

City of Eldridge, Iowa

Financial and Compliance Report
Year Ended June 30, 2023

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City of Eldridge, Iowa

**City Officials
June 30, 2023**

		<u>Term Expiration Date of Elected Officials</u>
Frank King	Mayor	January 2026
Daniel Collins	City Council	January 2026
Brian Dockery	City Council	January 2026
Bernie Peeters	City Council	January 2024
Bruce Cheek	City Council	January 2024
Adrian Blackwell	City Council	January 2024
Barb O'Brien	Utility Board Trustee	February 2026
Brock Kroeger	Utility Board Trustee	February 2028
Mike Anderson	Utility Board Trustee	February 2024
James Skadal	Utility Board Trustee	February 2027
Paula Steward	Utility Board Trustee	February 2029
Nevada Lemke	City Administrator	Appointed
Martha Nieto	City Clerk	Appointed

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Independent Auditor's Report

To the Honorable Mayor
and Members of City Council
City of Eldridge, Iowa
Eldridge, Iowa

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Eldridge, Iowa as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information as of June 30, 2023 and the respective changes in financial position, and where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

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 the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Eldridge, Iowa 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.

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 City of Eldridge, Iowa's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Eldridge, Iowa's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Eldridge, Iowa's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the City's total OPEB liability and related ratios, and schedule of the City's proportionate share of the net pension liability and schedule of the City's contributions, and budgetary comparison information, on pages 4–14 and 58-66 be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Eldridge, Iowa's basic financial statements. The supplementary information as listed in the table of contents and the Schedule of Expenditures of Federal Awards as required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the supplementary information as listed in the table of contents and the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2024, on our consideration of the City of Eldridge, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 of Eldridge, Iowa's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Eldridge, Iowa's internal control over financial reporting and compliance.

Bohnsack & Frommelt LLP

Moline, Illinois
March 11, 2024

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City of Eldridge, Iowa

Management's Discussion and Analysis Year Ended June 30, 2023

It is an honor to present to you the financial picture of the City of Eldridge, Iowa. We offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Eldridge, Iowa for the year ended June 30, 2023.

Financial Highlights

- Revenues of the City's governmental activities increased 10.7%, or \$1,160,806 from fiscal year 2022 to fiscal year 2023, primarily due to an increase of \$699,409 of donated infrastructure from developers.
- Revenues of the City's business-type activities increased 6.4%, or \$677,511 from fiscal year 2022 to fiscal year 2023, primarily due an increase in charges for services of \$2,114,774 and gain on sale of fitness center of \$364,184 offset by a decrease of \$1,962,168 in donated infrastructure.
- Expenses of the City's governmental activities decreased 11.4%, or \$627,163, in fiscal year 2023 from fiscal year 2022.
- Expenses of the City's business-type activities increased 12.5%, or \$933,178 in fiscal year 2023 from fiscal year 2022.
- The City's net position increased 14.7%, or \$9,449,237, from June 30, 2022 net position to June 30, 2023. Of this amount, the net position of the governmental activities increased \$8,582,639 and the net position of the business-type activities increased \$866,598.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Eldridge, Iowa's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements are designed to provide readers with a broad overview of the City of Eldridge, Iowa's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the City of Eldridge, Iowa's assets, deferred outflows of resources, and deferred inflows of resources and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguished functions of the City of Eldridge, Iowa that are principally supported by taxes (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

City of Eldridge, Iowa

Management's Discussion and Analysis Year Ended June 30, 2023

The governmental activities of the City of Eldridge, Iowa include general government, public safety, public works, culture and recreation and community and economic development. The business-type activities of the City of Eldridge, Iowa include the electric, water, and sewer utilities and the community center and fitness center. These services are financed primarily by user charges.

Fund financial statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Eldridge, Iowa, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Eldridge, Iowa maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Road Use Tax Fund, Sales Tax Projects Fund, Eldridge Unified TIF Fund, ARPA Fund and Debt Service Fund which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplementary information section of this report.

Proprietary funds- The City maintains two different types of proprietary funds. The City maintains enterprise funds which are used to report the same functions presented as business-type activities in the government-wide financial statements and maintains an internal service fund which is used to accumulate and allocate costs internally among the City's various functions.

Enterprise funds serve external customers and are primarily funded through user charges. The City maintains five enterprise funds. The enterprise fund financial statements provide separate information for the Electric Fund, Water Fund, and Sewer Fund as these funds are considered to be major funds of the City. Data for the other two enterprise funds are combined into a single, aggregated presentation. Individual data for each of the nonmajor enterprise funds is presented in the form of combining statements in the supplementary information section of this report.

The City uses an internal service fund to account for its employees health insurance costs. Because this activity predominately benefits governmental rather than business-type activities, it is included within the governmental activities in the government-wide financial statements.

Notes to basic financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

City of Eldridge, Iowa

**Management’s Discussion and Analysis
Year Ended June 30, 2023**

Required Supplementary Information – The required supplementary information further explains and supports the financial statements with a comparison of the City’s budget for the year, the City’s proportionate share of the net pension liability and related contributions for the City’s retirement plans, as well as presenting the schedule of changes in the City’s total OPEB.

Supplementary and other information – The combining statements referred to earlier in connection with nonmajor governmental and nonmajor enterprise funds are presented immediately following the notes to basic financial statements and the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. The City’s total net position has increased from a year ago. Table 1 reflects total net position of \$73,783,799 which represents an increase of \$9,449,237 from 2022.

Table 1 - City of Eldridge's Net Position

	Governmental Activities June 2023	Governmental Activities June 2022	Business-Type Activities June 2023	Business-Type Activities June 2022	Total June 2023	Total June 2022
Current and other assets	\$ 15,165,718	\$ 14,962,883	\$ 14,367,053	\$ 12,828,147	\$ 29,532,771	\$ 27,791,030
Capital assets	25,283,379	17,980,086	43,731,821	44,001,990	69,015,200	61,982,076
Total assets	40,449,097	32,942,969	58,098,874	56,830,137	98,547,971	89,773,106
Total deferred outflows of resources	251,429	174,168	164,542	225,094	415,971	399,262
Noncurrent liabilities	11,906,417	12,425,501	4,717,853	3,957,537	16,624,270	16,383,038
Other liabilities	2,648,604	2,758,489	807,487	611,067	3,456,091	3,369,556
Total liabilities	14,555,021	15,183,990	5,525,340	4,568,604	20,080,361	19,752,594
Total deferred inflows of resources	4,804,367	5,174,648	295,415	910,564	5,099,782	6,085,212
Net position:						
Net investment in capital assets	12,568,914	6,206,069	39,347,250	39,760,787	51,916,164	45,966,856
Restricted	7,277,646	5,721,417	-	-	7,277,646	5,721,417
Unrestricted	1,494,578	831,013	13,095,411	11,815,276	14,589,989	12,646,289
Total net position	\$ 21,341,138	\$ 12,758,499	\$ 52,442,661	\$ 51,576,063	\$ 73,783,799	\$ 64,334,562

Of the City of Eldridge’s net position, 70.3 percent reflects its investment in capital assets (e.g., land, construction-in-progress, buildings and improvements, infrastructure, machinery and equipment); less depreciation and any related debt used to acquire those assets that are still outstanding. The City of Eldridge uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

City of Eldridge, Iowa

Management's Discussion and Analysis Year Ended June 30, 2023

The increase in net investment in capital assets is from \$1,725,000 donated infrastructure and approximately \$6.2 million additional purchases for construction of capital assets.

A restricted portion of the City's net position (9.9 percent as of June 30, 2023) represents resources that are subject to external restrictions on how they may be used. Restricted net position increased \$1,556,229 for capital projects by accumulating road use taxes for future projects.

The remaining balance of unrestricted net position, \$14,589,989 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Eldridge, Iowa is able to report positive balances in all three categories of net position. The same situation held true for the prior fiscal year.

Table 2 highlights the City's revenues and expenses for the year ended June 30, 2023. These two main components are subtracted to yield the change in net position. This table utilizes the full accrual method of accounting. Revenue is further divided into two major components: program revenue and general revenue. Program revenue is defined as charges for sales and services, operating grants and contributions and capital grants and contributions. General revenue includes taxes, investment income and other unrestricted revenue sources.

The City's total net position increased by \$9,449,237 during the year ended June 30, 2023. The governmental activities' net position increased by \$8,582,639. Total governmental activities revenue increased \$1,160,806 primarily due to a \$699,409 increase in capital grants and contributions. The City received \$2,476,381 in Highway Planning and Construction federal grants in fiscal year 2023 compared to \$610,178 in fiscal year 2022. The increase in federal grants was offset by a decrease in donated infrastructure of \$1,177,471 from the prior year.

Government activities total expenses decreased \$627,163 from the prior year or 11.4%. The decrease is primarily from improved investment performance for the state pension plan reducing the net pension and related deferred liability.

The total business-type activities' net position increased by \$866,598. The business-type activities net position increased due to \$364,184 gain on sale from the fitness center and a \$2,114,774 increase in charges for services. The City sold the fitness center during fiscal year 2023. Charges for services increased from the electric utility having base rate adjustments during the fiscal year from high rates for purchased power. The business-type activities charges for services are adequate to support operating expenses other than the Water Fund, nonmajor Community Center Fund and the nonmajor Fitness Center Fund.

Business-type activities expenses increased \$993,178 or 12.5% primarily in the electric utility for increased prices for purchased power.

City of Eldridge, Iowa

Management's Discussion and Analysis
Year Ended June 30, 2023

Table 2 - City of Eldridge's Changes in Net Position

	Governmental Activities 2023	Governmental Activities 2022	Business-Type Activities 2023	Business-Type Activities 2022	Total 2023	Total 2022
Revenues:						
Program revenues:						
Charges for services	\$ 1,163,781	\$ 1,098,191	\$ 9,640,087	\$ 7,525,313	\$ 10,803,868	\$ 8,623,504
Operating grants and contributions	958,003	983,852	-	-	958,003	983,852
Capital grants and contributions	4,265,831	3,566,422	1,070,000	3,032,168	5,335,831	6,598,590
General revenues:						
Property taxes levied for:						
General purpose	3,136,344	2,826,449	-	-	3,136,344	2,826,449
Tax increment financing	964,412	993,611	-	-	964,412	993,611
Sales tax	1,228,746	1,257,096	-	-	1,228,746	1,257,096
Other taxes	88,140	103,312	-	-	88,140	103,312
Investment earnings	74,453	14,304	198,790	38,069	273,243	52,373
Other	124,333	-	364,184	-	488,517	-
Total revenues	12,004,043	10,843,237	11,273,061	10,595,550	23,277,104	21,438,787
Expenses:						
General government	1,342,225	786,486	-	-	1,342,225	786,486
Public safety	1,446,290	1,818,021	-	-	1,446,290	1,818,021
Public works	1,084,608	1,904,024	-	-	1,084,608	1,904,024
Culture and recreation	573,809	602,683	-	-	573,809	602,683
Community and economic development	204,547	198,957	-	-	204,547	198,957
Interest on long-term debt	223,278	191,748	-	-	223,278	191,748
Electric	-	-	5,863,439	5,010,745	5,863,439	5,010,745
Water	-	-	987,875	881,782	987,875	881,782
Sewer	-	-	1,534,103	1,523,152	1,534,103	1,523,152
Community center	-	-	518,192	363,574	518,192	363,574
Fitness center	-	-	49,501	180,679	49,501	180,679
Total expenses	4,874,757	5,501,920	8,953,110	7,959,932	13,827,867	13,461,851
Excess before transfers	7,129,286	5,341,317	2,319,951	2,635,618	9,449,237	7,976,936
Transfers	1,453,353	135,535	(1,453,353)	(135,535)	-	-
Change in net position	8,582,639	5,476,852	866,598	2,500,083	9,449,237	7,976,936
Net position, beginning,	12,758,499	7,281,646	51,576,063	49,075,980	64,334,562	56,357,626
Net position, ending	\$ 21,341,138	\$ 12,758,499	\$ 52,442,661	\$ 51,576,063	\$ 73,783,799	\$ 64,334,562

City of Eldridge, Iowa

**Management’s Discussion and Analysis
Year Ended June 30, 2023**

Table 3 below discloses cost of services for governmental activities.

The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program revenues. Succinctly put, net costs are costs that must be covered by local taxes or other general revenue or transfers.

Table 3 - Governmental Activities

Programs	Total Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2023	Net Cost of Services 2022
Public safety	\$ 1,446,290	\$ 1,818,021	\$ (1,193,996)	\$ (1,591,765)
Public works	1,084,608	1,904,024	1,971,052	2,826,859
Culture and recreation	573,809	602,683	(511,063)	(457,001)
Community and economic development	204,547	198,957	(79,581)	(133,727)
General government	1,342,225	786,486	1,549,724	(306,072)
Interest on long-term debt	223,278	191,748	(223,278)	(191,748)
Total	<u>\$ 4,874,757</u>	<u>\$ 5,501,919</u>	<u>\$ 1,512,858</u>	<u>\$ 146,546</u>

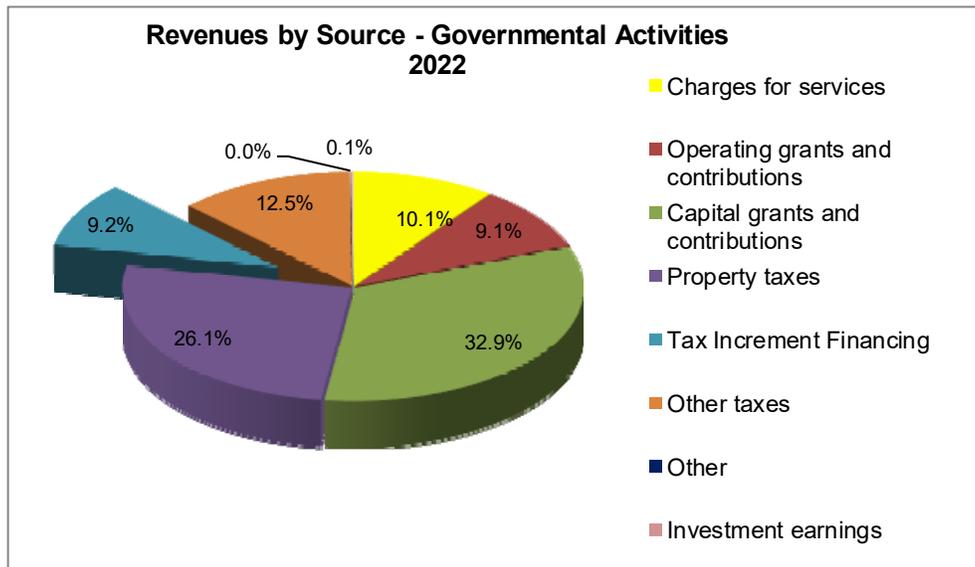
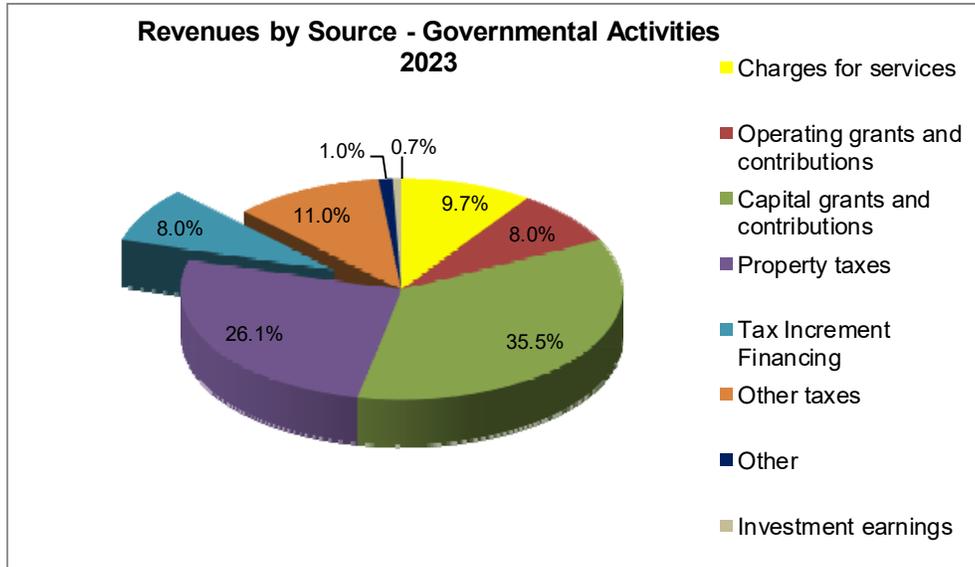
Net cost of services is 31.0 percent of total cost of services for the year ended June 30, 2023 and 2.7 percent for the year ended June 30, 2022. The change in net cost of services is primarily due to capital grants and contributions in public works. The capital contributions are primarily the infrastructure donated by developers. In fiscal year 2022, \$2,902,471 was donated for Townsend Farms and Grunwald residential subdivisions. In fiscal year 2023, \$1,725,000 was donated for Ivy Acres and Grunwald Grove 2nd addition residential subdivisions.

