

City of Eldridge, Iowa

Financial and Compliance Report
Year Ended June 30, 2024

Table of Contents

Introductory Section

Table of contents	i
City officials	ii

Financial Section

Independent auditor's report	1-3
Management's discussion and analysis	4-14
Basic financial statements:	
Government-wide financial statements:	
Statement of net position	15-16
Statement of activities	17-18
Fund financial statements:	
Balance sheet- governmental funds	19-20
Reconciliation of total governmental fund balances to net position of governmental activities	21
Statement of revenues, expenditures and changes in fund balances- governmental funds	22-23
Reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities	24
Statement of net position- proprietary funds	25-26
Statement of revenues, expenses and changes in net position- proprietary funds	27-28
Statement of cash flows- proprietary funds	29-30
Notes to basic financial statements	31-56
Required supplementary information:	
Schedule of changes in the City's total OPEB liability and related ratios	57
Budgetary comparison schedule- budget and actual- all governmental and proprietary funds	58-59
Iowa Public Employees' Retirement System:	
Schedule of the City's proportionate share of the net pension liability	60-61
Schedule of City contributions	62-63
Notes to required supplementary information	64
Supplementary Information:	
Nonmajor governmental funds:	
Combining balance sheet	65
Combining statement revenues, expenditures and changes in fund balances	66

Compliance Section

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	67-68
Schedule of findings and responses	69-77

THIS PAGE INTENTIONALLY LEFT BLANK

City of Eldridge, Iowa

**City Officials
June 30, 2024**

		<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
Scott Campbell	City Council	January 2028
Ryan Iossi	City Council	January 2028
Adrian Blackwell	City Council	January 2028
Michael Bristley	Utility Board Trustee	February 2026
Abby Petersen	Utility Board Trustee	February 2028
Jeff Hamilton	Utility Board Trustee	February 2030
Mark Gooding	Utility Board Trustee	February 2027
Racheal Padavich	Utility Board Trustee	February 2029
Nevada Lemke	City Administrator	Appointed
Jeff Martens	Assistance City Administrator	Appointed
Martha Nieto	City Clerk	Appointed

THIS PAGE INTENTIONALLY LEFT BLANK



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, 2024, 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, 2024 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 (*Government Auditing Standards*). 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 57-64 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 are presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

In our opinion, the supplementary information as listed in the table of contents 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 January 6, 2025, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City 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
January 6, 2025

THIS PAGE INTENTIONALLY LEFT BLANK

City of Eldridge, Iowa

Management's Discussion and Analysis Year Ended June 30, 2024

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, 2024.

Financial Highlights

- Revenues of the City's governmental activities decreased 30.2%, or \$3,625,928 from fiscal year 2023 to fiscal year 2024, primarily due to a decrease of donated infrastructure from developers and a Highway Planning and Construction federal grant received in 2023.
- Revenues of the City's business-type activities increased 23.1%, or \$2,608,953 from fiscal year 2023 to fiscal year 2024, primarily due a decrease in charges for services of \$1,359,823 and a decrease of \$1,070,000 in donated infrastructure.
- Expenses of the City's governmental activities increased 40.4%, or \$1,967,771, in fiscal year 2024 from fiscal year 2023.
- Expenses of the City's business-type activities decreased 12.2%, or \$1,092,972 in fiscal year 2024 from fiscal year 2023.
- The City's net position increased 3.2%, or \$2,339,557, from June 30, 2023 net position to June 30, 2024. Of this amount, the net position of the governmental activities increased \$1,885,528 and the net position of the business-type activities increased \$454,029.

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, 2024

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. 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 four 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 nonmajor Community Center Fund is also presented in the financial statements.

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.

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

City of Eldridge, Iowa

**Management’s Discussion and Analysis
Year Ended June 30, 2024**

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 \$76,123,356 which represents an increase of \$2,339,557 from 2023.

Table 1 - City of Eldridge's Net Position

	Governmental Activities June 2024	Governmental Activities June 2023	Business-Type Activities June 2024	Business-Type Activities June 2023	Total June 2024	Total June 2023
Current and other assets	\$ 16,196,033	\$ 15,165,718	\$ 15,858,490	\$ 14,367,053	\$ 32,054,523	\$ 29,532,771
Capital assets	25,153,666	25,283,379	42,337,655	43,731,821	67,491,321	69,015,200
Total assets	41,349,699	40,449,097	58,196,145	58,098,874	99,545,844	98,547,971
Total deferred outflows of resources	370,734	251,429	215,351	164,542	586,085	415,971
Noncurrent liabilities	10,948,754	11,906,417	4,427,757	4,717,853	15,376,511	16,624,270
Other liabilities	2,473,147	2,648,604	838,253	807,487	3,311,400	3,456,091
Total liabilities	13,421,901	14,555,021	5,266,010	5,525,340	18,687,911	20,080,361
Total deferred inflows of resources	5,071,866	4,804,367	248,796	295,415	5,320,662	5,099,782
Net position:						
Net investment in capital assets	13,476,019	12,568,914	38,240,615	39,347,250	51,716,634	51,916,164
Restricted	7,988,365	7,277,646	-	-	7,988,365	7,277,646
Unrestricted	1,762,282	1,494,578	14,656,075	13,095,411	16,418,357	14,589,989
Total net position	\$ 23,226,666	\$ 21,341,138	\$ 52,896,690	\$ 52,442,661	\$ 76,123,356	\$ 73,783,799

Of the City of Eldridge’s net position, 68 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, 2024

A restricted portion of the City's net position (10.5 percent as of June 30, 2024) represents resources that are subject to external restrictions on how they may be used. Restricted net position increased \$710,719 for capital projects by accumulating road use taxes and sales taxes for future projects.

The remaining balance of unrestricted net position, \$16,418,357 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, 2024. 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 \$2,339,557 during the year ended June 30, 2024. The governmental activities' net position increased by \$1,885,528. Total governmental activities revenue decreased \$3,625,928 primarily due to a \$4,215,831 decrease in capital grants and contributions.

Government activities total expenses increased \$1,967,771 from the prior year or 40.4%. The increase is primarily from planned spending on noncapitalized public works capital improvements.

The total business-type activities' net position increased by \$454,029. Expenses decreased \$1,092,972 or 12.2%. Charges for services decreased \$1,359,823 from the prior year and capital grants and contributions decreased \$1,070,000. The business-type activities charges for services are adequate to support operating expenses including depreciation other than the Water Fund and the nonmajor Community Center Fund.

