

# Iowa League of Cities

Financial Report  
June 30, 2023

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RSM US LLP

## Independent Auditor's Report

Executive Board  
Iowa League of Cities

### Report on the Audit of Financial Statements

#### **Opinion**

We have audited the financial statements of Iowa League of Cities (the League), which comprise the statements of financial position as of June 30, 2023 and 2022, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the League as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the League and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the League's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 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, 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 League'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 League's ability to continue as a going concern for a reasonable period of time.

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

#### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*RSM US LLP*

Des Moines, Iowa  
October 17, 2023

Iowa League of Cities

Statements of Financial Position  
June 30, 2023 and 2022

|   | 2023                | 2022                |
|---|---------------------|---------------------|
| <b>Assets</b>                           |                     |                     |
| Current assets:                         |                     |                     |
| Cash                                    | \$ 1,048,306        | \$ 1,513,387        |
| Certificates of deposit                 | 1,533,020           | 875,000             |
| Receivables:                            |                     |                     |
| Trade                                   | 33,399              | 36,809              |
| Affiliate                               | 48,408              | 39,195              |
| Interest                                | 16,178              | 4,934               |
| Insurance recoverable                   | 139,263             | -                   |
| Prepaid expenses                        | 192,653             | 143,401             |
| <b>Total current assets</b>             | <b>3,011,227</b>    | <b>2,612,726</b>    |
| Furniture, fixtures and equipment, net  | 343,832             | 243,048             |
| Certificates of deposit                 | 810,022             | 968,008             |
| Right-of-use asset                      | 35,042              | -                   |
| <b>Total assets</b>                     | <b>\$ 4,200,123</b> | <b>\$ 3,823,782</b> |
| <b>Liabilities and Net Assets</b>       |                     |                     |
| Current liabilities:                    |                     |                     |
| Accounts payable and accrued expenses   | \$ 361,262          | \$ 379,993          |
| Deferred income                         | 423,854             | 396,803             |
| Deferred rent                           | -                   | 41,073              |
| Operating lease liability               | 45,310              | -                   |
| <b>Total current liabilities</b>        | <b>830,426</b>      | <b>817,869</b>      |
| Net assets, without donor restrictions  | 3,369,697           | 3,005,913           |
| <b>Total liabilities and net assets</b> | <b>\$ 4,200,123</b> | <b>\$ 3,823,782</b> |

See notes to financial statements.

**Iowa League of Cities**

**Statements of Activities  
Years Ended June 30, 2023 and 2022**

|  | <b>2023</b>                | <b>2022</b>          |
|--|----------------------------|----------------------|
| <b>Revenue:</b>  |                            |                      |
| Membership dues  | \$ 1,157,455               | \$ 1,106,044         |
| Partner dues   | 118,250                    | 104,500              |
| Associate dues   | 57,740                     | 56,170               |
| Advertising  | 78,511                     | 104,786              |
| Sponsorship  | 38,825                     | 28,675               |
| Subscriptions  | 9,555                      | 20,920               |
| Registrations  | 221,035                    | 303,217              |
| Fees and royalties   | 3,182,239                  | 2,709,063            |
| Grants   | 27,453                     | 33,370               |
| Interest   | 87,951                     | 3,739                |
| Other  | 18,377                     | 21,627               |
|  | <u>4,997,391</u>           | <u>4,492,111</u>     |
| <b>Expenses:</b>   |                            |                      |
| Salaries, payroll taxes and fringe benefits  | 3,597,374                  | 3,302,496            |
| Rent   | 225,283                    | 226,601              |
| Telephone  | 29,758                     | 19,771               |
| Travel   | 33,612                     | 29,345               |
| Legal and accounting fees  | 20,439                     | 27,848               |
| Consulting fees  | 153,278                    | 223,705              |
| Dues and subscriptions   | 108,693                    | 102,416              |
| Insurance  | 73,678                     | 69,885               |
| Equipment and computer   | 342                        | 957                  |
| Printing   | 51,171                     | 53,413               |
| Postage  | 27,375                     | 30,890               |
| Supplies   | 22,763                     | 47,638               |
| Meeting  | 163,884                    | 208,084              |
| Training   | 3,811                      | 1,272                |
| Online registrations   | 8,869                      | 7,990                |
| Depreciation   | 108,106                    | 89,458               |
| Miscellaneous  | 5,171                      | 4,705                |
|  | <u>4,633,607</u>           | <u>4,446,474</u>     |
| <b>Change in net assets before gain on disposal<br/>of furniture, fixtures and equipment</b> | <b>363,784</b>             | <b>45,637</b>        |
| Gain on disposal of furniture, fixtures and equipment  | -                          | 14,000               |
| <b>Change in net assets without donor restrictions</b>                                       | <u><b>363,784</b></u>      | <u><b>59,637</b></u> |
| Net assets without donor restrictions, beginning   | <u><b>3,005,913</b></u>    | <u>2,946,276</u>     |
| Net assets without donor restrictions, ending  | <u><b>\$ 3,369,697</b></u> | <u>\$ 3,005,913</u>  |