City of Eldridge, Iowa

Management's Discussion and Analysis
Year Ended June 30, 2023

Governmental Activities

The graphs below show the percentage of the total governmental activities revenues allocated by each revenue type for 2023 and 2022.

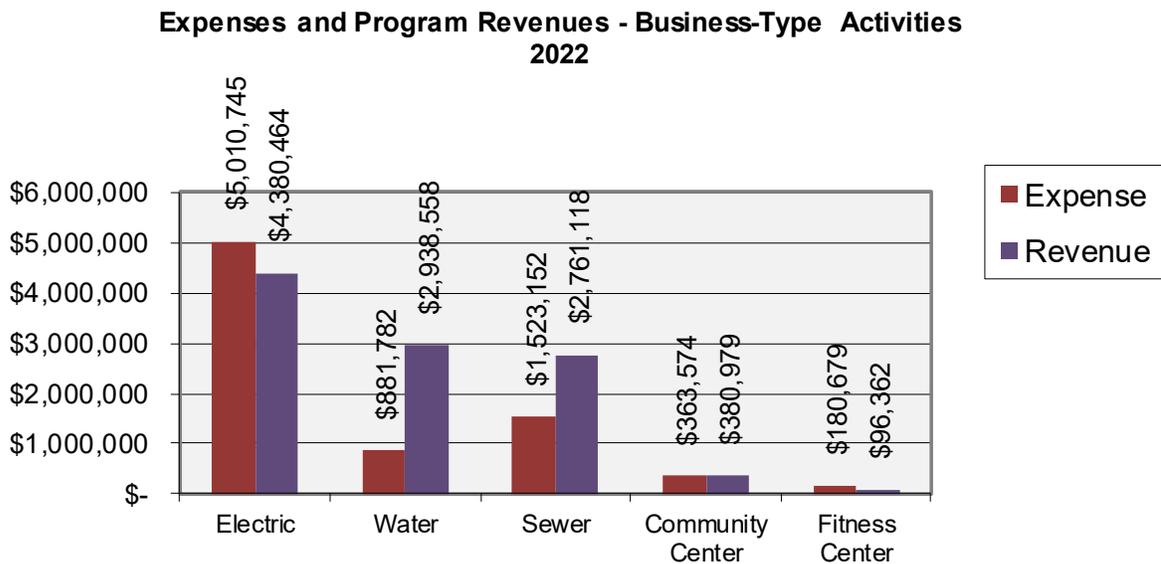
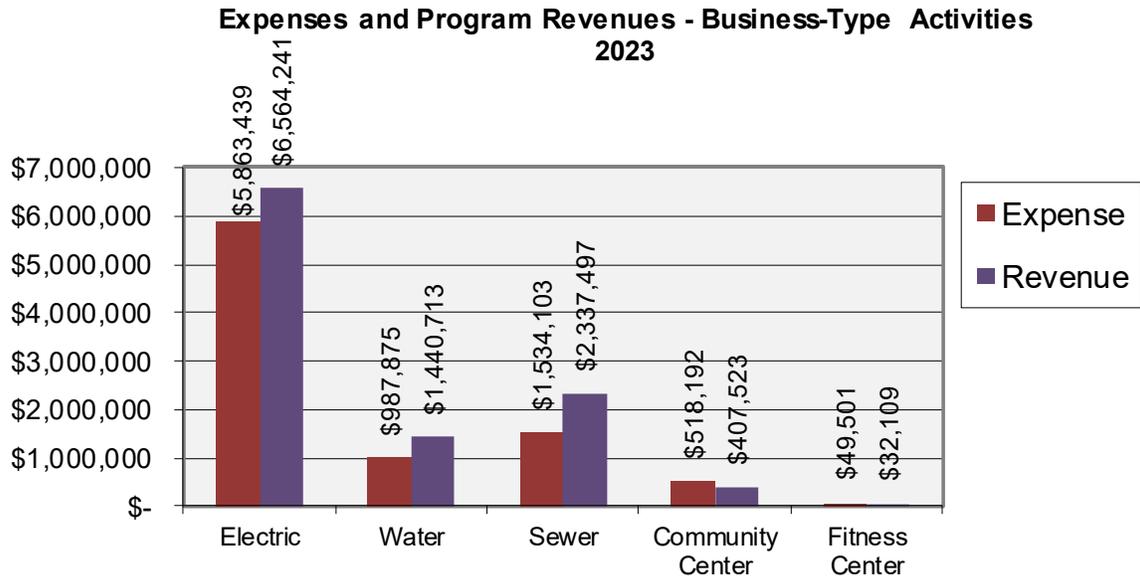


City of Eldridge, Iowa

Management’s Discussion and Analysis
Year Ended June 30, 2023

Business-type activities: For the year ended June 30, 2023, business-type activities increased the City of Eldridge’s net position by \$866,598.

Total business-type activities’ revenue for the fiscal year was \$11,273,061. All but \$562,974 of this revenue was generated for specific business-type activity. The graph below shows a comparison between the business-type activity expenditures and revenues for 2023 and 2022.



City of Eldridge, Iowa

Management's Discussion and Analysis Year Ended June 30, 2023

Financial Analysis of the Government's Funds

As noted earlier, the City of Eldridge, Iowa uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds – The focus of the City of Eldridge, Iowa's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Eldridge itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Eldridge's City Council.

As of June 30, 2023, the City of Eldridge, Iowa's governmental funds reported combined ending fund balances of \$8,937,350, a decrease of \$69,589 from June 30, 2022. The City's unassigned balance was \$1,593,445 as of June 30, 2023 compared to \$1,309,152 as of June 30, 2022. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form - \$184,075, 2) legally required to be maintained intact or restricted for particular purposes by enabling legislation or by third parties - \$7,094,014 or 3) committed for particular purposes - \$65,816.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,602,639 while total fund balance increased by \$318,302. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to general fund expenditures. Unassigned fund balance represents approximately 39.2 percent of total General Fund expenditures for 2023 compared to 32.2 percent for 2022, while total fund balance represents approximately 45.3 percent of General Fund expenditures compared to 37.0 percent in the prior year.

The General Fund's revenue sources of property taxes and other taxes contribute 71.4 percent of revenue used to fund the general purposes of the City including police, streets and parks. These revenue sources have a direct correlation with the health of the economy. Another 10.9 percent of the City's General Fund revenues were derived from charges for services. Revenues increased \$285,223 due to an increase in property taxes from increases in assessed valuation and tax rate.

The Road Use Tax Fund accounts for road construction and maintenance, had an increase in fund balance of \$545,382 for the year ending June 30, 2023 compared to an increase in fund balance of \$462,559 from June 30, 2022. The Road Use Tax Fund ended fiscal year 2023 with a \$2,242,501 fund balance. The City received \$929,991 in allocations and expended \$384,609.

The Sales Tax Projects Fund accounts for the tax revenues and the capital improvements, purchases of equipment and community programs and services for which they are used. This fund had a decrease of \$960,674 in fund balance for the year ended June 30, 2023 due to \$4,967,087 in planned spending on capital projects.

The Eldridge Unified Tax Increment Financing (TIF) Fund accounts for revenues collected to be used for economic purposes. Fund balance (deficit) increased \$14,439 from (\$23,633) in 2022 to (\$9,194) in 2023. The increase in TIF fund balance was due to taxes exceeding the payments to developers and required transfer out for debt services.

The ARPA Fund accounts for the Coronavirus State and Local Fiscal Recovery Funds federal program. The City has not expended the grant advances.

City of Eldridge, Iowa

**Management’s Discussion and Analysis
Year Ended June 30, 2023**

The Debt Service Fund balance decreased \$1,359 from \$131,870 in 2022 to \$130,511 in 2023. The Debt Service Fund continues to service debt as it becomes due. In the current year, principal payments of \$1,076,000 were made on outstanding general obligation bonds and notes.

Proprietary funds – The City of Eldridge’s proprietary funds provides the same type of information found in the government-wide financial statements but in more detail.

The Electric Fund had an increase in net position of \$722,489 from \$19,064,502 at June 30, 2022 to \$19,786,991 at June 30, 2023 due to base rate adjustments for the spike in the purchased power from the gas market..

The Water Fund had an increase in net position of \$434,338 from \$9,948,342 at June 30, 2022 to \$10,382,680 at June 30, 2023 due to \$460,000 in capital contributions from donated infrastructure.

The Sewer Fund had an increase in net position of \$62,974 from \$21,184,041 at June 30, 2022 to \$21,247,015 at June 30, 2023 due to \$610,000 in capital contributions from donated infrastructure.

Budgetary Highlights

Formal and legal budgetary control is based on nonmajor classes of disbursements known as functions, not by fund or fund type.

During the year, one budget amendment increased budgeted expenditures by \$304,027. During the year, expenditures for all functions were less than budgeted by \$1,458,491, however the City over expended the general government, debt service and business-type functions by \$408,435, \$7,317 and \$1,047,713 respectively.

Capital Asset and Debt Administration

Capital assets - The City of Eldridge’s investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$69,015,200 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, buildings and improvements, machinery and equipment, and infrastructure.

City of Eldridge's Capital Assets

	Governmental Activities		Business-Type		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 2,164,514	\$ 2,055,468	\$ -	\$ 120,000	\$ 2,164,514	\$ 2,175,468
Construction in progress	4,420,182	7,773,721	74,845	-	4,495,027	7,773,721
Buildings	7,809,280	1,607,833	34,902,098	35,426,607	42,711,378	37,034,440
Equipment and vehicles	3,017,003	2,578,190	2,556,372	2,515,071	5,573,375	5,093,261
Infrastructure, road network	35,614,299	31,101,379	34,455,358	32,733,909	70,069,657	63,835,288
Right to use leased equipment	27,252	27,252	11,261	11,261	38,513	38,513
Accumulated depreciation	(27,769,151)	(27,163,757)	(28,268,113)	(26,804,858)	(56,037,264)	(53,968,615)
Total	\$ 25,283,379	\$ 17,980,086	\$ 43,731,821	\$ 44,001,990	\$ 69,015,200	\$ 61,982,076

Additional information on the City of Eldridge’s capital assets can be found in Note 3 to the basic financial statements.

City of Eldridge, Iowa

Management's Discussion and Analysis Year Ended June 30, 2023

Debt - As of June 30, 2023, the City of Eldridge, Iowa had outstanding obligations totaling \$17,448,230 compared to \$18,288,355 as of June 30, 2022. The City paid \$1,076,000 in principal payments and \$250,443 in interest payments.

Table 5 - Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds/notes	\$ 12,237,913	\$ 13,160,906	\$ -	\$ -	\$ 12,237,913	\$ 13,160,906
Bond premium	462,152	487,827	-	-	462,152	487,827
Revenue bonds	-	-	4,380,810	4,235,170	4,380,810	4,235,170
Lease obligation	14,400	19,742	3,761	6,033	18,161	25,775
Compensated absences	189,849	158,488	159,324	220,189	349,173	378,677
Total	\$ 12,904,314	\$ 13,826,963	\$ 4,543,895	\$ 4,461,392	\$ 17,448,209	\$ 18,288,355

Additional information about the City's long-term debt can be found in Note 5 to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

- Real property taxable assessed values have continued to rise with January 1, 2022 valuation of \$467,986,637 for fiscal year 2023 taxes.
- The City's 2024 fiscal year budgeted expenditures and transfers out are \$21,191,604.
- As the General Fund is to a significant percent funded by property taxes and other taxes, the City continues to encourage new development that supports these revenue sources.

Requests for Information

These financial statements and discussions are designed to provide our citizens, taxpayers, investors and creditors with a complete disclosure of the City's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please contact the City Administrator at (563) 285-4841, or at 305 North 3rd Street, Eldridge, IA 52748.

City of Eldridge, Iowa

Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 9,116,493	\$ 12,186,044	\$ 21,302,537
Receivables:			
Property taxes			
Current year	14,818	-	14,818
Succeeding year	4,426,893	-	4,426,893
Other tax	108,233	-	108,233
Lease receivable	19,271	15,379	34,650
Other	143,974	759,516	903,490
Intergovernmental	1,081,819	-	1,081,819
Internal balances	(94,420)	94,420	-
Inventories	36,400	953,321	989,721
Prepaid expenses	147,675	116,255	263,930
Total current assets	15,001,156	14,124,935	29,126,091
Noncurrent assets:			
Restricted cash and cash equivalents	-	72,650	72,650
Lease receivable	164,562	169,468	334,030
Capital assets not being depreciated	6,584,696	74,845	6,659,541
Capital assets (net of accumulated depreciation)	18,698,683	43,656,976	62,355,659
Total noncurrent assets	25,447,941	43,973,939	69,421,880
Total assets	40,449,097	58,098,874	98,547,971
Deferred outflows of resources:			
OPEB related deferred outflows	3,600	2,561	6,161
Pension related deferred outflows	247,829	161,981	409,810
Total deferred outflows of resources	251,429	164,542	415,971
Total assets and deferred outflows of resources	\$ 40,700,526	\$ 58,263,416	\$ 98,963,942

See Notes to Basic Financial Statements.

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 359,141	\$ 261,106	620,247
Claims payable	22,800	-	22,800
Salaries and benefits payable	37,681	36,382	74,063
Accrued expenses	1,300	43,678	44,978
Unearned revenue	1,023,634	-	1,023,634
Accrued interest	18,066	2,555	20,621
Compensated absences	84,097	74,084	158,181
Customer deposits	-	101,961	101,961
Lease obligation	4,885	1,721	6,606
Revenue bonds	-	286,000	286,000
General obligation bonds/notes	1,097,000	-	1,097,000
Total current liabilities	2,648,604	807,487	3,456,091
Noncurrent liabilities:			
Compensated absences	105,752	85,240	190,992
Lease obligation	9,515	2,040	11,555
Revenue bonds	-	4,094,810	4,094,810
General obligation bonds/notes	11,603,065	-	11,603,065
Net OPEB liability	52,805	37,553	90,358
Net pension liability	135,280	498,210	633,490
Total noncurrent liabilities	11,906,417	4,717,853	16,624,270
Total liabilities	14,555,021	5,525,340	20,080,361
Deferred inflows of resources:			
Pension related deferred inflows	149,491	79,170	228,661
OPEB related deferred inflows	44,150	31,398	75,548
Unavailable revenue, property taxes	4,426,893	-	4,426,893
Lease receivable	183,833	184,847	368,680
Total deferred inflows of resources	4,804,367	295,415	5,099,782
Net Position:			
Net investment in capital assets	12,568,914	39,347,250	51,916,164
Restricted for:			
Debt service	130,511	-	130,511
Community programs and services	105,167	-	105,167
Capital projects	7,041,968	-	7,041,968
Unrestricted	1,494,578	13,095,411	14,589,989
Total net position	21,341,138	52,442,661	73,783,799
Total liabilities, deferred inflows of resources and net position	\$ 40,700,526	\$ 58,263,416	\$ 98,963,942

City of Eldridge, Iowa

Statement of Activities
Year Ended June 30, 2023

Functions	Expenses	Program Revenues		
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Public safety	\$ 1,446,290	\$ 252,294	\$ -	\$ -
Public works	1,084,608	400,669	929,991	1,725,000
Culture and recreation	573,809	62,746	-	-
Community and economic development	204,547	124,966	-	-
General government	1,342,225	323,106	28,012	2,540,831
Interest on long-term debt	223,278	-	-	-
Total governmental activities	4,874,757	1,163,781	958,003	4,265,831
Business-type activities:				
Electric	5,863,439	6,564,241	-	-
Water	987,875	968,279	-	460,000
Sewer	1,534,103	1,667,935	-	610,000
Community Center	518,192	407,523	-	-
Fitness Center	49,501	32,109	-	-
Total business-type activities	8,953,110	9,640,087	-	1,070,000
Total	\$ 13,827,867	\$ 10,803,868	\$ 958,003	\$ 5,335,831

General Revenues

- Property taxes levied for:
 - General purposes
 - Tax increment financing
 - Sales tax
 - Other taxes
 - Other
- Investment earnings

Transfers

Total general revenues and transfers

Change in net position

- Net position, beginning of year
- Net position, end of year

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position
Primary Government

Governmental Activities	Business-Type Activities	Total
----------------------------	-----------------------------	-------

\$ (1,193,996)	\$ -	\$ (1,193,996)
1,971,052	-	1,971,052
(511,063)	-	(511,063)
(79,581)	-	(79,581)
1,549,724	-	1,549,724
(223,278)	-	(223,278)
1,512,858	-	1,512,858

-	700,802	700,802
-	440,404	440,404
-	743,832	743,832
-	(110,669)	(110,669)
-	(17,392)	(17,392)
-	1,756,977	1,756,977
1,512,858	1,756,977	3,269,835

3,136,344	-	3,136,344
964,412	-	964,412
1,228,746	-	1,228,746
88,140	-	88,140
124,333	364,184	488,517
74,453	198,790	273,243
1,453,353	(1,453,353)	-
7,069,781	(890,379)	6,179,402

8,582,639	866,598	9,449,237
12,758,499	51,576,063	64,334,562
\$ 21,341,138	\$ 52,442,661	\$ 73,783,799

City of Eldridge, Iowa

**Balance Sheet
Governmental Funds
June 30, 2023**

	Special Revenue		
	General	Road Use Tax	Sales Tax Projects
Assets			
Cash and cash equivalents	\$ 1,649,933	\$ 2,167,523	\$ 3,633,743
Receivables, net of allowance:			
Property taxes:			
Current year	13,045	-	-
Succeeding year	3,078,691	-	-
Other tax	-	-	97,128
Intergovernmental	15,719	75,590	990,510
Lease	183,833	-	-
Other	143,974	-	-
Inventories	36,400	-	-
Prepaid items	147,675	-	-
Due from other funds	10,083	-	-
Total assets	\$ 5,279,353	\$ 2,243,113	\$ 4,721,381
Liabilities, deferred inflows of resources and fund balances			
Liabilities:			
Accounts payable	\$ 125,318	\$ 612	\$ 226,301
Salaries and benefits payable	37,681	-	-
Accrued expenses	1,300	-	-
Unearned revenue	-	-	-
Due to other funds	-	-	-
Total liabilities	164,299	612	226,301
Deferred inflows of resources, unavailable revenue:			
Property taxes	3,078,691	-	-
Lease receivables	183,833	-	-
Other	-	-	183,632
Total deferred inflows of resources	3,262,524	-	183,632
Fund balances (deficits):			
Nonspendable:			
Inventories	36,400	-	-
Prepaid items	147,675	-	-
Restricted:			
Debt service	-	-	-
Community programs and services	-	-	-
Capital projects	-	2,242,501	4,311,448
Committed:			
General equipment replacement	65,816	-	-
Unassigned	1,602,639	-	-
Total fund balances (deficits)	1,852,530	2,242,501	4,311,448
Total liabilities, deferred inflow of resources and fund balances	\$ 5,279,353	\$ 2,243,113	\$ 4,721,381

See Notes to Basic Financial Statements.