City of Eldridge, Iowa

Management's Discussion and Analysis
Year Ended June 30, 2024

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

	Governmental Activities 2024	Governmental Activities 2023	Business-Type Activities 2024	Business-Type Activities 2023	Total 2024	Total 2023
Revenues:						
Program revenues:						
Charges for services	\$ 1,300,337	\$ 1,163,781	\$ 8,280,264	\$ 9,640,087	\$ 9,580,601	\$ 10,803,868
Operating grants and contributions	942,791	958,003	-	-	942,791	958,003
Capital grants and contributions	50,000	4,265,831	-	1,070,000	50,000	5,335,831
General revenues:						
Property taxes levied for:						
General purpose	3,392,193	3,136,344	-	-	3,392,193	3,136,344
Tax increment financing	1,122,737	964,412	-	-	1,122,737	964,412
Sales tax	1,339,906	1,228,746	-	-	1,339,906	1,228,746
Other taxes	86,218	88,140	-	-	86,218	88,140
Investment earnings	143,933	74,453	383,844	198,790	527,777	273,243
Other	-	124,333	-	364,184	-	488,517
Total revenues	8,378,115	12,004,043	8,664,108	11,273,061	17,042,223	23,277,104
Expenses:						
General government	1,194,712	1,342,225	-	-	1,194,712	1,342,225
Public safety	1,772,033	1,446,290	-	-	1,772,033	1,446,290
Public works	2,852,698	1,084,608	-	-	2,852,698	1,084,608
Culture and recreation	566,931	573,809	-	-	566,931	573,809
Community and economic development	252,527	204,547	-	-	252,527	204,547
Interest on long- term debt	203,627	223,278	-	-	203,627	223,278
Electric	-	-	4,452,542	5,863,439	4,452,542	5,863,439
Water	-	-	1,165,729	987,875	1,165,729	987,875
Sewer	-	-	1,720,979	1,534,103	1,720,979	1,534,103
Community center	-	-	520,888	518,192	520,888	518,192
Fitness center	-	-	-	49,501	-	49,501
Total expenses	6,842,528	4,874,757	7,860,138	8,953,110	14,702,666	13,827,867
Excess before transfers	1,535,587	7,129,286	803,970	2,319,951	2,339,557	9,449,237
Transfers	349,941	1,453,353	(349,941)	(1,453,353)	-	-
Change in net position	1,885,528	8,582,639	454,029	866,598	2,339,557	9,449,237
Net position, beginning,	21,341,138	12,758,499	52,442,661	51,576,063	73,783,799	64,334,562
Net position, ending	\$ 23,226,666	\$ 21,341,138	\$ 52,896,690	\$ 52,442,661	\$ 76,123,356	\$ 73,783,799

City of Eldridge, Iowa

**Management’s Discussion and Analysis
Year Ended June 30, 2024**

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

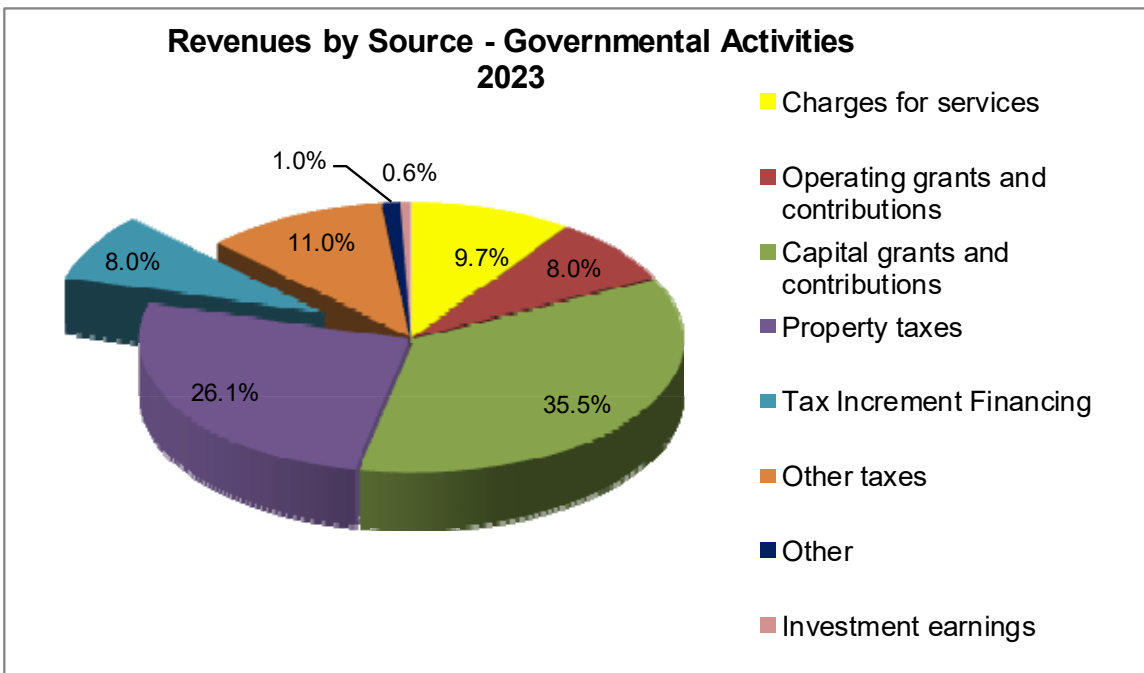
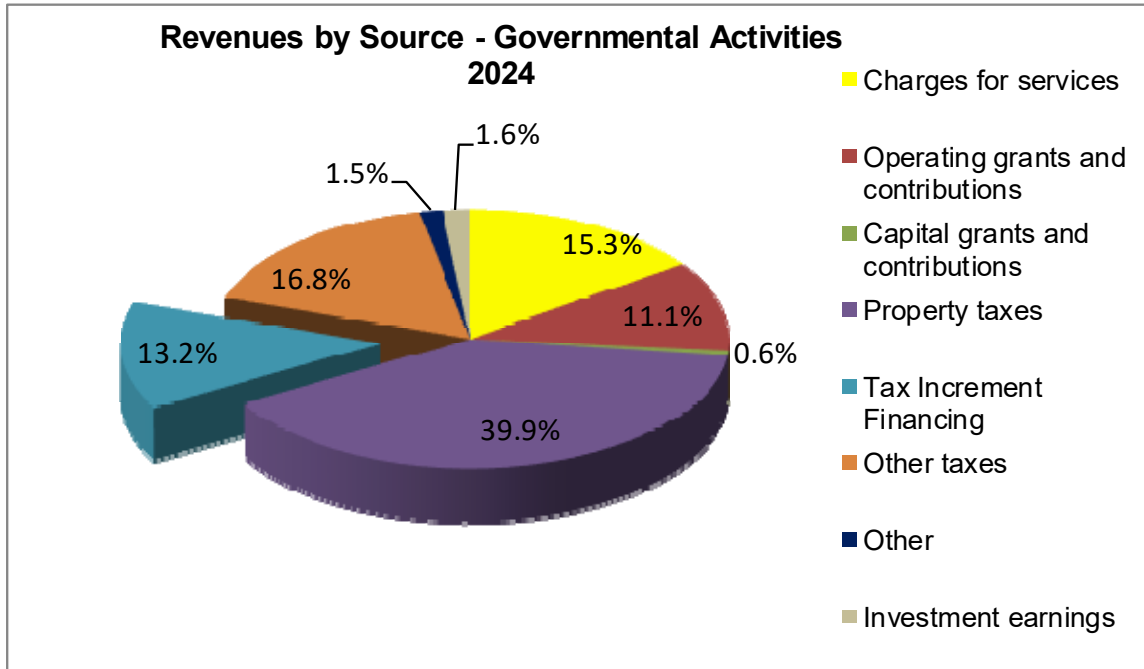
Programs	Total Cost of Services 2024	Total Cost of Services 2023	Net Cost of Services 2024	Net Cost of Services 2023
Public safety	\$ 1,772,033	\$ 1,446,290	\$ (1,583,150)	\$ (1,193,996)
Public works	2,852,698	1,084,608	(1,474,915)	1,971,052
Culture and recreation	566,931	573,809	(428,642)	(511,063)
Community and economic development	252,527	204,547	(236,275)	(79,581)
General government	1,194,712	1,342,225	(622,791)	1,549,724
Interest on long-term debt	203,627	223,278	(203,627)	(223,278)
Total	\$ 6,842,528	\$ 4,874,757	\$ (4,549,400)	\$ 1,512,858

Net cost of services is 66.5 percent of total cost of services for the year ended June 30, 2024 and 31.0 percent for the year ended June 30, 2023. 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 2023, \$1,725,000 was donated for Ivy Acres and Grunwald Grove 2nd addition residential subdivisions. In addition, in 2023 the City received a \$2,476,381 Highway Planning and Construction federal grant.