See notes to financial statements.

**Iowa League of Cities**

**Statements of Cash Flows  
Years Ended June 30, 2023 and 2022**

|   | <b>2023</b>         | <b>2022</b>         |
|---|---------------------|---------------------|
| Cash flows from operating activities:   |                     |                     |
| Change in net assets, without donor restrictions  | \$ 363,784          | \$ 59,637           |
| Adjustments to reconcile change in net assets, without donor restrictions to net cash provided by (used in) operating activities:             |                     |                     |
| Depreciation  | 108,106             | 89,458              |
| Gain on disposal of furniture, fixtures and equipment   | -                   | (14,000)            |
| Noncash lease expense   | 102,548             | -                   |
| Change in working capital components:   |                     |                     |
| Receivables   | (147,097)           | 5,200               |
| Prepaid expenses  | (49,252)            | (13,065)            |
| Accounts payable and accrued expenses   | (18,731)            | (33,483)            |
| Deferred income   | 27,051              | (99,763)            |
| Operating lease liability   | (133,353)           | -                   |
| Deferred rent   | -                   | (30,804)            |
| <b>Net cash provided by (used in) operating activities</b>  | <b>253,056</b>      | <b>(36,820)</b>     |
| Cash flows from investing activities:   |                     |                     |
| Change in affiliate receivables   | (9,213)             | (12,657)            |
| Purchase of furniture, fixtures and equipment   | (208,890)           | (113,503)           |
| Purchase of certificates of deposit   | (1,375,034)         | (585,009)           |
| Proceeds from redemption of certificates of deposit   | 875,000             | 504,380             |
| Proceeds from sale of furniture, fixtures and equipment   | -                   | 14,000              |
| <b>Net cash used in investing activities</b>  | <b>(718,137)</b>    | <b>(192,789)</b>    |
| <b>Net decrease in cash</b>   | <b>(465,081)</b>    | <b>(229,609)</b>    |
| Cash:   |                     |                     |
| Beginning   | 1,513,387           | 1,742,996           |
| Ending  | <b>\$ 1,048,306</b> | <b>\$ 1,513,387</b> |
| Schedule of noncash financing and investing activities:   |                     |                     |
| Right-of-use asset obtained in exchange for operating lease liability, net of reduction of deferred rent liability against right-of-use asset | <b>\$ 137,590</b>   | <b>\$ -</b>         |
| Cash paid for amounts included in measurement of operating lease liability  | <b>\$ 136,420</b>   | <b>\$ -</b>         |

See notes to financial statements.

## Iowa League of Cities

### Notes to Financial Statements

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#### Note 1. Nature of League and Significant Accounting Policies

**Nature of organization:** The League of Iowa Municipalities was founded in 1898, changed its name to the Iowa League of Cities (the League) in 1996 and is a grassroots organization controlled by its members. The purpose of the League is the improvement of municipal government and the administration thereof through cooperative effort and the promotion of the general welfare of the cities of Iowa. The members elect the League's officers and Executive Board (the Board of Directors or the Board) and determine, by direct vote, what the League's policies will be from year to year. The League is governed by a Board of Directors. A majority of the Board members must be elected officials, and representation on the Board must come from cities of all sizes. Officers are elected to a one-year term and Board members are elected to a two-year term at the League's annual meeting each fall.