Special Revenue					
ARPA	Eldridge Unified TIF	Debt Service	Nonmajor Governmental Funds	Total	
\$ 1,023,634	\$ -	\$ 129,627	\$ 405,359	\$ 9,009,819	
-	889	884	-	14,818	
-	1,110,814	237,388	-	4,426,893	
-	-	-	11,105	108,233	
-	-	-	-	1,081,819	
-	-	-	-	183,833	
-	-	-	-	143,974	
-	-	-	-	36,400	
-	-	-	-	147,675	
-	-	-	-	10,083	
<u>\$ 1,023,634</u>	<u>\$ 1,111,703</u>	<u>\$ 367,899</u>	<u>\$ 416,464</u>	<u>\$ 15,163,547</u>	
\$ -	\$ -	\$ -	\$ 6,910	\$ 359,141	
-	-	-	-	37,681	
-	-	-	-	1,300	
1,023,634	-	-	-	1,023,634	
-	10,083	-	-	10,083	
<u>1,023,634</u>	<u>10,083</u>	<u>-</u>	<u>6,910</u>	<u>1,431,839</u>	
-	1,110,814	237,388	-	4,426,893	
-	-	-	-	183,833	
-	-	-	-	183,632	
<u>-</u>	<u>1,110,814</u>	<u>237,388</u>	<u>-</u>	<u>4,794,358</u>	
-	-	-	-	36,400	
-	-	-	-	147,675	
-	-	130,511	-	130,511	
-	-	-	105,167	105,167	
-	-	-	304,387	6,858,336	
-	-	-	-	65,816	
-	(9,194)	-	-	1,593,445	
<u>-</u>	<u>(9,194)</u>	<u>130,511</u>	<u>409,554</u>	<u>8,937,350</u>	
<u>\$ 1,023,634</u>	<u>\$ 1,111,703</u>	<u>\$ 367,899</u>	<u>\$ 416,464</u>	<u>\$ 15,163,547</u>	

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City of Eldridge, Iowa

**Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2023**

Total governmental fund balances \$ 8,937,350

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 25,283,379

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds 183,632

The Internal Service Fund is used by management to charge the costs of certain activities, including the City's partial self-funding of health insurance benefits to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position:

Internal service fund net position 83,874
Internal service fund allocated to business-type activities (94,420)

Accrued interest payable on long-term liabilities is not due and payable in the current year and, therefore, is not reported as a liability in the governmental funds. (18,066)

Pension and OPEB related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental funds, as follows:

OPEB related deferred outflows of resources	3,600	
OPEB related deferred inflows of resources	(44,150)	
Pension related deferred outflows of resources	247,829	
Pension related deferred inflows of resources	(149,491)	57,788

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

General obligation bonds/notes	(12,237,913)	
Premium on long-term debt	(462,152)	
Lease obligation	(14,400)	
Compensated absences	(189,849)	
Net OPEB liability	(52,805)	
Net pension (liability)	(135,280)	(13,092,399)

Net position of governmental activities \$ 21,341,138

See Notes to Basic Financial Statements.

City of Eldridge, Iowa

Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 Year Ended June 30, 2023

	Special Revenue		
	General	Road Use Tax	Sales Tax Projects
Revenues:			
Property taxes	\$ 2,920,606	\$ -	\$ -
Tax increment financing	-	-	-
Other taxes	51,304	-	1,331,079
Licenses and permits	126,290	-	-
Intergovernmental	28,012	929,991	2,374,397
Charges for services	454,463	-	-
Use of money and property:			
Interest	74,453	-	-
Rent	29,632	-	-
Fines, fees, donations and miscellaneous	475,714	-	323
Total revenues	4,160,474	929,991	3,705,799
Expenditures:			
Current:			
Public safety	1,580,470	-	-
Public works	1,244,409	10,914	-
Culture and recreation	461,480	-	-
Community and economic development	90,956	-	-
General government	575,117	-	627,912
Capital outlay	131,711	373,695	4,967,087
Debt service:			
Principal	5,342	-	-
Interest, issuance costs and fiscal charges	520	-	-
Total expenditures	4,090,005	384,609	5,594,999
Revenues over (under) expenditures	70,469	545,382	(1,889,200)
Other financing sources (uses):			
Proceeds from issuance of debt	-	-	153,007
Insurance recoveries	124,333	-	-
Transfers in	203,500	-	1,231,805
Transfers (out)	(80,000)	-	(456,286)
Total other financing sources (uses)	247,833	-	928,526
Net change in fund balances	318,302	545,382	(960,674)
Fund balances (deficits), beginning	1,534,228	1,697,119	5,272,122
Fund balances (deficits), ending	\$ 1,852,530	\$ 2,242,501	\$ 4,311,448

See Notes to Basic Financial Statements.

Special Revenue				
ARPA	Eldridge Unified TIF	Debt Service	Nonmajor Governmental Funds	Total
\$ -	\$ -	\$ 215,738	\$ -	\$ 3,136,344
-	964,412	-	-	964,412
-	-	-	36,836	1,419,219
-	-	-	-	126,290
-	-	-	-	3,332,400
-	-	-	-	454,463
-	-	-	-	74,453
-	-	-	-	29,632
-	-	-	77,359	553,396
-	964,412	215,738	114,195	10,090,609
-	-	-	-	1,580,470
-	-	-	-	1,255,323
-	-	-	11,891	473,371
-	124,481	-	-	215,437
-	-	-	-	1,203,029
-	-	-	198,983	5,671,476
-	-	1,076,000	-	1,081,342
-	-	249,923	-	250,443
-	124,481	1,325,923	210,874	11,730,891
-	839,931	(1,110,185)	(96,679)	(1,640,282)
-	-	-	-	153,007
-	-	-	-	124,333
-	-	1,108,826	125,000	2,669,131
-	(825,492)	-	(14,000)	(1,375,778)
-	(825,492)	1,108,826	111,000	1,570,693
-	14,439	(1,359)	14,321	(69,589)
-	(23,633)	131,870	395,233	9,006,939
\$ -	\$ (9,194)	\$ 130,511	\$ 409,554	\$ 8,937,350

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City of Eldridge, Iowa

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2023**

Net change in fund balances - governmental funds \$ (69,589)

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. Capital outlay expenditures exceeded depreciation expense in the current year, as follows:

Capital outlay	\$ 6,183,687	
Donated infrastructure	1,725,000	
Depreciation / amortization expense	<u>(605,394)</u>	7,303,293

Revenue in the statement of activities that does not provide current financial resources are not reported as revenues in the funds:

Local option sales tax	(102,333)	
Other grants	<u>166,434</u>	64,101

The Internal Service Fund is used by management to charge the costs of certain activities, including the self funding of the City's health insurance benefits to individual funds. A portion of the change in net position of the Internal Service Fund is reported with governmental activities 17,783

Proceeds from issuing long-term liabilities provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Issuance of long-term debt	(153,007)	
Repayment of principal	1,081,342	
Accrued interest on long-term debt	1,490	
Premium on long term debt accretion	<u>25,675</u>	955,500

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Compensated absences	(31,361)	
Pension expense and related deferred inflows and outflows	358,884	
OPEB expense and related deferred inflows and outflows	<u>(15,972)</u>	311,551

Change in net position of governmental activities \$ 8,582,639

See Notes to Basic Financial Statements.

City of Eldridge, Iowa

Statement of Net Position
Proprietary Funds
June 30, 2023

	Electric	Water
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,353,136	\$ 2,416,510
Receivables, net of allowance for uncollectible amounts:		
Customer accounts and unbilled usage	421,276	153,010
Lease receivable	623	14,756
Prepaid expenses	53,851	17,415
Inventories	676,489	70,302
Total current assets	8,505,375	2,671,993
Noncurrent assets:		
Restricted cash and cash equivalents	49,800	22,850
Lease receivable	11,938	157,530
Capital assets, not being depreciated	74,845	-
Capital assets, net of accumulated depreciation	11,828,039	7,860,828
Total noncurrent assets	11,964,622	8,041,208
Total assets	20,469,997	10,713,201
Deferred outflows of resources:		
OPEB related deferred outflows	1,131	530
Pension related deferred outflows	71,528	33,540
Total deferred outflows of resources	72,659	34,070
Total assets and deferred outflows of resources	\$ 20,542,656	\$ 10,747,271
Liabilities		
Current liabilities:		
Accounts payable	\$ 238,888	\$ 10,890
Claims payable	-	-
Salaries and benefits payable	18,361	8,228
Accrued expenses	43,678	-
Accrued interest	-	-
Compensated absences	32,488	8,839
Customer deposits	79,111	22,850
Lease obligation	1,721	-
Revenue bonds	-	-
Total current liabilities	414,247	50,807
Noncurrent liabilities:		
Compensated absences	41,412	7,660
Lease obligation	2,040	-
Revenue bonds	-	-
Net OPEB liability	16,581	7,780
Net pension liability	220,001	103,160
Total noncurrent liabilities	280,034	118,600
Total liabilities	694,281	169,407
Deferred inflows of resources:		
OPEB related deferred inflows	13,863	6,505
Pension related deferred inflows	34,960	16,393
Lease receivable	12,561	172,286
Total deferred inflows of resources	61,384	195,184
Net position:		
Net investment in capital assets	11,899,123	7,860,828
Unrestricted	7,887,868	2,521,852
Total net position	19,786,991	10,382,680
Total liabilities, deferred inflows of resources, and net position	\$ 20,542,656	\$ 10,747,271

Amounts reported for business-type activities in the Statement of Net Position are different because:

Certain internal service fund assets and liabilities are included with business-type activities

Net position of business-type activities

See Notes to Basic Financial Statements.

Enterprise Funds

	Sewer	Nonmajor Enterprise Funds	Total	Internal Service
\$	2,329,274	\$ 87,124	\$ 12,186,044	\$ 106,674
	185,230	-	759,516	-
	-	-	15,379	-
	30,465	14,524	116,255	-
	201,733	4,797	953,321	-
	<u>2,746,702</u>	<u>106,445</u>	<u>14,030,515</u>	<u>106,674</u>
	-	-	72,650	-
	-	-	169,468	-
	-	-	74,845	-
	23,069,780	898,329	43,656,976	-
	<u>23,069,780</u>	<u>898,329</u>	<u>43,973,939</u>	<u>-</u>
	<u>25,816,482</u>	<u>1,004,774</u>	<u>58,004,454</u>	<u>106,674</u>
	622	278	2,561	-
	39,314	17,599	161,981	-
	<u>39,936</u>	<u>17,877</u>	<u>164,542</u>	<u>-</u>
\$	<u>25,856,418</u>	<u>1,022,651</u>	<u>58,168,996</u>	<u>106,674</u>

\$	6,057	\$ 5,271	\$ 261,106	\$ -
	-	-	-	22,800
	5,658	4,135	36,382	-
	-	-	43,678	-
	2,555	-	2,555	-
	29,470	3,287	74,084	-
	-	-	101,961	-
	-	-	1,721	-
	286,000	-	286,000	-
	<u>329,740</u>	<u>12,693</u>	<u>807,487</u>	<u>22,800</u>
	27,978	8,190	85,240	-
	-	-	2,040	-
	4,094,810	-	4,094,810	-
	9,117	4,075	37,553	-
	120,920	54,129	498,210	-
	<u>4,252,825</u>	<u>66,394</u>	<u>4,717,853</u>	<u>-</u>
	<u>4,582,565</u>	<u>79,087</u>	<u>5,525,340</u>	<u>22,800</u>
	7,623	3,407	31,398	-
	19,215	8,602	79,170	-
	-	-	184,847	-
	<u>26,838</u>	<u>12,009</u>	<u>295,415</u>	<u>-</u>
	18,688,970	898,329	39,347,250	-
	2,558,045	33,226	13,000,991	83,874
	<u>21,247,015</u>	<u>931,555</u>	<u>52,348,241</u>	<u>83,874</u>
\$	<u>25,856,418</u>	<u>1,022,651</u>	<u>58,168,996</u>	<u>106,674</u>

94,420
\$ 52,442,661

City of Eldridge, Iowa

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2023**

	Electric	Water
Operating revenues:		
Charges for services	\$ 6,537,553	\$ 943,098
Miscellaneous	26,688	25,181
Total operating revenues	6,564,241	968,279
Operating expenses:		
Cost of sales and services	5,286,226	656,775
Depreciation	562,429	331,100
Total operating expenses	5,848,655	987,875
Operating income (loss)	715,586	(19,596)
Nonoperating revenues (expenses):		
Investment earnings	111,903	12,434
Gain on the sale of capital assets	-	-
Interest expense	-	-
Total nonoperating revenues (expenses)	111,903	12,434
Income (loss) before transfers and capital contributions	827,489	(7,162)
Capital contributions	-	460,000
Transfers in	-	-
Transfers (out)	(105,000)	(18,500)
Total transfers and capital contributions	(105,000)	441,500
Change in net position	722,489	434,338
Total net position, beginning of year	19,064,502	9,948,342
Total net position, end of year	\$ 19,786,991	\$ 10,382,680

Amounts reported for business-type activities in the Statement of Activities are different because:
The portion of net income of the internal service fund is reported with the business-type activities which this fund services
Change in net position of business-type activities

See Notes to Basic Financial Statements.

Enterprise Funds				
	Sewer	Nonmajor Enterprise Funds	Total	Internal Service
\$	1,665,844	\$ 420,040	\$ 9,566,535	\$ 5,357
	2,091	19,592	73,552	-
	1,667,935	439,632	9,640,087	5,357
	709,840	507,187	7,160,028	162,358
	793,131	60,506	1,747,166	-
	1,502,971	567,693	8,907,194	162,358
	164,964	(128,061)	732,893	(157,001)
	59,562	14,891	198,790	-
	-	364,184	364,184	-
	(31,132)	-	(31,132)	-
	28,430	379,075	531,842	-
	193,394	251,014	1,264,735	(157,001)
	610,000	-	1,070,000	-
	-	30,000	30,000	160,000
	(740,420)	(619,433)	(1,483,353)	-
	(130,420)	(589,433)	(383,353)	160,000
	62,974	(338,419)	881,382	2,999
	21,184,041	1,269,974	51,466,859	80,875
\$	21,247,015	\$ 931,555	\$ 52,348,241	\$ 83,874

(14,784)
\$ 866,598

City of Eldridge, Iowa

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2023

	Enterprise	
	Electric	Water
Cash flows from operating activities:		
Receipts from users	\$ 6,488,338	\$ 896,938
Payments to suppliers	(4,422,416)	(328,675)
Payments to employees	(597,585)	(338,113)
Net cash provided by (used in) operating activities	<u>1,468,337</u>	<u>230,150</u>
Cash flows from noncapital financing activities:		
Proceeds from other funds	-	-
Payments to other funds	(105,000)	(18,500)
Net cash provided by (used in) noncapital financing activities	<u>(105,000)</u>	<u>(18,500)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(119,339)	(492,406)
Proceeds from sale of capital assets	-	-
Proceeds from issuance of debt	-	-
Principal payment on lease obligations	(2,272)	-
Principal payment on debt	-	-
Interest paid on debt	-	-
Net cash (used in) capital and related financing activities	<u>(121,611)</u>	<u>(492,406)</u>
Cash flows from investing activities:		
Interest received	111,903	12,434
Increase (decrease) in cash and cash equivalents	<u>1,353,629</u>	<u>(268,322)</u>
Cash and cash equivalents:		
Beginning of year	6,049,307	2,707,682
End of year	<u>\$ 7,402,936</u>	<u>\$ 2,439,360</u>
Reconciliation of operating income (loss) to net cash provided by (used in) by operating activities:		
Operating income (loss)	715,586	(19,596)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	562,429	331,100
Change in assets and liabilities:		
Receivables	(88,762)	(75,095)
Prepaid expenses	111,028	(4,342)
Inventories	(146,401)	(8,501)
Accounts payable	219,029	(13,514)
Salaries and benefits payable	9,899	6,445
Claims payable	-	-
Accrued expenses	(4,455)	-
Customer deposits	12,859	3,754
Compensated absences	(18,832)	(39,107)
Net OPEB liability and related deferrals	3,561	(1,545)
Net pension liability and related deferrals	92,396	50,551
Net cash provided by (used in) operating activities	<u>\$ 1,468,337</u>	<u>\$ 230,150</u>
Schedule of noncash items:		
Contributions of capital assets	\$ -	\$ 460,000

See Notes to Basic Financial Statements.