Management's Discussion and Analysis
Year Ended June 30, 2024

Governmental Activities

The graphs below show the percentage of the total governmental activities revenues allocated by each revenue type for 2024 and 2023.



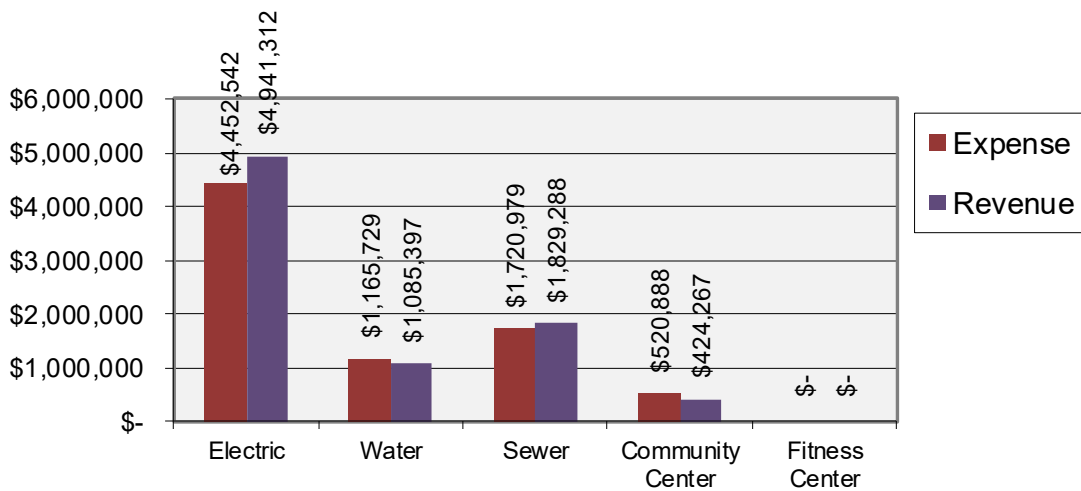
City of Eldridge, Iowa

**Management’s Discussion and Analysis
Year Ended June 30, 2024**

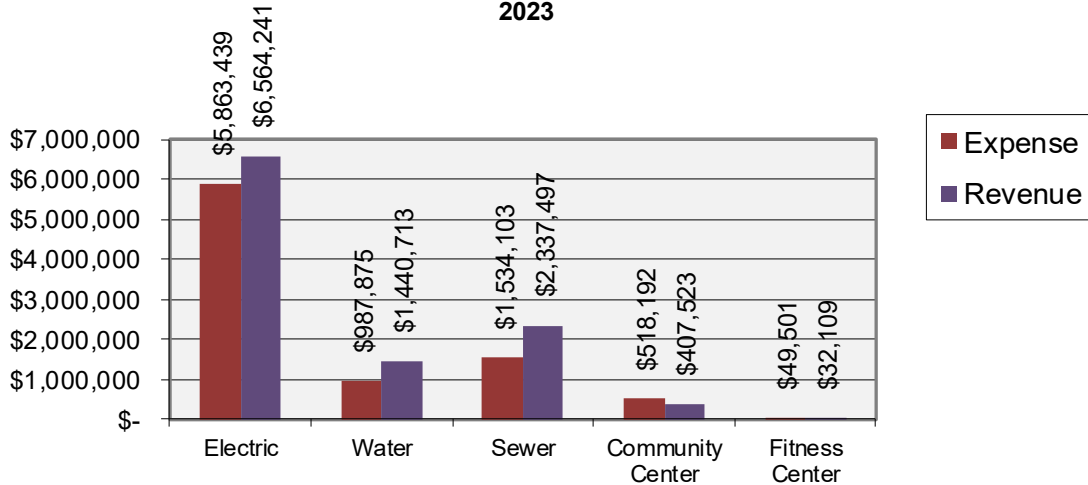
Business-type activities: For the year ended June 30, 2024, business-type activities increased the City of Eldridge’s net position by \$454,029.

Total business-type activities’ revenue for the fiscal year was \$8,664,108. All but \$383,844 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 2024 and 2023.

**Expenses and Program Revenues - Business-Type Activities
2024**



**Expenses and Program Revenues - Business-Type Activities
2023**



City of Eldridge, Iowa

Management's Discussion and Analysis Year Ended June 30, 2024

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, 2024, the City of Eldridge, Iowa's governmental funds reported combined ending fund balances of \$9,780,216, an increase of \$842,866 from June 30, 2023. The City's unassigned balance was \$1,684,987 as of June 30, 2024 compared to \$1,593,445 as of June 30, 2023. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form - \$206,187, 2) legally required to be maintained intact or restricted for particular purposes by enabling legislation or by third parties - \$7,823,226 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 \$1,684,987 while total fund balance increased by \$104,460. 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 37.7 percent of total General Fund expenditures for 2024 compared to 39.2 percent for 2023, while total fund balance represents approximately 43.8 percent of General Fund expenditures compared to 45.3 percent in the prior year.

The General Fund's revenue sources of property taxes and other taxes contribute 72.7 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 10.3 percent of the City's General Fund revenues were derived from charges for services. Revenues increased \$235,145 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 \$161,847 for the year ending June 30, 2024 compared to an increase in fund balance of \$545,382 from June 30, 2023. The Road Use Tax Fund ended fiscal year 2024 with a \$2,404,348 fund balance. The City received \$986,433 in allocations and expended \$824,586.

The Sales Tax Projects Fund accounts for the tax revenues and the capital improvements, purchases of equipment and community programs and services. This fund had an increase of \$496,008 in fund balance for the year ended June 30, 2024 due to \$433,298 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 \$17,440 from (\$9,194) in 2023 to \$8,246 in 2024. 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 expended \$165,141 of the grant advances in the current year.

City of Eldridge, Iowa

Management's Discussion and Analysis Year Ended June 30, 2024

The Debt Service Fund balance increased \$3,925 from \$130,511 in 2023 to \$134,436 in 2024. The Debt Service Fund continues to service debt as it becomes due. In the current year, principal payments of \$1,097,000 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 \$571,555 from \$19,786,991 at June 30, 2023 to \$20,358,546 at June 30, 2024 due to base rate adjustments for the spike in the purchased power from the gas market.

The Water Fund had a decrease in net position of \$80,977 from \$10,382,680 at June 30, 2023 to \$10,301,703 at June 30, 2024.

The Sewer Fund had a decrease in net position of \$12,678 from \$21,247,015 at June 30, 2023 to \$21,234,337 at June 30, 2024.