Significant accounting policies are as follows:

**Accounting estimates and assumptions:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Certificates of deposit:** Investments in certificates of deposit are recorded at cost plus accrued interest. Certificates of deposit have original maturities greater than three months. Certificates of deposit that mature within one year of the League's fiscal year-end are classified as current assets on the statements of financial position. Certificates of deposit that mature greater than one year from the League's fiscal year-end are classified as noncurrent assets on the statements of financial position.

**Concentration of credit risk:** The League had cash at a financial institution in excess of federally insured limits at various times throughout the years ended June 30, 2023 and 2022. The League has not experienced any losses in such accounts.

**Trade receivables:** Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and current economic conditions. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. As of June 30, 2023 and 2022, management determined that no allowance was necessary.

**Furniture, fixtures and equipment:** Furniture, fixtures and equipment are stated at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to ten years.

**Revenue recognition:** The League recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers as follows: (1) identify the contract; (2) identify the performance obligations; (3) determine the transaction price; (4) allocate the transaction price; and (5) recognize revenue. Revenue is recognized when promised goods or services are transferred to the customers in an amount that reflects the consideration expected in exchange for those goods or services.



## Iowa League of Cities

### Notes to Financial Statements

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#### Note 1. Nature of League and Significant Accounting Policies (Continued)

Membership dues, associate dues and partner dues are considered exchange transactions based on the value of benefits provided. Dues are fixed fees, with rates by member type established by the Board annually. The League recognizes dues revenue over the annual membership period as the member benefits are conveyed and the performance obligation is satisfied, which matches the League's fiscal year.

Revenue from royalties is recognized in the period earned. Revenue from certain royalty agreements is earned over the term of the agreements and is recognized using the straight-line method over the term of the agreements. The transaction price is established as described in Note 5 and agreements are renegotiated annually. In instances where the agreement stipulates variable consideration, such as fees and royalties based on expenses incurred or as a percentage of a benchmark, management estimates the amount of revenue expected to be earned, if any, during the contract period as the constraints on variable consideration are removed and revenue is recognized over time as services are provided over time.

Registrations are fees paid to attend conferences and seminars presented to members. Advertising and sponsorships relate to fees paid to advertise at or sponsor League events or publications. Revenue from registrations, advertising and sponsorships are recognized at a point in time when the related performance obligation is satisfied.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award. Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance. Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

The payment terms and conditions in contracts vary and contain no financing component. Payments in general are required to be made in advance prior to the beginning of the membership period, in advance of the event or as stated per the agreement. Differences between the timing of billings and the recognition of revenue are recognized as either accounts receivable or deferred income in the statements of financial position. Prepayments for membership dues and other fees are classified as deferred income and recognized over future periods in accordance with the applicable contract and the League's revenue recognition policy.

**Deferred income:** Deferred income represents conference registration, conference sponsorship payments, member dues, partner dues and associate dues paid in advance. Conference registration and conference sponsorships revenue is recognized when the conference occurs. Dues revenue is recognized over the annual membership period.

**Deferred rent:** The League accrues rent expense on a lease agreement with escalating rents in an amount such that the total rent expense under the lease will be recognized ratably over the lease term. On July 1, 2022, the deferred rent liability totaling \$41,073 was removed and recorded net of operating lease right-of-use assets upon implementation of ASC 842, Leases. See Note 6.

**Income taxes:** The League is exempt from federal and state income taxes under section 501(c)(4) and is not subject to federal income tax under the provisions of section 115(1) of the Internal Revenue Code and a similar section of Iowa law. The League currently has an opinion that it is exempt from IRS requirements for filing any reports, including Forms 990 and 990T. Therefore, there are no income tax filing requirements of the League.

## Iowa League of Cities

### Notes to Financial Statements

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#### Note 1. Nature of League and Significant Accounting Policies (Continued)

**Net assets without donor restrictions:** The League's net assets are not subject to donor-imposed stipulations and are available for use in general operations. The League's governing Board may earmark portions of its net assets without donor restrictions as Board-designated for various purposes. There were no board designated net assets without donor restrictions as of June 30, 2023 or 2022.

**Recent accounting pronouncement:** In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-20, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities.

The League adopted the standard on July 1, 2022, utilizing the modified retrospective transition method with no adjustments to the prior period presented. Additionally, the League elected the package of practical expedients to not reassess the original conclusion reached regarding lease identification, lease classification and initial direct costs. The adoption of the standard resulted in the recognition of an operating lease right-of-use asset and liability totaling \$137,590 and \$178,663 on the statement of financial position as of July 1, 2022, as well as expanded qualitative and quantitative disclosures included in Note 6. The adoption of the standard did not materially impact the statement of activities or cash flows.