Funds			
Sewer	Nonmajor Enterprise	Total	Internal Service Fund
\$ 1,635,766	\$ 439,632	\$ 9,460,674	\$ 5,357
(337,857)	(255,234)	(5,344,182)	(153,061)
(315,912)	(318,629)	(1,570,239)	-
981,997	(134,231)	2,546,253	(147,704)
-	30,000	30,000	160,000
(740,420)	(739,310)	(1,603,230)	-
(740,420)	(709,310)	(1,573,230)	160,000
(231,328)	-	(843,073)	-
-	800,259	800,259	-
431,640	-	431,640	-
-	-	(2,272)	-
(286,000)	-	(286,000)	-
(31,078)	-	(31,078)	-
(116,766)	800,259	69,476	-
59,562	14,891	198,790	-
184,373	(28,391)	1,241,289	12,296
2,144,901	115,515	11,017,405	94,378
\$ 2,329,274	\$ 87,124	\$ 12,258,694	\$ 106,674
164,964	(128,061)	732,893	(157,001)
793,131	60,506	1,747,166	-
(32,169)	-	(196,026)	-
(666)	2,834	108,854	-
32,714	1,911	(120,277)	-
2,193	3,598	211,306	-
1,835	(2,759)	15,420	-
-	-	-	9,297
-	-	(4,455)	-
-	-	16,613	-
6,659	(9,585)	(60,865)	-
(2,127)	(3,391)	(3,502)	-
15,463	(59,284)	99,126	-
\$ 981,997	\$ (134,231)	\$ 2,546,253	\$ (147,704)
\$ 610,000	\$ -	\$ 1,070,000	\$ -

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City of Eldridge, Iowa

Notes to Basic Financial Statements Year Ended June 30, 2023

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies

Nature of operations:

The City of Eldridge, Iowa (City) is a political subdivision of the State of Iowa located in Scott County and operates under the Home Rule provisions of the constitution of Iowa. The City also 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, recreation, community and economic development, and general governmental services. The City also provides electric, water, sewer and sanitation utilities.

The financial statements of the City of Eldridge, Iowa have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting entity:

For financial reporting purposes, the City of Eldridge, Iowa's basic financial statements have 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 to impose specific financial burdens on the City.

Based on the aforementioned criteria, the City is considered a primary government and there are no other organizations or agencies whose financial statements should be combined and presented with the basic financial statements.

Basis of presentation:

Government-wide and fund financial statements: The government-wide financial statements, the statement of net position and the statement of activities, report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues 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 and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. The focus of fund financial statements is on major funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2023

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Fund accounting: The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The City has the following funds:

Governmental fund types: Governmental fund types are those funds through which most governmental functions typically are financed. The following are the City's major governmental funds:

General Fund: The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Road Use Tax Fund: A special revenue fund used to account for road use tax collected and remitted by the State used for road construction and maintenance.

Sales Tax Projects Fund: A special revenue fund used to account for the revenues from tax authorized by referendum and used for capital improvements, equipment and community programs and services.

ARPA Fund: A special revenue fund used to account for the American Rescue Plan Act funding.

Eldridge Unified TIF Fund: A special revenue fund used to account for the revenue collected to be used for economic and community development projects.

Debt Service Fund: A debt service fund used to account for the payment of, principal and interest on the City's general obligation and tax increment financing long-term debt.

The other governmental funds of the City are considered nonmajor and are as follows:

Special Revenue Funds: Are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Hotel Tax Fund: A special revenue fund used to account for the revenues from hotel tax collected.

Capital Projects Funds: Are used to account for the acquisition or construction of major capital improvements.

Park Improvement Fund: A capital projects fund used to account for the donations and capital improvements to the parks.

Street Projects Fund: A capital projects fund used to account for the revenue collected for street projects.

Proprietary fund types: Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2023**

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Enterprise Funds: Are used to account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The City reports the following major enterprise funds:

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

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 sewer system.

The other enterprise funds of the City are considered nonmajor and are as follows:

The Community Center Fund is used to account for the operation and maintenance of the City's community center.

The Fitness Center Fund is used to account for the operation and maintenance of the City's fitness center.

Additionally, the City reports the Internal Service Fund which is used to account for the partially self-insured health benefits provided to City employees.

Measurement focus and basis of accounting:

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days after year end.

Property tax, local option sales tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the City.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with the prescribed requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2023

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are measurable and available.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Summary of significant accounting policies:

The significant accounting policies followed by the City include the following:

Cash, pooled investments and cash equivalents: The cash balance of most City funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments consist of money market accounts, which are stated at cost. For purposes of the statement of cash flows, all short-term cash investments that are highly liquid (including restricted assets) are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months. Investments are reported at fair value. Securities traded on the national or international exchange are valued at the last reported sales price at current exchange rates.

Property tax receivable: Property tax, including tax increment financing, in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2023 and unpaid taxes. The succeeding year property tax receivable represents taxes certified by the City to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the City is required to certify its budget to the County Auditor by March 31 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized until the year for which it is levied.

Property tax revenues recognized in these funds became due and collectible in September and March of the current fiscal year with a 1 1/2 % per month penalty for delinquent payments; is based on January 1, 2021 assessed property valuations; is for the tax accrual period July 1, 2022 through June 30, 2023 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2022.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2023

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Customer accounts and unbilled usage: Accounts receivable are recorded in the proprietary fund at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billings dates is estimated and is recognized as revenue in the period in which the service is provided.

Intergovernmental receivable: Intergovernmental receivable represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Interfund transactions: Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions which constitute reimbursements to a fund for expenditures initially made from it which are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements.

Activity between funds that are representative of the lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Noncurrent portions of long-term interfund loan receivables are reported as advances within the governmental funds and are offset equally by a fund balance reserve account which indicates they do not constitute expendable available financial resources and, therefore, are not available for appropriation.

Inventories: Inventories consist of consumable supplies and are valued at cost using the first-in first-out (FIFO) method. Inventories are recorded as expenses when consumed rather than when purchased.

Prepaid items: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements on the consumption method. The fund balance in the governmental funds relating to prepaid items is reported as nonspendable.

Restricted cash and investments: Restricted cash and investments include \$72,650 restricted for customer deposits.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2023

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Capital assets: Capital assets, including property, equipment and vehicles, and infrastructure assets (e.g. roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the City), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

Equipment and vehicles	\$	5,000
Land, buildings and improvements		25,000
Infrastructure		50,000

Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40-50 years
Improvements other than buildings	12-25 years
Equipment	4-15 years
Vehicles	6-10 years
Infrastructure	12-50 years

The City's collection of works of art and other similar assets are not capitalized. These collections are unencumbered, held for public exhibition and education, protected, cared for and preserved and subject to City policy that requires proceeds from the sale of these items to be used to acquire other collection items.

Deferred outflows/inflows of resources: In addition to assets, the balance sheet and/or the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category; the pension related deferred outflows and the OPEB related deferred outflows.

In addition to liabilities, the balance sheet and/or statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from: property taxes, tax increment financing, lease receivables, and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2023

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

In the City's government-wide statements only the property tax, tax increment financing revenues, and lease receivables remain as a deferred inflow of resources under the full accrual basis of accounting and will become an inflow in the year for which they are levied. The City also reports pension and OPEB related deferred inflows in the government-wide statements and the proprietary fund statements.

Compensated absences: It is the City's policy to permit employees to accumulate earned but unused vacation, sick leave, personal leave, and compensatory time benefits. Vacation benefits must be used during employment. Sick leave benefits may be used during employment or accumulated up to the maximum hour limit established by the City for payment upon retirement or disability. Personal leave benefits may be used during employment or accumulated up to the maximum hour limit established by the City for payment upon leaving the City's employment unless terminated for cause. Compensatory time benefits may be used during employment or accumulated up to the maximum hour limit established by the City for payment upon leaving the City's employment. A liability is recorded when incurred in the government-wide and proprietary fund financial statements. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2023. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Leases: The City is a lessee for noncancellable leases of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset in the proprietary fund statements and the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial costs to place the asset in service. Subsequently, the lease asset is amortized on a straight-line basis over the life of the lease.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lease receivable: The City is a lessor for a noncancellable lease for a building and for space for activities and cellular antennas. The City recognizes a lease receivable and a deferred inflow of resources in the General Fund and governmental activities and business-type activities and business-type fund financial statements.

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2023**

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

At the commencement of the lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines the discount rate it uses to discount the expected lease receipts to present value, lease term and lease receipts.

The City used its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lease.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements (SBITA): When the City enters into a contract that conveys control of a right to use information technology software, the City recognizes an IT subscription liability and an intangible right-to-use IT subscription asset in the government-wide financial statements.

At the commencement of the IT subscription term, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the IT subscription liability is reduced by the principal portion of payments made. The right-to-use an IT subscription asset is initially measured as the sum of the initial IT subscription liability, adjusted for payments made at or before the commencement date, plus capitalization implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the right-to-use IT subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to IT subscription arrangements include how the City determines the discount rate it uses to discount the expected payments to present value, term and payments.

The City uses the interest rate charged by the IT subscription vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate.

The IT subscription term includes the noncancellable period of the subscription. Payments included in the measurement of the liability are composed of fixed payments.

The City monitors changes in circumstances that would require a remeasurement of its IT subscription and will remeasure the right-to-use IT subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Right-to-use IT subscription assets are reported with other capital assets and IT subscription liabilities are reported with long-term debt on the statement of net position. As of June 30, 2023, the City does not have any IT subscription assets or liabilities.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2023

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Long term liabilities: In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities column in the Statement of Net Position and the proprietary fund Statement of Net Position. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions: For purposes of the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefits payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

Total OPEB Liability: For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and OPEB expense, information has been determined based on the City's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund balance: In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable: Amounts which cannot be spent either because they are in a nonspendable form or 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 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 constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the City Administrator.

Unassigned: All amounts not included in the other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned. The City's Eldridge Unified TIF Fund has a deficit of \$9,194 fund balance which is expected to be funded with future tax increment financing revenue.

The City's flow of funds assumption prescribes that the funds with the highest level of constraint are expended first. If restricted or unrestricted funds are available for spending, the restricted funds are spent first. Additionally, if different levels of unrestricted funds are available for spending the City considers committed funds to be expended first followed by assigned and then unassigned funds.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2023

Note 1. Nature of Operations, Reporting Entity, Basis of Presentation, Measurement Focus and Basis of Accounting and Summary of Significant Accounting Policies (Continued)

Net position: In proprietary funds and government-wide financial statements, net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position is reported in three categories:

Net investment in capital assets- consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position- results when constraints placed on its use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Net position restricted through enabling legislation consists of \$130,511 debt service, \$105,167 community programs and services and \$7,041,968 capital projects.

Unrestricted net position- consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The City first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

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

Budgetary and legal appropriation and amendment policies: The City Council annually adopts a budget on or before March 31 of each year, which becomes effective July 1 and constitutes the City's appropriation for each program and purpose specified therein until amended. City budgets may be amended for specified purposes and budget amendments must be prepared and adopted in the same manner as the original budgets.

The legal level of control (the level on which expenditures may not legally exceed appropriations) is the program level. Appropriations, as adopted and amended, lapse at the end of the fiscal year. The City adopts its annual program budget which includes all funds except the Internal Service Fund on a modified accrual basis.

As allowed by GASB Statements No. 41, *Budgetary Comparison Schedules- Perspective Differences*, the City presents budgetary comparison schedules as required supplementary information based on the program structure of eight functional areas as required by state statute for its legally adopted budget.

The City exceeded budgeted expenditures in the general government function by \$408,435, the debt service function by \$7,317, and business-type activities function by \$1,047,713.

The City's Eldridge Unified TIF Fund had a deficit fund balance of \$9,194 as of June 30, 2023.

City of Eldridge, Iowa

Notes to Basic Financial Statements Year Ended June 30, 2023

Note 2. Deposits and Investments

The City's deposits in bank at June 30, 2023 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 insure there will be no loss of public funds.

The City maintains cash and an investment pool for certain funds where the resources have been pooled in order to maximize investment opportunities.

The City is authorized by state 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.

As of June 30, 2023, the City's cash and cash equivalents totaled \$21,375,187.

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. In accordance with the City's investment policy, the City limits its exposure to interest rate risk by structuring the portfolio to maximize yields while maintaining safety of principal.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The City does not have any investments at June 30, 2023 which are subject to credit risk.

Concentration of Credit Risk: The City had no investments in any one issuer that represents 5% or more of total City investments.

Custodial Credit Risk- investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2023, there was no investment custodial risk for the City.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has no investments subject to fair value measurements as of June 30, 2023.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2023

Note 3. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2023:

	June 30, 2022 Balance	Additions	Deletions	June 30, 2023 Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 2,055,468	\$ 109,046	\$ -	\$ 2,164,514
Construction in progress	7,773,721	5,106,605	8,460,144	4,420,182
Total capital assets, not being depreciated	9,829,189	5,215,651	8,460,144	6,584,696
Capital assets, being depreciated/amortized:				
Buildings	1,607,833	6,201,447	-	7,809,280
Equipment and vehicles	2,578,190	438,813	-	3,017,003
Infrastructure, road network	31,101,379	4,512,920	-	35,614,299
Right to use, lease equipment	27,252	-	-	27,252
Total capital assets, being depreciated/amortized	35,314,654	11,153,180	-	46,467,834
Less accumulated depreciation and amortization:				
Buildings	769,451	60,222	-	829,673
Equipment and vehicles	1,851,539	193,131	-	2,044,670
Infrastructure, road network	24,535,001	346,591	-	24,881,592
Right to use, lease equipment	7,766	5,450	-	13,216
Total accumulated depreciation and amortization	27,163,757	605,394	-	27,769,151
Total capital assets, being depreciated/amortized, net	8,150,897	10,547,786	-	18,698,683
Governmental activities capital assets, net	\$ 17,980,086	\$ 15,763,437	\$ 8,460,144	\$ 25,283,379

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2023

Note 3. Capital Assets (Continued)

	June 30, 2022 Balance	Additions	Deletions	June 30, 2023 Balance
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 120,000	\$ -	\$ 120,000	\$ -
Construction in progress	-	74,845	-	74,845
Total capital assets, not being depreciated	120,000	74,845	120,000	74,845
Capital assets, being depreciated/amortized:				
Buildings	35,426,607	-	524,509	34,902,098
Equipment and vehicles	2,515,071	116,783	75,482	2,556,372
Infrastructure	32,733,909	1,721,449	-	34,455,358
Right to use, lease equipment	11,261	-	-	11,261
Total capital assets, being depreciated/amortized	70,686,848	1,838,232	599,991	71,925,089
Less accumulated depreciation and amortization for:				
Buildings	14,785,193	830,357	210,296	15,405,254
Equipment and vehicles	1,330,639	173,930	73,615	1,430,954
Infrastructure	10,683,659	740,627	-	11,424,286
Right to use, lease equipment	5,367	2,252	-	7,619
Total accumulated depreciation and amortization	26,804,858	1,747,166	283,911	28,268,113
Total capital assets, being depreciated/amortized, net	43,881,990	91,066	316,080	43,656,976
Business-type activities capital assets, net	\$ 44,001,990	\$ 165,911	\$ 436,080	\$ 43,731,821

Depreciation and amortization expense was charged to the functions of the City as follows:

Governmental Activities:	
General government	\$ 22,568
Culture and recreation	112,435
Public safety	47,088
Public works	423,303
Total depreciation and amortization expense, governmental activities	\$ 605,394
Business-Type Activities:	
Electric	\$ 562,429
Water	331,100
Sewer	793,131
Community center	45,993
Fitness center	14,513
Total depreciation and amortization expense, business-type activities	\$ 1,747,166

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2023**

Note 4. Lease Receivable

The City rents to cellular radio-telephone communication companies and other entities. The City has entered into the following lease agreements:

- Commencing March 1, 2019, the City entered into a thirty-year lease with U.S. Cellular. The City is to receive annual rents of \$15,444. During the year ended June 30, 2023, the City earned principal of \$7,026 and interest of \$8,420.
- On November 20, 2001, the City entered into a twenty-five year lease with Verizon Wireless. The city is to receive annual rents of \$12,000. During the year ended June 30, 2023, the City earned principal of \$10,632 and interest of \$1,368.
- On November 7, 2000, the City entered into a twenty-five year lease with AT&T. The City is to receive annual rents of \$12,000. During the year ended June 30, 2023, the City earned principal of \$10,984 and interest of \$1,018.
- Commencing December 1, 2000, the City entered into a lease agreement with Scott County Library System through December 1, 2026 with annual rents of \$4,800 per year. During the year ended June 30, 2023, the City earned principal of \$4,382 and interest of \$418.
- On November 1, 2019, the City entered into a twenty-year lease with Uniti Fiber LLC. The city is to receive annual rents of \$1,000. During the year ended June 30, 2023, the City earned principal of \$587 and interest of \$413.