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 \$134,512. During the year, expenditures for all functions were less than budgeted by \$2,860,536, however the City over expended the culture and recreation, general government and capital outlay functions by \$11,222, \$175,336 and \$242,680 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, 2024, amounts to \$67,491,321 (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	
	2024	2023	2024	2023	2024	2023
Land	\$ 2,164,514	\$ 2,164,514	\$ -	\$ -	\$ 2,164,514	\$ 2,164,514
Construction in progress	35,501	4,420,182	68,572	74,845	104,073	4,495,027
Buildings	7,809,280	7,809,280	34,902,098	34,902,098	42,711,378	42,711,378
Equipment and vehicles	3,184,203	3,017,003	2,806,122	2,556,372	5,990,325	5,573,375
Infrastructure, road network	40,386,706	35,614,299	34,624,312	34,455,358	75,011,018	70,069,657
Right to use lease equipment	27,252	27,252	11,261	11,261	38,513	38,513
Right to use IT subscription	158,040	-	-	-	158,040	-
Accumulated depreciation	(28,611,830)	(27,769,151)	(30,074,710)	(28,268,113)	(58,686,540)	(56,037,264)
Total	\$ 25,153,666	\$ 25,283,379	\$ 42,337,655	\$ 43,731,821	\$ 67,491,321	\$ 69,015,200

The primary project completed in 2024 was the intersection of 1st Street and LeClaire road. 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, 2024**

Debt - As of June 30, 2024, the City of Eldridge, Iowa had outstanding obligations totaling \$16,054,102 compared to \$17,448,209 as of June 30, 2023. The City paid \$1,101,885 in principal payments and \$230,922 in interest payments in governmental activities and \$287,721 in principal payments and \$30,708 interest payments in Business-Type Activities.

Table 5 - Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
General obligation bonds/notes	\$ 11,176,878	\$ 12,237,913	\$ -	\$ -	\$ 11,176,878	\$ 12,237,913
Bond premium	436,477	462,152	-	-	436,477	462,152
Revenue bonds	-	-	4,095,000	4,380,810	4,095,000	4,380,810
Lease obligation	9,515	14,400	2,040	3,761	11,555	18,161
Compensated absences	213,507	189,849	120,685	159,324	334,192	349,173
Total	\$ 11,836,377	\$ 12,904,314	\$ 4,217,725	\$ 4,543,895	\$ 16,054,102	\$ 17,448,209

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, 2023 valuation of \$507,989,375 for fiscal year 2025 taxes.
- The City’s 2025 fiscal year budgeted expenditures and transfers out are \$22,679,741.
- 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, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 10,663,379	\$ 13,734,264	\$ 24,397,643
Receivables:			
Property taxes			
Current year	5,286	-	5,286
Succeeding year	4,789,023	-	4,789,023
Other tax	4,462	-	4,462
Lease receivable	19,857	15,846	35,703
Other	76,706	699,424	776,130
Intergovernmental	394,473	-	394,473
Internal balances	(109,303)	109,303	-
Inventories	28,162	948,367	976,529
Prepaid expenses	179,282	127,663	306,945
Total current assets	16,051,327	15,634,867	31,686,194
Noncurrent assets:			
Restricted cash and cash equivalents	-	70,000	70,000
Lease receivable	144,706	153,623	298,329
Capital assets not being depreciated	2,200,015	68,572	2,268,587
Capital assets (net of accumulated depreciation)	22,953,651	42,269,083	65,222,734
Total noncurrent assets	25,298,372	42,561,278	67,859,650
Total assets	41,349,699	58,196,145	99,545,844
Deferred outflows of resources:			
OPEB related deferred outflows	3,221	2,257	5,478
Pension related deferred outflows	367,513	213,094	580,607
Total deferred outflows of resources	370,734	215,351	586,085
Total assets and deferred outflows of resources	\$ 41,720,433	\$ 58,411,496	\$ 100,131,929

See Notes to Basic Financial Statements.

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 258,715	\$ 310,589	569,304
Claims payable	15,200	-	15,200
Salaries and benefits payable	106,885	59,500	166,385
Accrued expenses	1,428	46,874	48,302
Unearned revenue	858,493	-	858,493
Accrued interest	16,446	2,389	18,835
Compensated absences	95,830	61,011	156,841
Customer deposits	-	70,000	70,000
Lease obligation	4,150	890	5,040
Revenue bonds	-	287,000	287,000
General obligation bonds/notes	1,116,000	-	1,116,000
Total current liabilities	2,473,147	838,253	3,311,400
Noncurrent liabilities:			
Compensated absences	117,677	59,674	177,351
Lease obligation	5,365	1,150	6,515
Revenue bonds	-	3,808,000	3,808,000
General obligation bonds/notes	10,497,355	-	10,497,355
Total OPEB liability	62,967	44,120	107,087
Net pension liability	265,390	514,813	780,203
Total noncurrent liabilities	10,948,754	4,427,757	15,376,511
Total liabilities	13,421,901	5,266,010	18,687,911
Deferred inflows of resources:			
Pension related deferred inflows	77,532	50,776	128,308
OPEB related deferred inflows	40,748	28,551	69,299
Unavailable revenue, property taxes	4,789,023	-	4,789,023
Lease receivable	164,563	169,469	334,032
Total deferred inflows of resources	5,071,866	248,796	5,320,662
Net Position:			
Net investment in capital assets	13,476,019	38,240,615	51,716,634
Restricted for:			
Debt service	134,436	-	134,436
Community and economic development	131,482	-	131,482
Capital projects	7,722,447	-	7,722,447
Unrestricted	1,762,282	14,656,075	16,418,357
Total net position	23,226,666	52,896,690	76,123,356
Total liabilities, deferred inflows of resources and net position	\$ 41,720,433	\$ 58,411,496	\$ 100,131,929

City of Eldridge, Iowa

Statement of Activities
Year Ended June 30, 2024

Functions	Expenses	Program Revenues		
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Public safety	\$ 1,772,033	\$ 188,883	\$ -	\$ -
Public works	2,852,698	445,754	932,029	-
Culture and recreation	566,931	88,289	-	50,000
Community and economic development	252,527	16,252	-	-
General government	1,194,712	561,159	10,762	-
Interest on long-term debt	203,627	-	-	-
Total governmental activities	6,842,528	1,300,337	942,791	50,000
Business-type activities:				
Electric	4,452,542	4,941,312	-	-
Water	1,165,729	1,085,397	-	-
Sewer	1,720,979	1,829,288	-	-
Community Center	520,888	424,267	-	-
Total business-type activities	7,860,138	8,280,264	-	-
Total	\$ 14,702,666	\$ 9,580,601	\$ 942,791	\$ 50,000

General Revenues

Property taxes levied for:

- General purposes
- Tax increment financing
- Sales tax
- Other taxes
- 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.

<u>Net (Expense) Revenue and Changes in Net Position</u>		
<u>Primary Government</u>		
<u>Governmental</u>	<u>Business-Type</u>	
<u>Activities</u>	<u>Activities</u>	<u>Total</u>
\$ (1,583,150)	\$ -	\$ (1,583,150)
(1,474,915)	-	(1,474,915)
(428,642)	-	(428,642)
(236,275)	-	(236,275)
(622,791)	-	(622,791)
(203,627)	-	(203,627)
<u>(4,549,400)</u>	<u>-</u>	<u>(4,549,400)</u>
-	488,770	488,770
-	(80,332)	(80,332)
-	108,309	108,309
-	(96,621)	(96,621)
-	420,126	420,126
<u>(4,549,400)</u>	<u>420,126</u>	<u>(4,129,274)</u>
3,392,193	-	3,392,193
1,122,737	-	1,122,737
1,339,906	-	1,339,906
86,218	-	86,218
143,933	383,844	527,777
349,941	(349,941)	-
<u>6,434,928</u>	<u>33,903</u>	<u>6,468,831</u>
1,885,528	454,029	2,339,557
21,341,138	52,442,661	73,783,799
<u>\$ 23,226,666</u>	<u>\$ 52,896,690</u>	<u>\$ 76,123,356</u>