**Subsequent events:** Management has evaluated potential subsequent events through October 17, 2023, which is the date that the financial statements were available to be issued. Through that date, there were no events requiring disclosure.

#### Note 2. Liquidity

The League regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. As of June 30, 2023 and 2022, the following financial assets were available to meet annual operating needs of the following fiscal year:

|                                  | 2023                | 2022                |
|----------------------------------|---------------------|---------------------|
| Cash                             | \$ 1,048,306        | \$ 1,513,387        |
| Accounts receivable              | 97,985              | 80,938              |
| Certificates of deposit, current | 1,533,020           | 875,000             |
|                                  | <u>\$ 2,679,311</u> | <u>\$ 2,469,325</u> |

The League has various sources of liquidity at its disposal, including cash, accounts receivable and certificates of deposit maturing within one year. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. The accounts receivable are subject to implied time restrictions but are expected to be collected within one year.

## Iowa League of Cities

### Notes to Financial Statements

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#### Note 2. Liquidity (Continued)

The League's Board has established a contingency reserve fund policy as part of managing its liquidity to cover fixed costs and preserve essential services during periods of financial stress, to provide resources to undertake a major initiative which cannot be fully funded through the operating budget or with designated funds, to ensure adequate cash flow to meet operating needs, to minimize borrowing related to capital purchases and to generate investment income to reduce pressure on member dues. The contingency reserve is established as an amount equal to, or in excess of, a percentage of the annual operating budget. The Board established contingency reserve totaled \$1,426,000 and \$1,449,000 as of June 30, 2023 and 2022, respectively.

#### Note 3. Furniture, Fixtures and Equipment

Detail of furniture, fixtures and equipment is as follows at June 30, 2023 and 2022:

|                          | 2023              | 2022              |
|--------------------------|-------------------|-------------------|
| Furniture and fixtures   | \$ 131,242        | \$ 130,196        |
| Computer equipment       | 790,536           | 733,567           |
| Autos                    | 104,992           | 104,992           |
| Other equipment          | 96,055            | 95,391            |
| Software in progress     | 164,100           | 26,625            |
|                          | <u>1,286,925</u>  | <u>1,090,771</u>  |
| Accumulated depreciation | 943,093           | 847,723           |
|                          | <u>\$ 343,832</u> | <u>\$ 243,048</u> |

#### Note 4. Retirement Benefits

The League has a noncontributory retirement plan covering all full-time employees who have completed 90 days of service. The League pays approximately 10% of gross salary into the plan in lieu of social security. Employer contributions totaled approximately \$278,000 and \$255,000 for the years ended June 30, 2023 and 2022, respectively. The League also has a contributory retirement plan covering all full-time employees. Employees may contribute a dollar amount or percent per pay period. The League matches 50 cents on the dollar up to 2% of gross salary. Employer contributions totaled approximately \$52,000 and \$46,000 for the years ended June 30, 2023 and 2022, respectively.

#### Note 5. Related-Party Transactions

Approximate revenues for the years ended June 30, 2023 and 2022, include fees and royalties from the following related parties, together with the approximate receivables due from these affiliates are as follows:

|  | Fees and Royalties |            | Receivables |           |
|--|--------------------|------------|-------------|-----------|
|  | 2023               | 2022       | 2023        | 2022      |
| Iowa Communities Assurance Pool royalty fee                          | \$ 462,000         | \$ 378,000 | \$ 11,000   | \$ 11,000 |
| Iowa Municipalities Workers' Compensation Association management fee | 2,173,000          | 1,925,000  | 9,000       | 9,000     |
| Iowa Municipalities Workers' Compensation Association royalty fee    | 181,000            | 168,000    | -           | -         |
| Iowa Public Agency Investment Trust royalty fee                      | 245,000            | 114,000    | 26,000      | 17,000    |
| Iowa City Management Association service fee                         | 25,000             | 23,000     | 2,000       | 2,000     |
| Iowa Municipal Attorneys Association service fee                     | 9,000              | 8,000      | -           | -         |

## Iowa League of Cities

### Notes to Financial Statements

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#### Note 5. Related-Party Transactions (Continued)

The League has a cooperation agreement with the Iowa Communities Assurance Pool (ICAP) that provides for royalty fees to be paid to the League. The agreement is subject to termination by either party annually upon 90 days' written notice. The League's executive director serves as a nonvoting member of the Board of Directors of ICAP.