A summary of the remaining lease receivable principal and interest to maturity is as follows:

Year ending June 30:	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 19,271	\$ 5,252	\$ 24,523	\$ 15,379	\$ 5,344	\$ 20,723
2025	19,856	4,665	24,521	15,846	4,876	20,722
2026	14,518	4,103	18,621	12,801	4,421	17,222
2027	6,934	3,788	10,722	7,615	4,107	11,722
2028	4,080	3,642	7,722	4,781	3,941	8,722
2029-2033	22,341	16,269	38,610	26,177	14,436	40,613
2034-2038	25,952	12,659	38,611	30,399	13,214	43,613
2039-2043	30,145	8,468	38,613	31,117	8,497	39,614
2044-2048	35,016	3,594	38,610	35,017	3,594	38,611
2049	5,720	72	5,792	5,715	72	5,787
Total	\$ 183,833	\$ 62,512	\$ 246,345	\$ 184,847	\$ 62,502	\$ 247,349

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2023

Note 5. Long-Term Debt

A summary of the changes in bonded and other long-term debt for the year ended June 30, 2023 is as follows:

	Balance, Beginning	Additions	Redeemed/ Matured	Balance, Ending	Due Within One Year
Governmental Activities					
General obligation bonds/notes	\$13,160,906	\$ 153,007	\$ 1,076,000	\$12,237,913	\$1,097,000
Bond premium	487,827	-	25,675	462,152	-
Lease	19,742	-	5,342	14,400	4,885
Compensated absences	158,488	189,849	158,488	189,849	84,097
Total governmental activities	\$ 13,826,963	\$ 342,856	\$ 1,265,505	\$ 12,904,314	\$ 1,185,982
Business-Type Activities					
Revenue bonds	\$ 4,235,170	\$ 431,640	\$ 286,000	\$ 4,380,810	\$ 286,000
Lease	6,033	-	2,272	3,761	1,721
Compensated absences	220,189	159,324	220,189	159,324	74,084
Total business-type activities	\$ 4,461,392	\$ 590,964	\$ 508,461	\$ 4,543,895	\$ 361,805

Leases: The City has entered into lease agreements for copier equipment. As of June 30, 2023, the total value of the lease liability was \$18,161. The lease agreements have an interest rate of 3.0% with final maturity ranging from 2024 to June 30, 2027. The future principal and interest lease payments as of June 30, 2023 were as follows:

<u>Year ending June 30:</u>	Governmental Activity Total		
	Principal	Interest	Total
2024	\$ 4,885	\$ 361	\$ 5,246
2025	4,150	229	4,379
2026	4,276	103	4,379
2027	1,089	6	1,095
Total	\$ 14,400	\$ 699	\$ 15,099

<u>Year ending June 30:</u>	Business-Type Activity Total		
	Principal	Interest	Total
2024	\$ 1,721	\$ 85	\$ 1,806
2025	890	49	939
2026	917	22	939
2027	233	1	234
Total	\$ 3,761	\$ 157	\$ 3,918

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2023**

Note 5. Long-Term Debt (Continued)

General Obligation Bonds/Notes: The Series 2015 general obligation bonds outstanding at June 30, 2023 of \$1,060,000 bear interest rates ranging from 1.85% to 2.60% and mature in varying annual amounts from \$255,000 to \$275,000 with the final maturities due in the year ending June 1, 2027.

On November 16, 2018, the City issued \$9,000,000 in general obligation capital loan notes through the Iowa Finance Authority state revolving loan program (SRF) to finance various construction projects. The City draws the proceeds as needed for the projects with principal payments on the bonds beginning after completion of the construction. The SRF general obligation capital loan notes bear an interest rate of 1.75 percent and mature in varying amounts from \$512,598 to \$620,000 with final maturity on June 1, 2032. The capital loan notes have an outstanding balance of \$5,427,913 as of June 30, 2023. As of June 30, 2023, the City has drawn \$6,600,000 on the issuance.

On June 29, 2021, the City issued \$6,305,000 General Obligation Urban Renewal Bonds, Series 2021. The Series 2021 bonds are due annually on June 1, in principal installments varying from \$235,000 to \$370,000 through June 1, 2041. Interest is payable semiannually on the unpaid balance on June 1 and December 1 at 2.00-4.00 percent. The bonds have an outstanding balance as of June 30, 2023 of \$5,750,000.

A summary of general obligation bond principal and interest requirements to maturity by year for both the general obligation bonds is as follows:

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,097,000	\$ 216,787	\$ 1,313,787
2025	1,116,000	197,347	1,313,347
2026	1,137,000	176,847	1,313,847
2027	1,138,000	155,170	1,293,170
2028	894,000	132,888	1,026,888
2029-2033	3,990,913	453,528	4,444,441
2034-2038	1,735,000	237,400	1,972,400
2039-2041	1,130,000	55,025	1,185,025
Total	\$ 12,237,913	\$ 1,624,992	\$ 13,862,905

Revenue Bonds: The City has issued general obligation bonds/notes under the Iowa Finance Authority state revolving loan program (SRF) to finance various construction projects. The City has entered into agreements with the Iowa Finance Authority pursuant to the provision of Chapter 384.24A of the Code of Iowa. Each series under the state revolving loan program is issued for specific projects with repayments scheduled over the life of the asset or up to 30 years. The City draws the proceeds as needed for projects with principal payments on the bonds beginning after completion of the construction.

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2023**

Note 5. Long-Term Debt (Continued)

On July 20, 2018, the City issued \$6,000,000 under the SRF program for the Sewer Fund. The City has drawn \$4,902,000. The bonds bear an interest rate of 2.0%, and mature in varying annual amounts from \$208,000 to \$277,000 with the final maturity due in the year ending June 1, 2039. The bonds have an outstanding balance as of June 30, 2023 of \$4,380,810. A summary of the annual obligation bond principal and interest requirements to maturity by year is as follows:

Year ending June 30:	Principal	Interest	Total
2024	\$ 286,000	\$ 30,665	\$ 316,665
2025	287,000	28,665	315,665
2026	289,000	26,656	315,656
2027	291,000	24,633	315,633
2028	288,000	22,596	310,596
2029-2033	1,350,000	84,000	1,434,000
2034-2038	1,335,000	36,960	1,371,960
2039	254,810	1,785	256,595
Total	\$ 4,380,810	\$ 255,960	\$ 4,636,770

Note 6. Interfund Balances and Interfund Transfers

The detail of interfund balances as of June 30, 2023 is as follows:

	Due From Other Funds	Due To Other Funds
Governmental activities:		
General Fund	\$ 10,083	\$ -
Eldridge Unified TIF Fund	-	10,083
Total	\$ 10,083	\$ 10,083

Interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system and (3) payments between funds are made.

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2023**

Note 6. Interfund Balances and Interfund Transfers (Continued)

The detail of interfund transfers for the year ended June 30, 2023 is as follows:

	Total	
	Transfers In	Transfers Out
Governmental activities:		
General Fund	\$ 203,500	\$ 80,000
Sales Tax Projects Fund	1,231,805	456,286
Eldridge Unified TIF Fund	-	825,492
Debt Service Fund	1,108,826	-
Nonmajor governmental funds	125,000	14,000
Business-type activities:		
Electric Fund	-	105,000
Water Fund	-	18,500
Sewer Fund	-	740,420
Nonmajor enterprise funds	30,000	619,433
Internal Service Fund	160,000	-
Total	\$ 2,859,131	\$ 2,859,131

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

Note 7. Pension and Retirement Systems

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees’ Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

Pension Benefits – A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching 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.

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2023**

Note 7. Pension and Retirement Systems (Continued)

Protection occupation members may retire at normal retirement age which is generally at 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 members' monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for years of service greater than 22 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 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before 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 percent of pay of covered payroll and the City contributed 9.44 percent for a total rate of 15.73 percent. Protective occupation members contributed 6.21 percent of pay of covered payroll and the City contributed 9.31 percent for a total rate of 15.52 percent.

The City's contributions to IPERS for the year ended June 30, 2023 were \$232,277.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2023, the City reported a pension liability of \$633,490 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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 pension plan relative to the contributions of all IPERS participating employers. At June 30, 2022, the City's collective proportion was 0.0167670 percent which was an decrease of 0.1170180 percent from its proportion measured as of June 30, 2021.

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2023**

Note 7. Pension and Retirement Systems (Continued)

For the year ended June 30, 2023, the City recognized pension expense (income) of (\$27,481). At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 103,944	\$ 11,735
Changes of assumptions	721	41,544
Net difference between projected and actual earnings on pension plan investments	-	133,041
Changes in proportion and differences between City contributions and proportionate share of contributions	72,868	42,341
City contributions subsequent to the measurement date	232,277	-
Total	<u>\$ 409,810</u>	<u>\$ 228,661</u>

Deferred outflows of resources of \$232,277 related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2024	\$ (94,161)
2025	(67,647)
2026	(152,180)
2027	261,208
2028	1,652
Total	<u>\$ (51,128)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of Inflation (effective June 30, 2017)	2.60 percent per annum
Salary Increases (effective June 30, 2017)	3.25 percent to 16.25 percent average, including inflation. Rates vary by membership group.
Investment rate of return (effective June 30, 2017)	7.00 percent per annum, compounded annually, net of pension plan, including inflation.
Wage growth (effective June 30, 2017)	3.25 percent per annum, based on 2.60 percent inflation and 0.65 percent real wage inflation

The actuarial assumptions used in the June 30, 2022 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 2022 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2023

Note 7. Pension and Retirement Systems (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (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 target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	3.57%
International equity	17.5%	4.79%
Global smart beta equity	6.0%	4.16%
Core plus fixed income	20.0%	1.66%
Public credit	4.0%	3.77%
Cash	1.0%	0.77%
Private equity	13.0%	7.57%
Private real assets	8.5%	3.55%
Private credit	8.0%	3.63%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.0 percent. 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, the pension plan’s 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, 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-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
City’s proportionate share of the net pension liability (asset)	\$ 1,644,179	\$ 633,490	\$ (255,840)

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

Payables to the Pension Plan – At June 30, 2023, the City reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2023**

Note 8. Other Post-Employment Benefits

Plan description: The City's defined benefit OPEB plan, City of Eldridge Postemployment Plan Other Than Pensions (the Plan), provides postemployment benefits for eligible participants enrolled in its plans. The Plan is a single employer defined benefit OPEB plan administered by the City. Under Chapter 509A.13 of the Code of Iowa, "Group Insurance for Public Employees," If a governing body has procured insurance for its employees, the governing body shall allow its employees who retired before the age of sixty-five years of age to continue participation in the group plan at the employee's own expense until the employee attains sixty-five years of age. The retiree must be vested for a retirement benefit from the Iowa Public Employees' Retirement System (IPERS).

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75.

Benefits provided: The Plan provides healthcare benefits including medical, hospitalization, prescription drug and dental benefits for retirees and their spouses. Retiree health care coverage is available to eligible retirees of any age. These retirees are responsible for paying 100% of the associated premiums for these benefits.

The full monthly premium rates as of January 1, 2022 for each plan are as shown below:

Plan	Single	Spouse
PPO Plan	462	1,041

Employees covered by benefit terms: At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	33
	33
	33

Total OPEB Liability: The City's total OPEB liability of \$90,358 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022 rolled forward to 2023.

Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2023 roll forward actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	3.00% per annum
Salary increases	4.00% per annum
Discount rate	4.13% per annum
Retirees' share of benefit-related costs	100%
Health care cost trend rate	6.00% initial decreasing to an ultimate rate of 4.50%

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index. Mortality rates were based on the PubG.H-2010 mortality table- general. The actuarial assumptions used in the June 30, 2023 roll forward valuation were based on the results of an actuarial experience study for the period 2010– 2018.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2023

Note 8. Other Post-Employment Benefits (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2022	\$ 131,100
Changes for the year:	
Service cost	13,472
Interest	5,363
Changes of benefit terms	-
Differences between expected and actual experience	(61,100)
Changes in assumptions or other inputs	1,523
Benefit payments	-
Other changes	-
Net changes	<u>(40,742)</u>
Balance at June 30, 2023	<u>\$ 90,358</u>

There were no changes as a result of changes in benefit terms.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	3.13%	4.13%	5.13%
Total OPEB liability	\$ 100,822	\$ 90,358	\$ 81,004

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents that total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates.

	Healthcare Cost		
	1% Decrease	Trend Rates	1% Increase
	5.00%	6.00%	7.00%
Total OPEB liability	\$ 77,348	\$ 90,358	\$ 106,220

For the year ended June 30, 2023, the City recognized OPEB expense of \$12,466. At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 56,196
Changes of assumptions or other inputs	6,161	19,352
Net difference between projected and actual investments	-	-
Total	<u>\$ 6,161</u>	<u>\$ 75,548</u>

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2023**

Note 8. Other Post-Employment Benefits (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2024	\$ (6,368)
2025	(6,368)
2026	(6,368)
2027	(6,368)
2028	(6,368)
Thereafter	(37,547)
	<u>\$ (69,387)</u>

Note 9. Risk Management

The City is exposed to various risks of loss related to torts; theft; damage to the 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.

During the year ended June 30, 2021, the City transitioned from the fully self-funded health insurance to a partially self-insured plan. The new plan provides for a high deductible plan. The City pays \$1,175 of the single \$5,000 deductible, and \$14,350 of the family \$15,000 deductible.

Payments are made to the plan based on actuarial estimates of amounts needed to pay prior and current year claims and to establish a reserve for incurred but unpaid claims. Changes in the claims liability amounts for the year ended June 30, 2023 were as follows:

Self-Insurance Liability	Beginning	Claims and Changes in Estimates	Claim Payments	Ending
2022	\$ 25,000	\$ 159,727	\$ 171,224	\$ 13,503
2023	13,503	169,217	159,920	22,800

Claims liability is classified as current as claims are typically paid within 2 ½ months of incurred date.

Note 10. Commitments and Contingent Liabilities

The City was involved in various construction projects throughout the year. The total cost of these projects is approximately \$12,847,489. The remaining contractual amounts on these projects total approximately \$7,793,697 as of June 30, 2023.

On March 22, 2021 the City entered into a 28E agreement for a period of twenty years with the North Scott Community School District (District) and the YMCA of the Iowa Mississippi Valley (YMCA) for governance of the construction, operation and maintenance of a recreation and wellness center on real estate owned by the City. The City and District share the cost of the construction with each entity agreeing to a \$7,000,000 maximum. Each entity is separately billed for their budgeted construction commitment. As of June 30, 2023, the City has expended \$6,201,447. The project has been completed and placed into service.

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2023**

Note 10. Commitments and Contingent Liabilities (Continued)

All real estate and the construction project shall be owned jointly by the City and the District. The YMCA agreed to provide and pay for all furniture, fixtures, and equipment necessary to operate the recreation and wellness center and will retain ownership over all furniture, fixtures and equipment.

The 28E agreement establishes the responsibilities of all parties for ongoing operations. The YMCA is responsible for day to day operations including staffing and custodial services and interior maintenance.

The City has consulted legal counsel in the course of operations for various matters. In the opinion of the City, the resolution of these matters will not have a material adverse effect on the future financial statements of the City.

Note 11. Tax Abatements and Urban Renewal Agreements

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.

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 that 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.

The City entered into an urban renewal agreement with a developer to rebate a portion of actual tax incremental property taxes received by the City for the property outlined in the agreement through fiscal year 2030. For the year ended June 30, 2023, the City abated \$124,482 of property tax under the urban renewal and economic development projects. The total remaining amount under this agreement is approximately \$980,834 as of June 30, 2023.

The City was not subject to any tax abatement agreements entered into by other governmental entities.

Note 12. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements

The City adopted the following statements during the year ended June 30, 2023:

GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019. This Statement clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements association with conduit debt obligations; and improving required note disclosures. This Statement requires issuers to disclose general information about their conduit debt obligations organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2023**

Note 12. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription assets- an intangible asset- and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and 4) requires note disclosures regarding a SBITA.