City of Eldridge, Iowa

**Balance Sheet
Governmental Funds
June 30, 2024**

	Special Revenue		
	General	Road Use Tax	Sales Tax Projects
Assets			
Cash and cash equivalents	\$ 1,893,307	\$ 2,405,633	\$ 4,720,426
Receivables, net of allowance:			
Property taxes:			
Current year	2,845	-	-
Succeeding year	3,493,502	-	-
Other tax	-	-	-
Intergovernmental	-	76,531	317,942
Lease	164,563	-	-
Other	76,706	-	-
Inventories	28,162	-	-
Prepaid items	178,025	-	-
Total assets	\$ 5,837,110	\$ 2,482,164	\$ 5,038,368
Liabilities, deferred inflows of resources and fund balances			
Liabilities:			
Accounts payable	\$ 113,742	\$ 77,816	\$ 66,257
Salaries and benefits payable	106,885	-	-
Accrued expenses	1,428	-	-
Unearned revenue	-	-	-
Total liabilities	222,055	77,816	66,257
Deferred inflows of resources, unavailable revenue:			
Property taxes	3,493,502	-	-
Lease receivables	164,563	-	-
Other	-	-	164,655
Total deferred inflows of resources	3,658,065	-	164,655
Fund balances (deficits):			
Nonspendable:			
Inventories	28,162	-	-
Prepaid items	178,025	-	-
Restricted:			
Debt service	-	-	-
Community and economic development	-	-	-
Capital improvements	-	2,404,348	4,807,456
Committed:			
General equipment replacement	65,816	-	-
Unassigned	1,684,987	-	-
Total fund balances	1,956,990	2,404,348	4,807,456
Total liabilities, deferred inflow of resources and fund balances	\$ 5,837,110	\$ 2,482,164	\$ 5,038,368

See Notes to Basic Financial Statements.

Special Revenue					
ARPA	Eldridge Unified TIF	Debt Service	Nonmajor Governmental Funds	Total	
\$ 858,493	\$ 6,038	\$ 134,203	\$ 464,762	\$ 10,482,862	
-	2,208	233	-	5,286	
-	1,057,833	237,688	-	4,789,023	
-	-	-	4,462	4,462	
-	-	-	-	394,473	
-	-	-	-	164,563	
-	-	-	-	76,706	
-	-	-	-	28,162	
-	-	-	-	178,025	
<u>\$ 858,493</u>	<u>\$ 1,066,079</u>	<u>\$ 372,124</u>	<u>\$ 469,224</u>	<u>\$ 16,123,562</u>	
\$ -	\$ -	\$ -	\$ 484	\$ 258,299	
-	-	-	-	106,885	
-	-	-	-	1,428	
858,493	-	-	-	858,493	
<u>858,493</u>	<u>-</u>	<u>-</u>	<u>484</u>	<u>1,225,105</u>	
-	1,057,833	237,688	-	4,789,023	
-	-	-	-	164,563	
-	-	-	-	164,655	
<u>-</u>	<u>1,057,833</u>	<u>237,688</u>	<u>-</u>	<u>5,118,241</u>	
-	-	-	-	28,162	
-	-	-	-	178,025	
-	-	134,436	-	134,436	
-	8,246	-	123,236	131,482	
-	-	-	345,504	7,557,308	
-	-	-	-	65,816	
-	-	-	-	1,684,987	
<u>-</u>	<u>8,246</u>	<u>134,436</u>	<u>468,740</u>	<u>9,780,216</u>	
<u>\$ 858,493</u>	<u>\$ 1,066,079</u>	<u>\$ 372,124</u>	<u>\$ 469,224</u>	<u>\$ 16,123,562</u>	

THIS PAGE INTENTIONALLY LEFT BLANK

City of Eldridge, Iowa

**Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2024**

Total governmental fund balances \$ 9,780,216

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. 25,153,666

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds 164,655

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 166,158
Internal service fund allocated to business-type activities (109,303)

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. (16,446)

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	3,221	
OPEB related deferred inflows of resources	(40,748)	
Pension related deferred outflows of resources	367,513	
Pension related deferred inflows of resources	(77,532)	252,454

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	(11,176,878)	
Premium on long-term debt	(436,477)	
Lease obligation	(9,515)	
Compensated absences	(213,507)	
Total OPEB liability	(62,967)	
Net pension (liability)	(265,390)	(12,164,734)

Net position of governmental activities \$ 23,226,666

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, 2024**

	Special Revenue		
	General	Road Use Tax	Sales Tax Projects
Revenues:			
Property taxes	\$ 3,150,027	\$ -	\$ -
Tax increment financing	-	-	-
Other taxes	45,597	-	1,339,906
Licenses and permits	181,204	-	-
Intergovernmental	154,676	986,433	27,836
Charges for services	451,226	-	-
Use of money and property:			
Interest	143,933	-	-
Rent	29,702	-	-
Fines, fees, donations and miscellaneous	239,254	-	19,968
Total revenues	4,395,619	986,433	1,387,710
Expenditures:			
Current:			
Public safety	1,779,475	-	-
Public works	1,426,659	21,388	-
Culture and recreation	404,667	-	-
Community and economic development	126,494	-	-
General government	693,925	-	238,291
Capital outlay	28,015	803,198	433,298
Debt service:			
Principal	4,885	-	-
Interest, issuance costs and fiscal charges	361	-	-
Total expenditures	4,464,481	824,586	671,589
Revenues over (under) expenditures	(68,862)	161,847	716,121
Other financing sources (uses):			
Proceeds from issuance of debt	-	-	35,965
Transfers in	346,500	-	330,922
Transfers (out)	(173,178)	-	(587,000)
Total other financing sources (uses)	173,322	-	(220,113)
Net change in fund balances	104,460	161,847	496,008
Fund balances, beginning	1,852,530	2,242,501	4,311,448
Fund balances, ending	\$ 1,956,990	\$ 2,404,348	\$ 4,807,456

See Notes to Basic Financial Statements.

Special Revenue					
ARPA	Eldridge Unified TIF	Debt Service	Nonmajor Governmental Funds	Total	
\$ -	\$ -	\$ 242,166	\$ -	\$ 3,392,193	
-	1,122,737	-	-	1,122,737	
-	-	-	40,621	1,426,124	
-	-	-	-	181,204	
165,141	-	-	-	1,334,086	
-	-	-	-	451,226	
-	-	-	-	143,933	
-	-	-	-	29,702	
-	-	-	56,665	315,887	
165,141	1,122,737	242,166	97,286	8,397,092	
-	-	-	-	1,779,475	
-	-	-	-	1,448,047	
-	-	-	8,552	413,219	
-	127,635	-	-	254,129	
-	-	-	-	932,216	
165,141	-	-	140,548	1,570,200	
-	-	1,097,000	-	1,101,885	
-	-	230,561	-	230,922	
165,141	127,635	1,327,561	149,100	7,730,093	
-	995,102	(1,085,395)	(51,814)	666,999	
-	-	-	-	35,965	
-	-	1,089,320	125,000	1,891,742	
-	(977,662)	-	(14,000)	(1,751,840)	
-	(977,662)	1,089,320	111,000	175,867	
-	17,440	3,925	59,186	842,866	
-	(9,194)	130,511	409,554	8,937,350	
\$ -	\$ 8,246	\$ 134,436	\$ 468,740	\$ 9,780,216	

THIS PAGE INTENTIONALLY LEFT BLANK

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, 2024**

Net change in fund balances - governmental funds \$ 842,866

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	\$ 721,242	
Depreciation / amortization expense	(850,561)	
Loss on sale of capital asset	(394)	(129,713)

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

Other grants	(18,977)
--------------	----------

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 67,401

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	(35,965)	
Repayment of principal	1,101,885	
Accrued interest on long-term debt	1,620	
Premium on long term debt accretion	25,675	1,093,215

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	(23,658)	
Pension expense and related deferred inflows and outflows	61,533	
OPEB expense and related deferred inflows and outflows	(7,139)	30,736

Change in net position of governmental activities	\$ 1,885,528
--	---------------------

See Notes to Basic Financial Statements.