The League has a management agreement with the Iowa Municipalities Workers' Compensation Association (IMWCA), an affiliate that provides for a management fee of approximately \$181,000 per month at June 30, 2023. The agreement is subject to termination by either party upon six months written notice. In addition, the League at times will purchase vehicles on behalf of IMWCA.

The League also has an agreement with IMWCA that provides the League a fee for institutional value equal to a percentage of the annual net premium for the participating member cities of the workers' compensation program for as long as the agreement is in effect.

The League and Iowa Public Agency Investment Trust (IPAIT) have a license agreement that provides for royalty payments. This agreement is subject to termination by either party upon 60 days' written notice. The League's executive director serves as a nonvoting board member for IPAIT.

The League has a contract with the Iowa City Management Association (IaCMA) to provide membership services. The contract is subject to termination annually with 60 days' written notice. The League's executive director serves as the nonvoting secretary/treasurer of IaCMA.

The League has a contract with the Iowa Municipal Attorneys Association (IMAA) to provide membership services. The contract is subject to termination annually with 60 days' written notice. The League's executive director serves as the nonvoting treasurer of IMAA.

#### Note 6. Leases

The League leases office space under a 10-year noncancelable operating lease that expires in October 2023. Subsequent to year end, the League entered into a nine-year lease extension commencing on November 1, 2023, with monthly lease payments of approximately \$10,900. The lease extension includes a termination option after the sixth year of the extended term. The Under ASC 842, lessees recognize the right-of-use assets and lease liabilities on the statement of financial position. At June 30, 2023, the League has an operating right-of-use asset and operating lease liability totaling \$35,042 and \$45,310, respectively.

The League also elected the practical expedient under ASC 842 to combine lease and nonlease components into a single lease component when measuring right-of-use assets and lease liabilities. The League's lease provides for nonlease component costs related to property taxes, insurance, utilities, maintenance and repairs. Any variable costs are excluded from the measurement of the right-of-use asset or lease liability.

The League recorded \$105,615 of lease costs included in rent on the statement of activities for the year ended June 30, 2023. During the year ended June 30, 2023, property taxes, insurance, utilities, maintenance and repairs under operating leases, totaled \$119,668 and is included in rent on the statement of activities.

During the year ended June 30, 2022, rent expense totaled \$105,615 and property taxes, insurance, utilities, maintenance and repairs under operating leases, totaled \$120,986.

## Iowa League of Cities

### Notes to Financial Statements

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#### Note 6. Leases (Continued)

Operating lease liabilities are recorded at the present value of remaining lease payments not yet paid for the lease term using the applicable discount rate. Under ASC 842, the League has made the accounting policy election to use a risk-free discount rate for all leases. The future minimum rental payments required under the operating lease as of June 30, 2023, total \$45,473 for the year ended June 30, 2023, which includes \$163 of interest.

The following is a schedule of weighted-average remaining lease term and weighted-average discount rate for the operating lease as of June 30, 2023:

|   |       |
|---|-------|
| Weighted-average remaining lease term (years) | 0.25  |
| Weighted-average discount rate                | 2.88% |

#### Note 7. Functional Expenses

The following reflects the classification of the League's expenses, by both the underlying nature of the expense and function. An individual expense is allocated to the underlying activity through which it was incurred. Expenses for program services and general and administrative supporting activities for the years ended June 30, 2023 and 2022, are as follows:

|   | 2023                |                            |                     |
|---|---------------------|----------------------------|---------------------|
|   | Program Service     | General and Administrative | Total               |
| Salaries, payroll taxes and fringe benefits | \$ 2,806,374        | \$ 791,000                 | \$ 3,597,374        |
| Rent  | 122,653             | 102,630                    | 225,283             |
| Telephone                                   | 12,025              | 17,733                     | 29,758              |
| Travel                                      | 17,524              | 16,088                     | 33,612              |
| Legal and accounting fees                   | 4,089               | 16,350                     | 20,439              |
| Consulting fees                             | 139,597             | 13,681                     | 153,278             |
| Dues and subscriptions                      | 6,876               | 101,817                    | 108,693             |
| Insurance                                   | 39,800              | 33,878                     | 73,678              |
| Equipment and computer                      | -                   | 342                        | 342                 |
| Printing                                    | 48,165              | 3,006                      | 51,171              |
| Postage                                     | 24,246              | 3,129                      | 27,375              |
| Supplies                                    | 15,142              | 7,621                      | 22,763              |
| Meeting                                     | 154,106             | 9,778                      | 163,884             |
| Training                                    | 1,293               | 2,518                      | 3,811               |
| Online registrations                        | -                   | 8,869                      | 8,869               |
| Depreciation                                | 69,758              | 38,348                     | 108,106             |
| Miscellaneous                               | 467                 | 4,704                      | 5,171               |
| Total                                       | <u>\$ 3,462,115</u> | <u>\$ 1,171,492</u>        | <u>\$ 4,633,607</u> |

Iowa League of Cities

Notes to Financial Statements

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Note 7. Functional Expenses (Continued)

|   | 2022                |                            |                     |
|---|---------------------|----------------------------|---------------------|
|   | Program Service     | General and Administrative | Total               |
| Salaries, payroll taxes and fringe benefits | \$ 2,556,234        | \$ 746,262                 | \$ 3,302,496        |
| Rent  | 126,244             | 100,357                    | 226,601             |
| Telephone                                   | 13,000              | 6,771                      | 19,771              |
| Travel                                      | 16,083              | 13,262                     | 29,345              |
| Legal and accounting fees                   | 11,798              | 16,050                     | 27,848              |
| Consulting fees                             | 179,648             | 44,057                     | 223,705             |
| Dues and subscriptions                      | 6,078               | 96,338                     | 102,416             |
| Insurance                                   | 39,500              | 30,385                     | 69,885              |
| Equipment and computer                      | -                   | 957                        | 957                 |
| Printing                                    | 53,413              | -                          | 53,413              |
| Postage                                     | 27,977              | 2,913                      | 30,890              |
| Supplies                                    | 39,071              | 8,567                      | 47,638              |
| Meeting                                     | 192,597             | 15,487                     | 208,084             |
| Training                                    | 963                 | 309                        | 1,272               |
| Online registrations                        | -                   | 7,990                      | 7,990               |
| Depreciation                                | 51,966              | 37,492                     | 89,458              |
| Miscellaneous                               | 542                 | 4,163                      | 4,705               |
| Total                                       | <u>\$ 3,315,114</u> | <u>\$ 1,131,360</u>        | <u>\$ 4,446,474</u> |

Lobbying expenses for the years ended June 30, 2023 and 2022, totaled approximately \$124,000 and \$114,000, respectively.

**Iowa League of Cities**

**Executive Board and Staff  
(Unaudited)**

| <b>Name</b>            | <b>Title</b>             | <b>Board Term Expires</b> |
|------------------------|--------------------------|---------------------------|
| <b>EXECUTIVE BOARD</b> |                          |                           |
| John Haila             | President                | Sep-23                    |
| Ashley Vanorny         | President-Elect          | Sep-23                    |
| Donny Hobbs            | Immediate Past President | Sep-23                    |
| Quentin Hart           | Past President           | Sep-23                    |
| Scott Naumann          | Past President           | Sep-23                    |
| Barb Barrick           | Director                 | Sep-24                    |
| Aaron Burnett          | Director                 | Sep-23                    |
| Brad Cavanagh          | Director                 | Sep-23                    |
| Courtney Clarke        | Director                 | Sep-23                    |
| Tom Cope               | Director                 | Sep-23                    |
| Christina Eicher       | Director                 | Sep-24                    |
| Michael Holton         | Director                 | Sep-24                    |
| Shirley McAdon         | Director                 | Sep-23                    |
| Susan Sembach          | Director                 | Sep-23                    |
| Christopher Taylor     | Director                 | Sep-23                    |
| Cami Jo Rasmussen      | Director                 | Sep-24                    |
| Brian Wagner           | Director                 | Sep-23                    |
| Scott Wynja            | Director                 | Sep-24                    |
| <b>STAFF</b>           |                          |                           |
| Alan Kemp              | Executive Director       | Indefinite                |