GASB Statement No. 99, *Omnibus 2022*, issued April 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

The implementation of the above statements did not have a material impact on the City's Financial Statements.

As of June 30, 2023, GASB had issued several statements not yet required to be implemented by the City. The Statements which might impact the City are as follows:

GASB Statement No. 100, *Accounting Changes and Error Corrections- An Amendment of GASB Statement No. 62*, issued June 2022, will be effective for the City beginning with its fiscal year ending June 30, 2024. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2023

Note 12. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)

GASB Statement No. 101, *Compensated Absences*, issued June 2022, will be effective for the City beginning with its fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. This Statement amends the existing requirements to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (As long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences..

GASB Statement No. 102, *Certain Risk Disclosures*, issued December 2023, will be effective for the City beginning with its fiscal year ending June 30, 2025. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. A government should provide information in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact associated with the concentration or constraint. The disclosures should include descriptions of the following: (a) The concentration or constraint (b) Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements (c) Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The City's management has not yet determined the effect these Statements will have on the City's financial statements.

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City of Eldridge, Iowa

**Required Supplementary Information
Schedule of Changes in the City's Total OPEB
Liability and Related Ratios
Last Three Fiscal Years**

	2023	2022	2021
Total OPEB liability			
Changes for the year:			
Service cost	\$ 13,472	\$ 12,880	\$ 11,579
Interest	5,363	3,017	3,132
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(61,100)	-	-
Changes in assumptions or other inputs	1,523	(23,217)	5,982
Benefit payments	-	-	-
Other	-	-	-
Net changes in total OPEB liability	(40,742)	(7,320)	20,693
Total OPEB liability - beginning	131,100	138,420	117,727
Total OPEB liability - ending	<u>\$ 90,358</u>	<u>\$ 131,100</u>	<u>\$ 138,420</u>
Covered employee payroll	\$ 2,268,641	\$ 1,833,268	\$ 1,833,268
Total OPEB liability as a percentage of covered employee payroll	3.98%	7.15%	7.55%

Notes to Schedule:

Changes of benefit terms:

There were no changes to the benefit terms of the Plan.

Changes of assumption:

Changes of assumptions or other inputs reflect a change in the discount rate as follows:

4.13%	4.09%	2.18%
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No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75

Note: The schedule is intended to present information for ten years. Information prior to 2021 is not available.

See Notes to Required Supplementary Information

City of Eldridge, Iowa

Required Supplementary Information
Budgetary Comparison Schedule
Budget and Actual - All Governmental and Proprietary Funds
Year Ended June 30, 2023

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total Actual
Revenues:			
Property tax	\$ 3,136,344	\$ -	\$ 3,136,344
Tax increment financing	964,412	-	964,412
Other taxes	1,419,219	-	1,419,219
Licenses and permits	126,290	-	126,290
Intergovernmental	3,332,400	-	3,332,400
Charges for services	454,463	9,930,719	10,385,182
Use of money and property	104,085	198,790	302,875
Fines, fees and miscellaneous	553,396	73,552	626,948
Total revenues	10,090,609	10,203,061	20,293,670
Expenditures/expenses:			
Public safety	1,580,470	-	1,580,470
Public works	1,255,323	-	1,255,323
Culture and recreation	473,371	-	473,371
Community and economic development	215,437	-	215,437
General government	1,203,029	-	1,203,029
Capital outlay	5,671,476	-	5,671,476
Debt service	1,331,785	-	1,331,785
Business-type	-	8,938,326	8,938,326
Total expenditures/expenses	11,730,891	8,938,326	20,669,217
Excess (deficiency) of revenues over (under) expenditures/expenses	(1,640,282)	1,264,735	(375,547)
Other financing sources (uses), net	1,570,693	(383,353)	1,187,340
Net change in fund balance	(69,589)	881,382	811,793
Balance, beginning of year	9,006,939	51,466,859	60,473,798
Balance, end of year	\$ 8,937,350	\$ 52,348,241	\$ 61,285,591

See Notes to Required Supplementary Information.

Budgeted Amounts		Final to Actual
Original	Final	Variance Over (Under)
\$ 3,122,919	\$ 3,122,919	\$ 13,425
958,644	958,644	5,768
1,456,923	1,456,923	(37,704)
106,500	106,500	19,790
4,522,963	4,522,963	(1,190,563)
7,988,803	7,988,803	2,396,379
35,000	35,000	267,875
179,525	179,525	447,423
<u>18,371,277</u>	<u>18,371,277</u>	<u>1,922,393</u>
1,528,650	1,637,553	57,083
1,757,578	1,757,578	502,255
517,816	517,816	44,445
267,802	267,802	52,365
599,470	794,594	(408,435)
7,936,990	7,936,990	2,265,514
1,324,468	1,324,468	(7,317)
7,890,613	7,890,613	(1,047,713)
<u>21,823,387</u>	<u>22,127,414</u>	<u>1,458,197</u>
(3,452,110)	(3,756,137)	3,380,590
-	-	1,187,340
<u>\$ (3,452,110)</u>	<u>\$ (3,756,137)</u>	<u>\$ 4,567,930</u>

City of Eldridge, Iowa

**Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Iowa Public Employees' Retirement System
Last Nine Fiscal Years**

	2023*	2022*	2021*
City's proportion of the net pension liability	0.0167670%	0.1337850%	0.0222539%
City's proportionate share of the net pension liability (asset)	\$ 633,490	\$ (461,862)	\$ 1,563,280
City's covered payroll	\$ 2,368,771	\$ 2,277,059	\$ 2,255,537
City's proportionate share of the net pension liability as a percentage of its covered payroll	26.74%	-20.28%	69.31%
Plan fiduciary net pension as a percentage of the total pension liability	91.40%	100.81%	82.90%

*The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

Note: The schedule is intended to present information for ten years. Information prior to 2015 is not available.

See Notes to Required Supplementary Information.

2020*	2019*	2018*	2017*	2016*	2015*
0.0194479%	0.0912434%	0.0210282%	0.0204653%	0.0189992%	0.0181680%
\$ 1,126,163	\$ 1,217,772	\$ 1,400,744	\$ 1,287,947	\$ 938,653	\$ 720,526
\$ 2,081,918	\$ 2,042,256	\$ 2,050,003	\$ 1,867,067	\$ 1,774,408	\$ 1,785,266
54.09%	59.63%	68.33%	68.98%	52.90%	40.36%
85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

City of Eldridge, Iowa

**Required Supplementary Information
Schedule of City Contributions
Iowa Public Employees' Retirement System
Last Ten Fiscal Years**

	2023	2022	2021	2020
Statutorily required contribution	\$ 232,277	\$ 222,793	\$ 215,907	\$ 216,599
Contributions in relation to the statutorily required contribution	\$ (232,277)	\$ (222,793)	\$ (215,907)	\$ (216,599)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,470,419	\$ 2,368,771	\$ 2,277,059	\$ 2,255,537
Contributions as a percentage of covered payroll	9.40%	9.41%	9.48%	9.60%

See Notes to Required Supplementary Information.

2019	2018	2017	2016	2015	2014
\$ 200,710	\$ 187,238	\$ 187,728	\$ 170,694	\$ 164,889	\$ 164,644
\$ (200,710)	\$ (187,238)	\$ (187,728)	\$ (170,694)	\$ (164,889)	\$ (164,644)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,081,918	\$ 2,042,256	\$ 2,050,003	\$ 1,867,067	\$ 1,774,408	\$ 1,785,266
9.64%	9.17%	9.16%	9.14%	9.29%	9.22%

City of Eldridge, Iowa

Notes to Required Supplementary Information Year Ended June 30, 2023

Note 1. Budgetary Information

In accordance with the Code of Iowa, the City Council annually adopts a budget following publication of a required public notice and holding of a public hearing for all funds except the Internal Service Fund. The budget basis of accounting is in accordance with accounting principles generally accepted in the United States of America. 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 or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital outlay and business-type. During the year, one budget amendment increased budgeted expenditures by a total of \$304,027.

The City over expended the general government, debt service and business-type functions by \$408,435, \$7,317 and \$1,047,713 respectively.

Note 2. Iowa Public Employees' Retirement System

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 Eldridge, Iowa

**Notes to Required Supplementary Information
Year Ended June 30, 2023**

Note 2. Iowa Public Employees' Retirement System (Continued)

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

- Decreased the inflation assumption from 3.25 percent to 3.00 percent.
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

City of Eldridge, Iowa

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

	Special Revenue	Capital Projects		Total
	Hotel Tax	Park Improvement	Street Projects	
Assets				
Cash and investments	\$ 94,062	\$ 131,124	\$ 180,173	\$ 405,359
Receivables:				
Other tax	11,105	-	-	11,105
Total assets	105,167	131,124	180,173	416,464
Liabilities and fund balances				
Liabilities:				
Accounts payable	-	6,910	-	6,910
Unearned revenue	-	-	-	-
Total assets	-	6,910	-	6,910
Fund Balances, restricted				
Community programs and services	105,167	-		105,167
Capital improvements	-	124,214	180,173	304,387
Total fund balances	105,167	124,214	180,173	409,554
Total liabilities and fund balances	\$ 105,167	\$ 124,214	\$ 180,173	\$ 416,464

City of Eldridge, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Nonmajor Governmental Funds
 Year Ended June 30, 2023

	Special Revenue	Capital Projects		Total
	Hotel Tax	Park Improvement	Street Projects	
Revenues:				
Other taxes	\$ 36,836	\$ -	\$ -	\$ 36,836
Donations and miscellaneous	-	77,359	-	77,359
Total revenues	<u>36,836</u>	<u>77,359</u>	<u>-</u>	<u>114,195</u>
Expenditures:				
Operating:				
Culture and recreation	11,891	-	-	11,891
Capital outlay	-	197,415	1,568	198,983
Total expenditures	<u>11,891</u>	<u>197,415</u>	<u>1,568</u>	<u>210,874</u>
Excess (deficiency) of revenue over (under) expenditures	<u>24,945</u>	<u>(120,056)</u>	<u>(1,568)</u>	<u>(96,679)</u>
Other financing sources (uses):				
Transfers in	-	100,000	25,000	125,000
Transfers (out)	(14,000)	-	-	(14,000)
Total other financing sources (uses)	<u>(14,000)</u>	<u>100,000</u>	<u>25,000</u>	<u>111,000</u>
Net change in fund balances	<u>10,945</u>	<u>(20,056)</u>	<u>23,432</u>	<u>14,321</u>
Fund balances, beginning of year	94,222	144,270	156,741	395,233
Fund balances, end of year	<u>\$ 105,167</u>	<u>\$ 124,214</u>	<u>\$ 180,173</u>	<u>\$ 409,554</u>

City of Eldridge, Iowa

Combining Statement of Net Position
 Nonmajor Enterprise Funds
 June 30, 2023

	Nonmajor Enterprise Funds		
	Community Center	Fitness Center	Total
Assets			
Current assets:			
Cash and investments	\$ 87,124	\$ -	\$ 87,124
Prepaid expenses	14,524	-	14,524
Inventories	4,797	-	4,797
Total current assets	106,445	-	106,445
Noncurrent assets:			
Capital assets, net of accumulated depreciation	898,329	-	898,329
Total noncurrent assets	898,329	-	898,329
Total assets	1,004,774	-	1,004,774
Deferred outflows of resources:			
OPEB related deferred outflows	278	-	278
Pension related deferred outflows	17,599	-	17,599
Total deferred outflows of resources	17,877	-	17,877
Total assets and deferred outflows of resources	\$ 1,022,651	\$ -	\$ 1,022,651
Liabilities and net position			
Current liabilities:			
Accounts payable	\$ 5,271	\$ -	\$ 5,271
Salaries and benefits payable	4,135	-	4,135
Compensated absences	3,287	-	3,287
Total current liabilities	12,693	-	12,693
Noncurrent liabilities:			
Compensated absences	8,190	-	8,190
Net OPEB liability	4,075	-	4,075
Net pension liability	54,129	-	54,129
Total noncurrent liabilities	66,394	-	66,394
Total liabilities	79,087	-	79,087
Deferred inflows of resources:			
OPEB related deferred inflows	3,407	-	3,407
Pension related deferred inflows	8,602	-	8,602
Total deferred inflows of resources	12,009	-	12,009
Net position:			
Net investment in capital assets	898,329	-	898,329
Unrestricted	33,226	-	33,226
Total net position	931,555	-	931,555
Total liabilities, deferred inflows of resources, and net position	\$ 1,022,651	\$ -	\$ 1,022,651

City of Eldridge, Iowa

**Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Enterprise Funds
Year Ended June 30, 2023**

	Nonmajor Enterprise Funds		
	Community Center	Fitness Center	Total
Operating revenues:			
Charges for services	\$ 387,931	\$ 32,109	\$ 420,040
Miscellaneous	19,592	-	19,592
Total operating revenues	407,523	32,109	439,632
Operating expenses:			
Cost of sales and services	472,199	34,988	507,187
Depreciation	45,993	14,513	60,506
Total operating expenses	518,192	49,501	567,693
Operating (loss)	(110,669)	(17,392)	(128,061)
Nonoperating revenues:			
Investment earnings	14,891	-	14,891
Gain on the sale of capital assets	-	364,184	364,184
Total nonoperating revenues	14,891	364,184	379,075
Income (loss) before transfers	(95,778)	346,792	251,014
Transfers in	30,000	-	30,000
Transfers out	-	(619,433)	(619,433)
Total transfers	30,000	(619,433)	(589,433)
Change in net position	(65,778)	(272,641)	(338,419)
Total net position, beginning of year	997,333	272,641	1,269,974
Total net position, end of year	\$ 931,555	\$ -	\$ 931,555

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City of Eldridge, Iowa

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
Year Ended June 30, 2023**

	Nonmajor Enterprise Funds		
	Community Center	Fitness Center	Total
Cash flows from operating activities:			
Receipts from users	\$ 407,523	\$ 32,109	\$ 439,632
Payments to suppliers	(229,939)	(25,295)	(255,234)
Payments to employees	(250,866)	(67,763)	(318,629)
Net cash (used in) operating activities	(73,282)	(60,949)	(134,231)
Cash flows from noncapital financing activities:			
Proceeds from other funds	30,000	-	30,000
Payments to other funds	-	(739,310)	(739,310)
Net cash provided by (used in) noncapital financing activities	30,000	(739,310)	(709,310)
Cash flows from capital and related financing activities:			
Proceeds from sale of capital assets	-	800,259	800,259
Cash flows from investing activities:			
Interest received	14,891	-	14,891
Net cash provided by investing activities	14,891	-	14,891
(Decrease) in cash and cash equivalents	(28,391)	-	(28,391)
Cash and cash equivalents:			
Beginning of year	115,515	-	115,515
End of year	\$ 87,124	\$ -	\$ 87,124
Reconciliation of operating (loss) to net cash (used in) operating activities:			
Operating (loss)	\$ (110,669)	\$ (17,392)	\$ (128,061)
Adjustment to reconcile operating (loss) to net cash (used in) operating activities:			
Depreciation	45,993	14,513	60,506
Change in assets and liabilities:			
Prepaid expenses	(5,095)	7,929	2,834
Inventories	1,089	822	1,911
Accounts payable	3,598	-	3,598
Salaries and benefits payable	503	(3,262)	(2,759)
Compensated absences	1,011	(10,596)	(9,585)
Net OPEB liability and related deferrals	1,170	(4,561)	(3,391)
Net pension liability and related deferrals	(10,882)	(48,402)	(59,284)
Net cash (used in) operating activities	\$ (73,282)	\$ (60,949)	\$ (134,231)

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City of Eldridge, Iowa

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023**

Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Transportation				
Indirect:				
Pass-Through Iowa Department of Transportation				
Highway Planning and Construction	20.205	STP-U-2290(615)-70-82	\$ -	\$ 2,458,617
Highway Planning and Construction	20.205	TAP-T-2290(616)-8V-82	-	17,764
			<u>-</u>	<u>2,476,381</u>
Pass-Through Iowa Department of Public Safety				
State and Community Highway Safety	20.600	MAP-21 405	-	6,215
			<u>-</u>	<u>6,215</u>
Total U.S. Department of Transportation			<u>-</u>	<u>2,482,596</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 2,482,596</u>

See Notes to Schedule of Expenditures of Federal Awards.

City of Eldridge, Iowa

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (schedule) includes the federal grant activity of the City under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows of the entity.

Note 2. Summary of Significant Accounting Policies

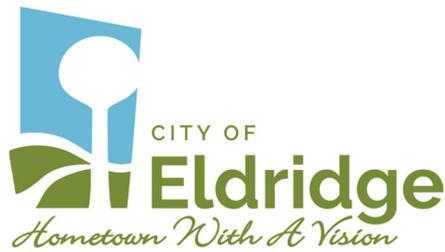
Expenditures reported on the schedule are reported on the modified accrual or accrual basis of accounting as applicable. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures of federal awards are recognized in the accounting period when the liability is incurred and has met the eligibility criteria of the federal grant.