City of Eldridge, Iowa

**Statement of Net Position
Proprietary Funds
June 30, 2024**

	Electric	Water
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,298,045	\$ 2,670,747
Receivables, net of allowance for uncollectible amounts:		
Customer accounts and unbilled usage	366,590	138,840
Lease receivable	642	15,204
Prepaid expenses	58,998	20,896
Inventories	653,297	77,006
Total current assets	9,377,572	2,922,693
Noncurrent assets:		
Restricted cash and cash equivalents	48,100	21,900
Lease receivable	11,296	142,327
Capital assets, not being depreciated	14,762	53,810
Capital assets, net of accumulated depreciation	11,435,679	7,531,205
Total noncurrent assets	11,509,837	7,749,242
Total assets	20,887,409	10,671,935
Deferred outflows of resources:		
OPEB related deferred outflows	871	498
Pension related deferred outflows	82,241	47,010
Total deferred outflows of resources	83,112	47,508
Total assets and deferred outflows of resources	\$ 20,970,521	\$ 10,719,443
Liabilities		
Current liabilities:		
Accounts payable	\$ 211,146	\$ 74,134
Claims payable	-	-
Salaries and benefits payable	16,335	10,671
Accrued expenses	46,874	-
Accrued interest	-	-
Compensated absences	12,166	7,891
Customer deposits	48,100	21,900
Lease obligation	890	-
Revenue bonds	-	-
Total current liabilities	335,511	114,596
Noncurrent liabilities:		
Compensated absences	17,050	4,806
Lease obligation	1,150	-
Revenue bonds	-	-
Total OPEB liability	17,027	9,734
Net pension liability	198,684	113,572
Total noncurrent liabilities	233,911	128,112
Total liabilities	569,422	242,708
Deferred inflows of resources:		
OPEB related deferred inflows	11,019	6,299
Pension related deferred inflows	19,596	11,202
Lease receivable	11,938	157,531
Total deferred inflows of resources	42,553	175,032
Net position:		
Net investment in capital assets	11,448,401	7,585,015
Unrestricted	8,910,145	2,716,688
Total net position	20,358,546	10,301,703
Total liabilities, deferred inflows of resources, and net position	\$ 20,970,521	\$ 10,719,443

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 Fund Community Center	Total	Internal Service
\$	2,673,721	\$ 91,751	\$ 13,734,264	\$ 180,517
	193,994	-	699,424	-
	-	-	15,846	-
	31,188	16,581	127,663	1,257
	208,104	9,960	948,367	-
	<u>3,107,007</u>	<u>118,292</u>	<u>15,525,564</u>	<u>181,774</u>
	-	-	70,000	-
	-	-	153,623	-
	-	-	68,572	-
	22,449,863	852,336	42,269,083	-
	<u>22,449,863</u>	<u>852,336</u>	<u>42,561,278</u>	-
	25,556,870	970,628	58,086,842	181,774
	623	265	2,257	-
	58,866	24,977	213,094	-
	59,489	25,242	215,351	-
\$	<u>25,616,359</u>	<u>\$ 995,870</u>	<u>\$ 58,302,193</u>	<u>\$ 181,774</u>

\$	18,825	\$ 6,484	\$ 310,589	\$ 416
	-	-	-	15,200
	22,434	10,060	59,500	-
	-	-	46,874	-
	2,389	-	2,389	-
	35,031	5,923	61,011	-
	-	-	70,000	-
	-	-	890	-
	287,000	-	287,000	-
	<u>365,679</u>	<u>22,467</u>	<u>838,253</u>	<u>15,616</u>
	32,031	5,787	59,674	-
	-	-	1,150	-
	3,808,000	-	3,808,000	-
	12,187	5,172	44,120	-
	142,213	60,344	514,813	-
	<u>3,994,431</u>	<u>71,303</u>	<u>4,427,757</u>	-
	4,360,110	93,770	5,266,010	15,616
	7,886	3,347	28,551	-
	14,026	5,952	50,776	-
	-	-	169,469	-
	<u>21,912</u>	<u>9,299</u>	<u>248,796</u>	-
	18,354,863	852,336	38,240,615	-
	2,879,474	40,465	14,546,772	166,158
	<u>21,234,337</u>	<u>892,801</u>	<u>52,787,387</u>	<u>166,158</u>
\$	<u>25,616,359</u>	<u>\$ 995,870</u>	<u>\$ 58,302,193</u>	<u>\$ 181,774</u>

109,303
\$ 52,896,690

City of Eldridge, Iowa

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2024**

	Electric	Water
Operating revenues:		
Charges for services	\$ 4,938,922	\$ 1,049,095
Miscellaneous	2,390	36,302
Total operating revenues	4,941,312	1,085,397
Operating expenses:		
Cost of sales and services	3,906,110	792,917
Depreciation	561,315	372,812
Total operating expenses	4,467,425	1,165,729
Operating income (loss)	473,887	(80,332)
Nonoperating revenues (expenses):		
Investment earnings	217,668	24,185
Interest expense	-	-
Total nonoperating revenues (expenses)	217,668	24,185
Income (loss) before transfers and capital contributions	691,555	(56,147)
Transfers in	-	-
Transfers (out)	(120,000)	(24,830)
Total transfers and capital contributions	(120,000)	(24,830)
Change in net position	571,555	(80,977)
Total net position, beginning of year	19,786,991	10,382,680
Total net position, end of year	\$ 20,358,546	\$ 10,301,703

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 Fund Community Center	Total	Internal Service
\$	1,824,756	\$ 405,934	\$ 8,218,707	\$ 6,982
	4,532	18,333	61,557	-
	<u>1,829,288</u>	<u>424,267</u>	<u>8,280,264</u>	<u>6,982</u>
	864,004	474,895	6,037,926	134,737
	826,477	45,993	1,806,597	-
	<u>1,690,481</u>	<u>520,888</u>	<u>7,844,523</u>	<u>134,737</u>
	138,807	(96,621)	435,741	(127,755)
	113,593	28,398	383,844	-
	(30,498)	-	(30,498)	-
	<u>83,095</u>	<u>28,398</u>	<u>353,346</u>	<u>-</u>
	221,902	(68,223)	789,087	(127,755)
	-	30,000	30,000	210,039
	(234,580)	(531)	(379,941)	-
	<u>(234,580)</u>	<u>29,469</u>	<u>(349,941)</u>	<u>210,039</u>
	(12,678)	(38,754)	439,146	82,284
	21,247,015	931,555	52,348,241	83,874
\$	<u>21,234,337</u>	<u>\$ 892,801</u>	<u>\$ 52,787,387</u>	<u>\$ 166,158</u>
			14,883	
			<u>\$ 454,029</u>	

