
\$ 2,676,122	\$ 3,348,142	\$ 2,579,754	\$ 2,652,180	\$ 2,482,958	\$ 2,452,789
1,307,089	1,521,825	1,294,002	1,242,953	1,340,444	1,246,828
8,262	15,652	7,328	7,618	7,415	8,331
1,538,533	1,280,576	2,063,815	1,785,370	1,509,367	1,633,577
367,206	581,880	481,471	518,640	504,137	883,654
609,907	632,210	483,840	457,803	535,842	495,112
2,209,723	6,827,832	2,191,924	2,082,846	3,002,542	5,563,604
<u>1,733,621</u>	<u>415,687</u>	<u>1,330,756</u>	<u>616,305</u>	<u>4,200,526</u>	<u>1,521,245</u>
<u>\$10,450,463</u>	<u>\$14,623,804</u>	<u>\$10,432,890</u>	<u>\$ 9,363,715</u>	<u>\$13,583,231</u>	<u>\$13,805,140</u>



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Independent Auditors' 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  
Storm Lake, IA 50588

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Storm Lake, 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 March 23, 2025. 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 accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures 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's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 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 which 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. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses and significant deficiencies may exist that were not identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 that are required to be reported under *Government Auditing Standards*.

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.

### 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 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.

*Winter, Stave & Co., LLP*

March 23, 2025  
Spencer, Iowa

CITY OF STORM LAKE  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2024

Part I: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCY:

No matters were noted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

CITY OF STORM LAKE  
SCHEDULE OF FINDINGS - Continued  
FOR THE YEAR ENDED JUNE 30, 2024

Part II: Other Findings Related to Required Statutory Reporting

- 2023-A Certified Budget - Disbursements during the year ended June 30, 2024 did not exceed the amounts budgeted.
- 2023-B Questionable Disbursements - No expenditures that did not meet the requirement of public purpose as defined in an Attorney General's opinion dated April 25, 1979, were noted.
- 2023-C Travel Expense - No expenditures of the City for travel expenses of spouses of City officials or employees were noted.
- 2023-D Business Transactions - No business transactions between the City and City officials or employees were noted.
- 2023-E Restricted Donor Activity - No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- 2023-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 that the coverage is adequate for current operations.
- 2023-G Council Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.
- 2023-H Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.
- 2023-I Revenue Notes - No instances of noncompliance with the revenue bond and note resolutions were noted.
- 2023-J Annual Urban Renewal Report - The Annual Urban Renewal Report for the fiscal year ended June 30, 2023 was approved and certified to the Iowa Department of Management on or before December 1, 2023.