Revenue from federal awards is recognized when the City has done everything necessary to establish its right to the revenue. In the governmental funds, revenue from federal grants is recognized when the revenue is both measurable and available. In proprietary funds, revenue from federal grants is recognized when it is earned.

Pass-through entity identifying numbers are presented where available.

Note 3. Indirect Cost Rate

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

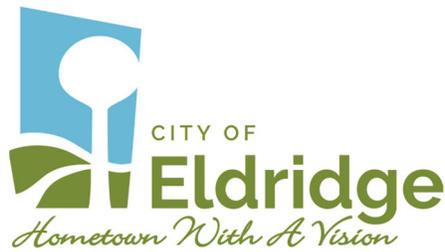


City of Eldridge Iowa

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023**

Findings	Status	Reason for Recurrence, Corrective Action Plan or Other Explanation
Findings Relating to Basic Financial Statements:		
2022-001 The City has insufficient segregation of duties over City receipts including utility, community center, and other receipts.	Not corrected.	The City has not realigned duties. See response and corrective action plan at 2023-001.
2022-002 The City has insufficient segregation of duties over the payroll process.	Not corrected.	The City has not realigned duties. See response and corrective action plan at 2023-002.
2022-003 The City has insufficient segregation of duties over the cash disbursement function.	Not corrected.	The City has not realigned duties. See response and corrective action plan at 2023-003.
2022-004 The City has insufficient segregation of duties over credit card purchasing transactions.	Not corrected.	The City has not realigned duties and the City has not required sufficient documentation. See response and corrective action plan at 2023-004.
2022-005 The City has insufficient segregation of duties over the journal entry process.	Not corrected.	The City has not realigned duties. See response and corrective action plan at 2023-005.
2022-006 The City does not have a process to maintain capital asset subsidiary ledgers and compute depreciation.	Not corrected.	The City has not implemented a capital asset module. See response and corrective action plan at 2023-006.
2022-007 The City did not reconcile ending cash and investments as of June 30, 2022.	Corrected.	
2022-008 The City did not properly identify and adjust the City's funds for adjustments required for the City's trial balances.	Not corrected.	The City does not have a year-end process. See response and corrective action plan at 2023-007.
Instances of Noncompliance:		
2022-009 Certain expenditures were noted which did not meet the requirements of public purpose.	Not corrected.	The City has not required sufficient documentation. See response and corrective action plan at 2023-008.

(Continued)



City of Eldridge Iowa

Summary Schedule of Prior Audit Findings (Continued)
Year Ended June 30, 2023

Findings	Status	Reason for Recurrence, Corrective Action Plan or Other Explanation
Other Findings Related to Required Statutory Reporting:		
IV-A-22 Finding 1: The original budget publication did not agree to the adopted budget.	Corrected	
IV-A-22 Finding 2: The City was unable to produce an expenditures report by function to ensure that they did not exceed budget at year-end.	Not corrected.	The City has not developed a report. See response and corrective action plan at IV-A-23.
IV-B-22 Transactions were found that are questionable expenditures that may not meet the requirements of public purpose.	Not corrected.	The City has not required sufficient documentation. See response and corrective action plan at IV-B-23.
IV-G-22 Finding 1: The City did not publish meeting minutes within two weeks for three meetings, and did not publish meeting minutes for one meeting.	Not corrected.	The City does not have a process to ensure compliance. See response and corrective action plan at IV-G-23.
IV-G-22 Finding 2: Closed session held on April 18, 2022 only had two of five present council members documented to have voted to move into the closed session.	Not corrected.	The City does not have a process to ensure compliance. See response and corrective action plan at IV-G-23.
IV-J-22 Finding 1: The City's Annual Urban Renewal Report, Urban Renewal TIF Indebtedness Reconciliation, and TIF debt requirements schedule do not reconcile.	Not corrected.	The City does not have a process for TIF reporting. See response and corrective action plan at IV-J-23.
IV-J-22 Finding 2: The amounts reported on the Annual Urban Renewal Report cannot be reconciled to the City records.	Not corrected.	The City does not have a process for TIF reporting. See response and corrective action plan at IV-J-23.
IV-K-22 The City does not provide a clear statement of purpose when approving its transfers via a resolution.	Not corrected.	A statement of purpose is not included in the resolution. See response and corrective action plan at IV-K-23.
IV-L-22 At June 30, 2022 the City had a deficit balance in the Eldridge Unified TIF Fund of \$23,633.	Not corrected.	The City will resolve with future taxes. See response and corrective action plan at IV-L-23.



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

To the Honorable Mayor and
Members of City Council
City of Eldridge, Iowa
Eldridge, Iowa

We have audited, in accordance with the 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 Eldridge, Iowa, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 11, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Eldridge, Iowa's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Eldridge, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Eldridge, Iowa's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 through 2023-007 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Eldridge'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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2023-008.

We noted certain immaterial instances of noncompliance and other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2023 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 of Eldridge, Iowa'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 of Eldridge, Iowa's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bohnsack & Frommelt LLP

Moline, Illinois
March 11, 2024



**Independent Auditor’s Report on Compliance For
Each Major Federal Program and On Internal Control
Over Compliance Required By the Uniform Guidance**

To the Honorable Mayor and
Members of City Council
City of Eldridge, Iowa
Eldridge, Iowa

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Eldridge, Iowa’s (the City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended June 30, 2023. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, City of Eldridge complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Bohnsack & Frommelt LLP

Moline, Illinois
March 11, 2024

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Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

I. Summary of the Independent Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?

Yes No

- Significant deficiency identified?

Yes None Reported

- Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?

Yes No

- Significant deficiency identified?

Yes None Reported

Type of auditor's report issued on compliance for major programs:

Unmodified

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?

Yes No

(Continued)

City of Eldridge, Iowa

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023

II. Findings Relating to the Basic Financial Statements as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Internal Control

Material Weaknesses:

2023-001

Finding: The City has insufficient segregation of duties over City receipts including utility, community center, and other receipts.

Criteria: A properly designed system of internal control over financial reporting requires entities to initiate, authorize, record, process and report financial data reliably in accordance with accounting principles generally accepted in the United States of America.

Condition:

- An employee that generates utility billing revenue has access to update utility rates, edit accounts, edit usage, adjust customer accounts, and collect receipts. This position prepares the bank reconciliation, posts journal entries to the trial balance and is a check signor.
- An employee collects receipts, enters receipts into the cash receipting system and performs the daily cash receipt close process and takes receipts to the bank. There is not a review process to compare the deposits on the bank statement to the subsidiary registers.
- All employees in the Business Office have full access to the receipting module, access to cash and checks, and access to post and edit transactions in the financial system.
- There is no formal administrative monitoring of the billed receipts, including utility billings, building permits, and other City activities to the actual receipts collected and deposited.
- The City does not have a budget to actual report which monthly monitors revenue transactions to budgeted revenue expectations.

Cause: A limited number of personnel are involved in the utility billing function. A limited number of people are involved in the non-utility receipt function. The City does not have point of sale software for the community center or parks and recreation. Routine monitoring procedures and reports have not been implemented.

Effect: Misappropriations of assets or errors could occur and not be detected in a timely basis.

Context: This deficiency is over all City receipts.

Identification as a repeat finding: This is a repeat finding.

Recommendation: Any position responsible for processing utility billing with customer account edit access should be segregated from collecting receipts. Any position responsible for general ledger posting and reconciliation processes should be segregated from access to receipts. Subsidiary billing registers should be reconciled to the receipts collected and posted to the trial balance.

In addition, we have the following recommendations to strengthen the City's internal control system:

- The City should implement a budget to actual monthly report from the InCode system for review by the City Administrator, City Council and each department head.
- The City should generate receipts from the InCode system and attach the receipt and supporting documentation such as the remittance from the payee. Daily receipt packets of the cash receipt register, deposit slips, and remittances should be filed by day.

City of Eldridge, Iowa

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023**

Utility Billing:

- The City should investigate system generated edit reports whenever a change to usage or an account is made. The edit reports should be generated and reviewed by the City Administrator or Utility Department Head weekly. We recommend an employee without billing or cash receipting access specifically review any adjustments to the personal utility accounts of employees with billing and collecting access.
- Monthly, a report of abnormal usage, no readings and zero usage is generated by the utility billing process. We recommend these reports be detailed reviewed by an employee without access to billing. The employee performing the review should document the follow up performed on all customer accounts included in the reports. An option is for the Public Works department to detail review these reports, be responsible for follow up and communicate any changes to the employee with billing access. Reviews should be formally documented with signatures and dates of when the review takes place.
- Utility rates are entered by the employee with billing access. We recommend the City Administrator review utility rates in the system when Council approves a rate change to minimize risk of error.

Other Receipts:

- We recommend the City Clerk position perform all billing of other accounts receivable charges for services. When the revenue is receipted, it should be receipted by the billing clerk. The remittance supporting documentation should be routed to the City Clerk position to compare to the billing and ensure accounts receivable was properly relieved. The City Clerk position should be removed from all access to receipts. Deposits to the bank should be performed by someone without general ledger access or reconciliation duties.
- We recommend the City review current processes to implement a daily receipting ledger. The ledger should be reconciled daily to the general ledger and provided to the City Clerk position for bank reconciliation purposes.
- The bank reconciliations should be formally reviewed and approved by the City Administrator on a monthly basis. The review should include ensuring reconciling items are current and proper given the nature of the transaction and include the City Administrator comparing the bank balance to bank statements and the ending cash balance to a general ledger report.
- The Community Center and Parks Department subsidiary ledgers should be generated and reconciled by the City Clerk position. Activity that is not included in a point of sale system should be monitored by an employee not involved in the collecting and depositing functions. Monthly reports of the revenue posted for the Community Center and Parks Department should be reviewed by the Department Head to ensure the amounts collected and remit to City Hall for deposit agree to the amounts posted.
- Building permits issued should be reconciled to the building permit fees collected on a monthly basis by the City Clerk.

Response and Corrective Action Plan: The City will review current processes and realign duties to improve internal controls within the design of the utility billing and cash receipting process.

City of Eldridge, Iowa

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023**

2023-002

Finding: The City has insufficient segregation of duties over the payroll process.

Criteria: A properly designed system of internal control over financial reporting requires entities to initiate, authorize, record, process and report financial data reliably in accordance with accounting principles generally accepted in the United States of America.

Condition:

- The Payroll Clerk has access rights to change the employee master file, including entering new employees, employee information including address and direct deposit information, modifying pay rates and adding deductions; enters time to the payroll system, process the payroll and generate the direct deposits. The Payroll Clerk also submits the direct deposit to the financial institution, submits payroll taxes and deductions and reconciles the bank statement. This position is also a check signor on the City's accounts.
- The City Clerk position had the same access rights to the payroll system, ran payroll in the Payroll Clerk's absence, submitted payroll taxes and deductions, prepared payroll reporting and reconciled the bank statement and was an authorized bank signatory.
- The City does not have a budget to actual report which monthly monitors expenditure transactions to budgeted expenditure expectations.

Cause: A limited number of personnel are involved in the payroll function.

Effect: Misappropriations of assets could occur and not be detected in a timely basis.

Context: This deficiency is over all payroll expenditures of the City.

Identification as a repeat finding: This is a repeat finding.

Recommendation: Ideally, the position responsible for processing the payroll should be segregated from access to make employee master file changes.

- The City should evaluate the payroll software to determine if password protections within applications in regard to the master file could be limited to another position in office. This position should have no other payroll access. This position would add all new positions, including address, direct deposit information and benefits. In addition, this position should make all updates and changes to the master payroll file.
- After payroll is processed, a Direct Deposit Register should be generated by the Payroll Clerk and routed to the City Clerk position. The City Clerk position should be notified by the bank that the direct deposit file has been submitted. The City Clerk position should compare the amount submitted for the direct deposit ACH to the Direct Deposit Register and approve the direct deposit ACH through the bank. In addition, the City Clerk position should review the direct deposit listing to look for any unknown employees and any unusual pay amounts. The amount should also be compared to the prior payroll period and investigate any unusual variances in the total amount paid from one pay period to the next and compare totals to budget for any variances. The payroll access rights should be removed from the City Clerk position.
- The City Administrator should review the bank reconciliation and ensure that all payroll ACH match the ACH reports for the month.
- The City should determine if a payroll change/edit report can be printed from the payroll system. This report should list all changes made to the employee master files as well as extra pays or leave time added for the pay period. The changes on this report should be reviewed by a position independent from the payroll processing position.

City of Eldridge, Iowa

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023

- The City should implement a budget to actual monthly report from the InCode system for review by the City Administrator, City Council and each department head.

Response and Corrective Action Plan: The City will review current processes and realign duties and system access levels to improve internal controls within the design of the payroll system.

2023-003

Finding: The City has insufficient segregation of duties over the cash disbursement function.

Criteria: A properly designed system of internal control over financial reporting requires entities to initiate, authorize, record, process and report financial data reliably in accordance with accounting principles generally accepted in the United States of America.

Condition: The finding is the result of the following conditions:

- Two positions have access to set up new vendors or edit vendor information in the system, have access to enter invoices, print checks and reconcile the bank statements. These positions are also authorized check signers. These positions can initiate bank transfers without a second approval.
- City billing clerks have access to set up new vendors or edit vendor information in the system, generate checks and access to signature stamp. After checks are signed, checks are returned to the same employees that generate them to process and mail.
- There is not a formal check sequence monitoring process.
- The City Clerk position and City Billing Clerks have access to void transactions.
- There is no City purchasing policy.
- The City does not have a budget to actual report which monthly monitors expenditure transactions to budgeted expenditure expectations.

Cause: A limited number of personnel are involved in the cash disbursement function.

Effect: Misappropriation of assets could occur and not be detected in a timely basis.

Context: This deficiency is over the City's expenditures.

Identification as a repeat finding: This is a repeat finding.

Recommendation: In general, authorization of new vendors, entering invoices into the accounting system, processing of checks, check signing authority and preparing the bank reconciliations should be segregated. We recommend implementing the following controls to strengthen internal controls over disbursements:

- The City should have a purchasing policy that specifies approval amounts and supervisory level requirements. The City should have a travel policy that specifies allowable travel, travel approval requirements, and reimbursements.
- The Master Vendor File access should be delegated to another position. That position would obtain the IRS W-9 Form and complete vendor additions and any changes to vendors including changes to addresses or information for electronic payment through the bank.
- The position responsible for the accounts payable processing should be immediately removed as an authorized check signer.

City of Eldridge, Iowa

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023

- The signature stamp should be locked and segregated from positions with access to generate checks.
- Check sequence should be logged and monitored by a position without access to generate checks.
- Voided transactions should be routinely reviewed by supervisory personnel.
- The position should be removed from access to transferring or withdrawal of funds.

- The City should implement a budget to actual monthly report from the InCode system for review by the City Administrator, City Council and each department head.
- Bank transfers should require a second approval by the bank.

Response and Corrective Action Plan: The City will review current processes and realign duties and system access levels to improve internal controls within the design of the disbursement transaction system.

2023-004

Finding: During fiscal year 2023, the City had insufficient segregation of duties over credit card purchasing transactions.

Criteria: Internal controls over safeguarding assets constitute a process, effected by an entity's governing body, management and other personnel designed to provide reasonable assurance regarding prevention or timely detection of unauthorized transactions and safeguarding assets from error or misappropriation.

Condition: All employees are given a credit card and employees have access to other online purchasing credit and store credit accounts. Positions with purchasing authority through credit cards and other online purchasing and store credit accounts have access to enter expenditures into the system, print checks and reconcile the bank statements. The City Clerk position is also an authorized signer, has the ability to transfer funds, and make journal entries in the accounting system.

Cause: Duties are not properly segregated among employees at the City.

Effect: Misappropriation of assets occurred and were not detected on a timely basis.

Context: This deficiency is over the credit card transactions of the City.

Identification as a repeat finding: This is a repeat finding.

Recommendation:

- 1) Only employees with purchasing authority should be given a purchasing credit card or authority to purchase through City store credit accounts.
- 2) A position that does not have access to the credit cards should download the credit card statements and distribute to each card holder. The card holders should be responsible for attaching all receipts for each of their monthly transactions and documenting public purpose of their transactions. Store credit and online credit accounts should be downloaded monthly and receipts should be matched to the invoices prior to payment.
- 3) The accounts payable position should enter all credit transactions into the accounts payable software and reconcile to the total of statements.
- 4) All statements and invoices should be available for review by Council.
- 5) Checks should be generated and matched to the invoices prior to authorized signers signature on the checks.

City of Eldridge, Iowa

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023**

- 6) Checks should be processed for mailing and filing by someone independent of the disbursement processing functions.

Response and Corrective Action Plan: The City implemented new procedures at the end of fiscal year 2023. The City Administrator downloads the credit card statements and matches the credit card purchase receipts to the statements. The Mayor is reviewing the City Administrator's credit card monthly. The credit card payment information is provided by the City Administrator to Finance Department to generate payment.

2023-005

Finding: The City has insufficient segregation of duties over the journal entry process.

Criteria: A properly designed system of internal control over financial reporting requires entities to initiate, authorize, record, process and report financial data reliably in accordance with accounting principles generally accepted in the United States of America.