City of Eldridge, Iowa

Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2024

	Enterprise	
	Electric	Water
Cash flows from operating activities:		
Receipts from users	\$ 4,964,987	\$ 1,098,617
Payments to suppliers	(3,474,430)	(471,707)
Payments to employees	(534,423)	(275,979)
Net cash provided by (used in) operating activities	<u>956,134</u>	<u>350,931</u>
Cash flows from noncapital financing activities:		
Proceeds from other funds	-	-
Payments to other funds	(120,000)	(24,830)
Net cash provided by (used in) noncapital financing activities	<u>(120,000)</u>	<u>(24,830)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(108,872)	(96,999)
Principal payment on debt	(1,721)	-
Interest paid on debt	-	-
Net cash (used in) capital and related financing activities	<u>(110,593)</u>	<u>(96,999)</u>
Cash flows from investing activities:		
Interest received	217,668	24,185
Increase in cash and cash equivalents	<u>943,209</u>	<u>253,287</u>
Cash and cash equivalents:		
Beginning of year	7,402,936	2,439,360
End of year	<u>\$ 8,346,145</u>	<u>\$ 2,692,647</u>
Reconciliation of operating income (loss) to net cash provided by (used in) by operating activities:		
Operating income (loss)	473,887	(80,332)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	561,315	372,812
Change in assets and liabilities:		
Receivables	54,686	14,170
Prepaid expenses	(5,147)	(3,481)
Inventories	23,192	(6,704)
Accounts payable	(27,742)	63,244
Salaries and benefits payable	(2,026)	2,443
Claims payable	-	-
Accrued expenses	3,196	-
Customer deposits	(31,011)	(950)
Compensated absences	(44,684)	(3,802)
Total OPEB liability and related deferrals	(2,138)	1,780
Net pension liability and related deferrals	(47,394)	(8,249)
Net cash provided by (used in) operating activities	<u>\$ 956,134</u>	<u>\$ 350,931</u>

See Notes to Basic Financial Statements.

Funds			
Sewer	Nonmajor Enterprise	Total	Internal Service Fund
\$ 1,820,524	\$ 424,267	\$ 8,308,395	\$ 6,982
(473,005)	(254,046)	(4,673,188)	(143,178)
(358,817)	(223,461)	(1,392,680)	-
988,702	(53,240)	2,242,527	(136,196)
-	30,000	30,000	210,039
(234,580)	(531)	(379,941)	-
(234,580)	29,469	(349,941)	210,039
(206,560)	-	(412,431)	-
(286,000)	-	(287,721)	-
(30,708)	-	(30,708)	-
(523,268)	-	(730,860)	-
113,593	28,398	383,844	-
344,447	4,627	1,545,570	73,843
2,329,274	87,124	12,258,694	106,674
\$ 2,673,721	\$ 91,751	\$ 13,804,264	\$ 180,517
138,807	(96,621)	435,741	(127,755)
826,477	45,993	1,806,597	-
(8,764)	-	60,092	-
(721)	(2,057)	(11,406)	(1,257)
(6,371)	(5,163)	4,954	-
12,768	1,213	49,483	416
16,776	5,925	23,118	-
-	-	-	(7,600)
-	-	3,196	-
-	-	(31,961)	-
9,614	233	(38,639)	-
(3,332)	1,050	(2,640)	-
3,448	(3,813)	(56,008)	-
\$ 988,702	\$ (53,240)	\$ 2,242,527	\$ (136,196)

THIS PAGE INTENTIONALLY LEFT BLANK

City of Eldridge, Iowa

Notes to Basic Financial Statements Year Ended June 30, 2024

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, 2024

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, 2024**

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.

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, 2024

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, 2024 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, 2022 assessed property valuations; is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2023.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2024

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 \$70,000 restricted for customer deposits.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2024

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, 2024

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, 2024. 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, 2024**

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, 2024, the City does not have any IT subscription liabilities.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2024

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 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, 2024

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 \$134,136 debt service, \$131,482 community and economic development and \$7,722,447 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 culture and recreation function by \$11,222, the general government function by \$175,336 and the capital outlay function by \$242,680.

City of Eldridge, Iowa

Notes to Basic Financial Statements Year Ended June 30, 2024

Note 2. Deposits and Investments

The City's deposits in bank at June 30, 2024 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to 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, 2024, the City's cash and cash equivalents totaled \$24,467,643.

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, 2024 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, 2024, 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, 2024.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2024

Note 3. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2024:

	June 30, 2023 Balance	Additions	Deletions	June 30, 2024 Balance
Governmental Activities				
Capital assets, not being depreciated/amortized:				
Land	\$ 2,164,514	\$ -	\$ -	\$ 2,164,514
Construction in progress	4,420,182	320,261	4,704,942	35,501
Total capital assets, not being depreciated/amortized	6,584,696	320,261	4,704,942	2,200,015
Capital assets, being depreciated/amortized:				
Buildings	7,809,280	-	-	7,809,280
Equipment and vehicles	3,017,003	175,476	8,276	3,184,203
Infrastructure, road network	35,614,299	4,772,407	-	40,386,706
Right to use lease equipment	27,252	-	-	27,252
Right to use IT subscription	-	158,040	-	158,040
Total capital assets, being depreciated/amortized	46,467,834	5,105,923	8,276	51,565,481
Less accumulated depreciation and amortization:				
Buildings	829,673	163,580	-	993,253
Equipment and vehicles	2,044,670	186,223	7,882	2,223,011
Infrastructure, road network	24,881,592	473,186	-	25,354,778
Right to use, lease equipment	13,216	4,876	-	18,092
Right to use, IT subscription	-	22,696	-	22,696
Total accumulated depreciation and amortization	27,769,151	850,561	7,882	28,611,830
Total capital assets, being depreciated/amortized, net	18,698,683	4,255,362	394	22,953,651
Governmental activities capital assets, net	\$ 25,283,379	\$ 4,575,623	\$ 4,705,336	\$ 25,153,666

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2024

Note 3. Capital Assets (Continued)

	June 30, 2023 Balance	Additions	Deletions	June 30, 2024 Balance
Business-Type Activities				
Capital assets, not being depreciated/amortized:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	74,845	162,681	168,954	68,572
Total capital assets, not being depreciated/amortized	74,845	162,681	168,954	68,572
Capital assets, being depreciated/amortized:				
Buildings	34,902,098	-	-	34,902,098
Equipment and vehicles	2,556,372	249,750	-	2,806,122
Infrastructure	34,455,358	168,954	-	34,624,312
Right to use, lease equipment	11,261	-	-	11,261
Total capital assets, being depreciated/amortized	71,925,089	418,704	-	72,343,793
Less accumulated depreciation and amortization for:				
Buildings	15,405,254	816,777	-	16,222,031
Equipment and vehicles	1,430,954	165,372	-	1,596,326
Infrastructure	11,424,286	822,770	-	12,247,056
Right to use, lease equipment	7,619	1,678	-	9,297
Total accumulated depreciation and amortization	28,268,113	1,806,597	-	30,074,710
Total capital assets, being depreciated/amortized, net	43,656,976	(1,387,893)	-	42,269,083
Business-type activities capital assets, net	\$ 43,731,821	\$ (1,225,212)	\$ 168,954	\$ 42,337,655

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

Governmental Activities:	
General government	\$ 53,557
Culture and recreation	153,753
Public safety	64,392
Public works	578,859
Total depreciation and amortization expense, governmental activities	\$ 850,561
Business-Type Activities:	
Electric	\$ 561,315
Water	372,812
Sewer	826,477
Community center	45,993
Total depreciation and amortization expense, business-type activities	\$ 1,806,597

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2024**

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, 2024, the City earned principal of \$7,239 and interest of \$8,205.
- 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, 2024, the City earned principal of \$10,955 and interest of \$1,045.
- 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, 2024, the City earned principal of \$11,317 and interest of \$683.
- 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, 2024, the City earned principal of \$4,515 and interest of \$285.
- 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, 2024, the City earned principal of \$623 and interest of \$377.