Condition: The City Clerk Position and the Billing Clerk Positions have access to post journal entries to the general ledger system. There is no review or approval process for journal entries.

Cause: There is not a formal approval process or filing process to ensure all journal entries have been reviewed and approved by someone other than the person initiating the journal entry.

Effect: Misappropriation of assets occurred and were not detected on a timely basis.

Context: This deficiency is over the journal entries posted to the City's financial system.

Identification as a repeat finding: This is a repeat finding.

Recommendation:

- 1) Journal entries should be sequentially numbered, printed and maintained with supporting documentation and formally approved by a position other than the position that initiated the journal entry.
- 2) Monthly, a report should be printed from the financial software listing all journal entries posted for the month and compared to the journal entries and supporting documentation to ensure completeness.

Response and Corrective Action Plan: The City will review current processes and realign duties and system access levels to improve internal controls within the design of the journal entries.

2023-006

Finding: The City does not have a process to maintain capital asset subsidiary ledgers and compute depreciation.

Criteria: A properly designed system of internal control over financial reporting requires entities to initiate, authorize, record, process and report financial data reliably in accordance with accounting principles generally accepted in the United States of America.

Condition: The City does not maintain a capital assets listing. The City does not have a process to identify asset deletions and additions or to track construction in progress for self-constructed assets. The City does not have a process to account for donated capital assets. The City does not maintain depreciation schedules for assets owned by the City in accordance with accounting principles generally accepted in the United States (GAAP).

City of Eldridge, Iowa

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023**

Cause: The City has not implemented the capital asset module of the financial software and therefore, has not maintained historical records of capital assets.

Effect: The City's trial balances do not accurately reflect the capital asset ending balances.

Context: Adjustments to record capital asset additions and ending depreciation were required to be posted by the City as part of the year-end audit process for approximately \$13.9 million for governmental activities, \$600,000 for the Electric Fund, \$821,000 for the Water Fund, \$790,000 for the Sewer Fund, \$46,000 for the Community Center, and \$735,000 for the Fitness Center.

Identification as a repeat finding: This is a repeat finding.

Recommendation: We recommend the City utilize the capital asset module the City already owns to maintain capital assets efficiently and to compute annual depreciation. We recommend the City develop and implement a systematic process to identifying asset additions and asset deletions throughout the year.

Response and Corrective Action Plan: The City will investigate maintaining capital asset ledgers and depreciation within the current software.

2023-007

Finding: The City did not properly identify and adjust the City's funds for adjustments required for the City's trial balances to be reported in accordance with applicable accounting standards and principles.

Criteria: Properly designed and implementation of policies and procedures are an integral part of ensuring the reliability and accuracy of the City's financial statements. A properly designed system of internal control over financial reporting allows entities to initiate, authorize, record, process and report financial data reliably in accordance with generally accepted accounting principles (GAAP).

Condition: The City did not identify and adjust receivables, revenue, capital assets, long-term debt, accrued liabilities and accounts payable at year-end.

Cause: The City does not have processes to identify and record financial information on a GAAP basis.

Effect: Financial statements are misstated and errors are not detected on a timely basis.

Context: Material adjustments were required to the City trial balance presented for audit.

Identification as a repeat finding: This is a repeat finding.

Recommendation: We recommend the City Clerk position and City Administrator implement monitoring procedures at year-end to ensure ending balances are proper.

Response and corrective action plan: The City Clerk position and City Administrator will implement monitoring and review procedures over the City's trial balance.

City of Eldridge, Iowa

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023**

B. Instances of Noncompliance

2023-008

Finding: Certain expenditures were noted which we believe may not meet the requirements of public purpose as defined in the Attorney General's opinion since the public benefits to be derived have not been clearly documented.

Criteria: In accordance with Article III, Section 31, of the Iowa Constitution and an Attorney General's opinion dated April 25, 1979, public funds may only be spent for public benefit.

Condition: The finding is a result of the collective conditions as follows:

Two randomly selected monthly credit card statements were tested and the following were noted:

- a. Sixteen instances of credit card transactions not having charge receipt documentation.
- b. Twenty-eight instances of sales tax paid totaling \$258.93.
- c. Four instances of an employee had items ordered with a City credit card mailed to a non-City address.
- d. Twelve instances of an employee's monthly statement either did not submit a Purchase Receipt Form to obtain supervisor and/or administration approval or submitted Purchase Receipt Forms that were only signed or initialed by the cardholder and not the supervisor.
- e. One instance of a purchase of \$644.17 to Holiday Inn with the only descriptor "2 Rooms", and no other documentation.
- f. One instance of an employee who did not submit an itemized receipt for a restaurant meal.

Cause: Expenditures were made without adequate approval and controls in place to support the public purpose of the expenditures.

Effect: Expenditures were made that may not meet the requirements of public purpose.

Context: Adequate supporting documentation is not maintained and internal controls are not adequate to support the transactions of the City.

Identification as a repeat finding: This is a repeat finding.

Recommendation: The documentation of monthly statements and corresponding receipts and invoices should always be retained for all employees who are using public funds to make purchases on the City's behalf. Additionally, credit card statements should be reviewed on a monthly basis by City Council as a means to make sure that no unusual expenditures go unquestioned. Bank reconciliations should be completed monthly and reviewed for accuracy.

Response and corrective action plan: The City will implement procedures to ensure transactions are supported by proper documentation, approval is documented, and comply with public purpose.

City of Eldridge, Iowa

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023

C. Findings and Questioned Costs for Federal Awards

A. Internal Control for Federal Awards

No matters reported.

B. Instances of Noncompliance

No matters reported.

D. Other Findings Related to Required Statutory Reporting

IV-A-23

Certified Budget –

Finding: The City was unable to produce an expenditure report by function to ensure that they did not exceed budget at year-end. The City exceeded the final budget in the general government, debt service, and business-type functions by \$408,435, \$7,317 and \$1,047,713, respectively.

Recommendation: The City should be preparing monthly and year to date expenditures reports by function compared to the budget and presented to City Council.

Response and Corrective Action Plan: The City will prepare a monthly and year to date expenditures activity report by function compared to budget to be included in the reports presented to the board monthly.

Conclusion: Response accepted.

IV-B-23

Questionable Expenditures –

Finding: Transactions were found that are questionable expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979. Refer to Instances of Noncompliance Finding 2023-008.

Recommendation: The documentation of monthly statements and corresponding receipts and invoices should always be retained for all employees who are using public funds to make purchases on the City's behalf. Additionally, credit card statements should be reviewed on a monthly basis by City Council as a means to make sure that no out of the ordinary expenditures go unquestioned. Bank reconciliations should be completed monthly and reviewed for accuracy.

Response and Corrective Action Plan: The City will implement procedures to ensure transactions are supported by proper documentation, approval is documented, and comply with public purpose.

Conclusion: Response accepted.

IV-C-23

Travel Expenses – No expenditures of City money for travel expenses of spouses of City officials or employees were noted. No travel advances to City officials or employees were noted.

IV-D-23

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

City of Eldridge, Iowa

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023**

IV-E-23

Restricted Donor Activity – No transactions were noted between City, City Officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

IV-F-23

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 insure that the coverage is adequate for current operations.

IV-G-23

Council Minutes –

Finding 1: Through the testing of eight Council meetings across three months, we noted one had minutes that were published in the newspaper greater than two weeks following the date of the Council meeting and one had minutes that were not published in the newspaper at all following the Council meeting. Per Chapter 279.35 of the Code of Iowa, the secretary shall furnish a copy of the proceedings to be published within two weeks following the adjournment of the meeting.

Recommendation: We recommend the City publish meeting minutes with two weeks of meeting dates in accordance with Chapters 279.35 and 279.36 of the Iowa Code.

Response and Corrective Action Plan: The City will establish procedures to publish meeting minutes timely.

Conclusion: Response accepted.

Finding 2: The publication of minutes for one of the Council meetings tested was noted to have stated the incorrect date for the meeting. The meeting date was September 19, 2022, and the date that was published was September 15, 2022. Per Chapter 21.3 of the Iowa Code: “each governmental body shall keep minutes of all its meetings showing the date, time and place, the members present, and the action taken at each meeting.”

Recommendation: We recommend that the City review its minute publications prior to submitting to ensure that all information being published is accurate and in accordance with Chapter 21.3 of the Iowa Code.

Response and Corrective Action Plan: The City will establish procedures to review its minute publications prior to submitting them to the newspaper.

Conclusion: Response accepted.

IV-H-23

Deposits and Investments –

No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the City’s investment policy were noted other than the following:

Finding: The City adopted a Depository Resolution on January 9, 2023. The bank balance for First Central State Bank exceeds the authorized maximum balance as of June 30, 2023.

Recommendation: The City should amend the Depository Resolution to accurately reflect the authorized maximum balance or reduce the amount of deposits at First Central State Bank to the approved maximum balance.

City of Eldridge, Iowa

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023**

Response and Corrective Action Plan: The City will amend the Depository Resolution to accurately reflect the maximum balances.

Conclusion: Response accepted.

IV-I-23

Payment of General Obligation Bonds- The City appears to be in compliance with Chapter 384.4 of the Code of Iowa.

IV-J-23

Annual Urban Renewal Report –

Finding: The City was not able to provide Council approval on the internal loans to be repaid from TIF. Iowa Code Chapter 403.19 (6)(a) requires amounts certified on Form 1 and Form 1.1 to be for loans advances or other qualified Debt.

- The City's internal schedule for TIF financing transfers plans to transfer a total of \$600,000 in TIF revenue for the First Street Rec Trail. The \$600,000 was certified to the County as \$452,382 in 2019 and \$147,618 in 2020. The \$147,618 was submitted to the County as local matching funds to a grant for constructing a shared used path. The Code of Iowa restricts the disbursements or transfers of TIF funds to qualified indebtedness or bonds.
- The Annual Urban Renewal Report lists \$2,700,000 for an internal loan for First Street and LeClaire Road Intersection. The City provided a schedule showing the calculated TIF share of the project of \$2,661,667 and \$2,700,000 to the County for this indebtedness. The City did not use Form 1.1 to detail the amount certified to the County.

Recommendation: We recommend the City Council to approve TIF internal loans and reconcile the Annual Urban Renewal Report to City records and to the Urban Renewal Area TIF Indebtedness/Increment Tax Revenue Reconciliation provided by the County Auditor. The City should also use Form 1.1 in the Annual TIF Certification to the County.

Response and Corrective Action Plan: The City will reconcile the Annual Urban Renewal Report and to the Urban Renewal Area TIF Indebtedness/Increment Tax Revenue Reconciliation provided by the County Auditor. The City will use an updated schedule of TIF indebtedness requirements that agrees to the City's TIF indebtedness certified to the County and to the Annual Urban Renewal Report.

Conclusion: Response accepted.

IV-K-23

Transfers –

Finding: The City does not provide a clear statement of purpose when approving transfers via resolution.

Administrative Code Section 545-2.1 requires all transfers to be approved by resolution that includes a clear statement of the reason or purpose for the transfer, the names of the funds affected and the dollar amount.

Recommendation: We recommend the City approve all transfers by resolution with a clear statement of purpose for said transfers.

Response and Corrective Action Plan: The City agrees with the recommendation.

Conclusion: Response accepted.

City of Eldridge, Iowa

**Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2023**

IV-L-23

Financial Condition-

Finding: At June 30, 2022 the City had a deficit balance in the Eldridge Unified TIF Fund of \$9,194.

Recommendation: The City should investigate alternatives to eliminate these deficits to return these funds to a sound financial position.

Response and Corrective Action Plan: The City will review available resources to return the fund to sound financial position.

Conclusion: Response accepted.

IV-M-23

IRS Forms –

Finding 1: Through testing inquiries, it was determined that the City did not have a process in place to obtain IRS Form W-9 for all businesses (vendors), including nonemployee individuals, such as freelancers or independent contractors. This is a requirement set by the IRS.

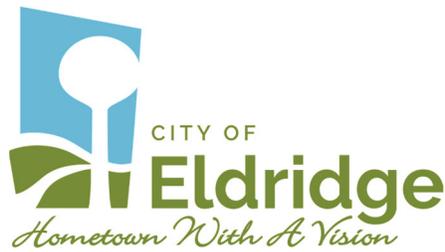
Finding 2: Through testing inquiries, it was determined that the City did not have a process in place to obtain IRS Form 1099 for all outside services of \$600 or more for all businesses (vendors), including nonemployee individuals, such as freelancers or independent contractors. This is a requirement set by the IRS.

Recommendation: We recommend that the City instill a process that includes obtaining all required IRS Forms for all businesses (vendors), including nonemployee individuals, such as freelancers or independent contractors.

Response and Corrective Action Plan: The City agrees with the recommendation.

Conclusion: Response accepted.

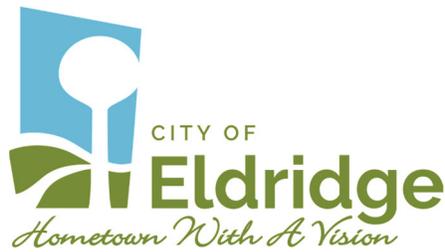
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City of Eldridge, Iowa

**Corrective Action Plan
Year Ended June 30, 2023**

Findings	Corrective Action Plan	Person Responsible Anticipated Date of Completion
Findings Relating to Basic Financial Statements:		
2023-001 The City has insufficient segregation of duties over City receipts including utility, community center, and other receipts.	See response and corrective action plan at 2023-001.	Nevada Lemke Fiscal Year 2024
2023-002 The City has insufficient segregation of duties over the payroll process.	See response and corrective action plan at 2023-002.	Nevada Lemke Fiscal Year 2024
2023-003 The City has insufficient segregation of duties over the cash disbursement function.	See response and corrective action plan at 2023-003.	Nevada Lemke Fiscal Year 2024
2023-004 The City has insufficient segregation of duties over credit card purchasing transactions.	See response and corrective action plan at 2023-004.	Nevada Lemke Fiscal Year 2024
2023-005 The City has insufficient segregation of duties over the journal entry process.	See response and corrective action plan at 2023-005.	Nevada Lemke Fiscal Year 2024
2023-006 The City does not have a process to maintain capital asset subsidiary ledgers and compute depreciation.	See response and corrective action plan at 2023-006.	Nevada Lemke Fiscal Year 2024
2023-007 The City did not properly identify and adjust the City's funds for adjustments required for the City's trial balances.	See response and corrective action plan at 2023-007.	Nevada Lemke Fiscal Year 2024
Instances of Noncompliance:		
2023-008 Certain expenditures were noted which did not meet the requirements of public purpose.	See response and corrective action plan at 2023-008.	Nevada Lemke Fiscal Year 2024
(Continued)		



City of Eldridge, Iowa

**Corrective Action Plan (Continued)
Year Ended June 30, 2023**

Findings	Corrective Action Plan	Person Responsible Anticipated Date of Completion
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Other Findings Related to Required Statutory Reporting:

IV-A-23	<p>The City was unable to produce an expenditures report by function to ensure the budget was not exceeded prior to amendment.</p> <p>The City exceeded the final budget in the general government, debt service, and business-type functions by \$408,435, \$7,317 and \$1,047,713, respectively.</p>	<p>See response and corrective action plan at IV-A-23.</p>	<p>Nevada Lemke Fiscal Year 2024</p>
IV-B-23	<p>Transactions were found that are questionable expenditures that may not meet the requirements of public purpose.</p>	<p>See response and corrective action plan at IV-B-23.</p>	<p>Nevada Lemke Fiscal Year 2024</p>
IV-G-23	<p>The City did not publish meeting minutes within two weeks for one meeting, and did not publish meeting minutes for one meeting.</p> <p>A publication of minutes stated the incorrect date of the meeting.</p>	<p>See response and corrective action plan at IV-G-23.</p>	<p>Nevada Lemke Fiscal Year 2024</p>
IV-H-23	<p>The bank balance exceeds the authorized maximum balance as of June 30, 2023.</p>	<p>See response and corrective action plan at IV-H-23.</p>	<p>Nevada Lemke Fiscal Year 2024</p>
IV-J-23	<p>The City was not able to provide Council approval on the internal loans to be repaid from TIF.</p>	<p>See response and corrective action plan at IV-J-23.</p>	<p>Nevada Lemke Fiscal Year 2024</p>
IV-K-23	<p>The City does not provide a clear statement of purpose when approving its transfers via a resolution.</p>	<p>See response and corrective action plan at IV-K-23.</p>	<p>Nevada Lemke Fiscal Year 2024</p>
IV-L-23	<p>At June 30, 2023 the City had a deficit balance in the Eldridge Unified TIF Fund of \$9,194.</p>	<p>See response and corrective action plan at IV-L-23.</p>	<p>Nevada Lemke Fiscal Year 2024</p>
IV-M-23	<p>The City did not have a process in place to obtain IRS Form W-9 for all businesses.</p> <p>The City did not have a process in place to obtain IRS Form 1099 for all outside services of \$600 or more.</p>	<p>See response and corrective action plan at IV-M-23.</p>	<p>Nevada Lemke Fiscal Year 2024</p>