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
2025	\$ 19,857	\$ 4,665	\$ 24,522	\$ 15,846	\$ 4,876	\$ 20,722
2026	14,517	4,103	18,620	12,802	4,421	17,223
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	4,205	3,517	7,722	4,927	3,796	8,723
2030-2034	23,020	15,590	38,610	26,972	13,640	40,612
2035-2039	26,741	11,870	38,611	31,321	12,292	43,613
2040-2044	31,062	7,551	38,613	31,063	7,551	38,614
2045-2049	34,147	2,535	36,682	34,142	2,534	36,676
Total	\$ 164,563	\$ 57,261	\$ 221,824	\$ 169,469	\$ 57,158	\$ 226,627

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2024

Note 5. Long-Term Debt

A summary of the changes in bonded and other long-term debt for the year ended June 30, 2024 is as follows:

	Balance, Beginning	Additions	Redeemed/ Matured	Balance, Ending	Due Within One Year
Governmental Activities					
General obligation bonds/notes	\$ 12,237,913	\$ 35,965	\$ 1,097,000	\$ 11,176,878	\$ 1,116,000
Bond premium	462,152	-	25,675	436,477	-
Lease	14,400	-	4,885	9,515	4,150
Compensated absences	189,849	213,507	189,849	213,507	95,830
Total governmental activities	\$ 12,904,314	\$ 249,472	\$ 1,317,409	\$ 11,836,377	\$ 1,215,980
Business-Type Activities					
Revenue bonds	\$ 4,380,810	\$ 190	\$ 286,000	\$ 4,095,000	\$ 287,000
Lease	3,761	-	1,721	2,040	890
Compensated absences	159,324	120,685	159,324	120,685	61,011
Total business-type activities	\$ 4,543,895	\$ 120,875	\$ 447,045	\$ 4,217,725	\$ 348,901

Leases: The City has entered into lease agreements for copier equipment. As of June 30, 2024, the total value of the lease liability was \$11,555. The lease agreements have an interest rate of 3.0% with final maturity on June 30, 2027. The future principal and interest lease payments as of June 30, 2024 were as follows:

Year ending June 30:	Governmental Activity Total		
	Principal	Interest	Total
2025	\$ 4,150	\$ 229	\$ 4,379
2026	4,276	103	4,379
2027	1,089	6	1,095
Total	\$ 9,515	\$ 338	\$ 9,853

Year ending June 30:	Business-Type Activity Total		
	Principal	Interest	Total
2025	\$ 890	\$ 49	\$ 939
2026	917	22	939
2027	233	1	234
Total	\$ 2,040	\$ 72	\$ 2,112

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2024**

Note 5. Long-Term Debt (Continued)

General Obligation Bonds/Notes: The Series 2015 general obligation bonds outstanding at June 30, 2024 of \$800,000 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. The bonds have an outstanding balance of \$800,000.

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 \$4,871,878 as of June 30, 2024. As of June 30, 2024, the City has drawn \$6,635,965 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, 2024 of \$5,505,000.

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>
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	910,000	116,920	1,026,920
2030-2034	3,451,878	397,708	3,849,586
2035-2039	1,770,000	202,700	1,972,700
2040-2041	760,000	28,625	788,625
Total	\$ 11,176,878	\$ 1,408,205	\$ 12,585,083

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, 2024**

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, 2024 of \$4,095,000. A summary of the annual obligation bond principal and interest requirements to maturity by year is as follows:

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	270,000	20,580	290,580
2030-2034	1,347,000	74,550	1,421,550
2035-2039	1,323,000	27,615	1,350,615
Total	\$ 4,095,000	\$ 225,295	\$ 4,320,295

Note 6. Transfers

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

	<u>Total</u>	
	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental activities:		
General Fund	\$ 346,500	\$ 173,178
Sales Tax Projects Fund	330,922	587,000
Eldridge Unified TIF Fund	-	977,662
Debt Service Fund	1,089,320	-
Nonmajor governmental funds	125,000	14,000
Business-type activities:		
Electric Fund	-	120,000
Water Fund	-	24,830
Sewer Fund	-	234,580
Nonmajor enterprise funds	30,000	531
Internal Service Fund	210,039	-
Total	\$ 2,131,781	\$ 2,131,781

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

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2024**

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.

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.

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2024**

Note 7. Pension and Retirement Systems (Continued)

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

In fiscal year 2024, pursuant to the required rate, Regular members contributed 6.29 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, 2024 were \$236,960.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the City reported a pension liability of \$780,203 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability was based on the City’s share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2023, the City’s collective proportion was 0.0172850 percent which was an increase of 0.0005180 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City recognized pension expense of \$112,522. At June 30, 2024, 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	\$ 180,701	\$ 3,702
Changes of assumptions	-	31,926
Net difference between projected and actual earnings on pension plan investments	119,823	-
Changes in proportion and differences between City contributions and proportionate share of contributions	43,123	92,680
City contributions subsequent to the measurement date	236,960	-
Total	\$ 580,607	\$ 128,308

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2024**

Note 7. Pension and Retirement Systems (Continued)

Deferred outflows of resources of \$236,960 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, 2025. 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,		
2025	\$	(19,672)
2026		(99,863)
2027		287,077
2028		43,993
2029		3,804
Total	\$	215,339

There were no non-employer contributing entities at IPERS.

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

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, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021. Mortality rates used in the 2023 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2024

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	21.0%	4.56%
International equity	16.5%	6.22%
Global smart beta equity	5.0%	5.22%
Core plus fixed income	23.0%	2.69%
Public credit	3.0%	4.38%
Cash	1.0%	1.59%
Private equity	17.0%	10.44%
Private real assets	9.0%	3.88%
Private credit	4.5%	4.60%
Total	<u>100%</u>	

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)	\$ 2,219,870	\$ 780,203	\$ (426,445)

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, 2024, 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, 2024**

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, 2023 for each plan are as shown below:

Plan	Single	Spouse
PPO Plan	\$ 563	\$ 1,267

Employees covered by benefit terms: At June 30, 2024, 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

Total OPEB Liability: The City's total OPEB liability of \$107,087 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024.

Actuarial assumptions and other inputs: The total OPEB liability in the rolled forward June 30, 2024 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	4.21% 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 rolled forward June 30, 2024 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, 2024

Note 8. Other Post-Employment Benefits (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2023	\$ 90,358
Changes for the year:	
Service cost	13,871
Interest	3,732
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(874)
Benefit payments	-
Other changes	-
Net changes	<u>16,729</u>
Balance at June 30, 2024	<u>\$ 107,087</u>

There were no changes as a result of changes in benefit terms. Changes of assumptions or other inputs reflect a change in the discount rate from 4.13% per annum in 2023 to 4.21% per annum in 2024.

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
	3.21%	4.21%	5.21%
Total OPEB liability	\$ 118,587	\$ 107,087	\$ 96,716

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	\$ 92,250	\$ 107,087	\$ 125,145

For the year ended June 30, 2024, the City recognized OPEB expense of \$11,163. At June 30, 2024, 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	\$ -	\$ 51,291
Changes of assumptions or other inputs	5,478	18,008
Net difference between projected and actual investments	-	-
Total	<u>\$ 5,478</u>	<u>\$ 69,299</u>

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2024**

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:		
2025	\$	(6,440)
2026		(6,440)
2027		(6,440)
2028		(6,440)
2029		(6,440)
Thereafter		(31,621)
	\$	<u>(63,821)</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, 2024 were as follows:

Self-Insurance Liability	Beginning	Claims and Changes in Estimates	Claim Payments	Ending
2023	\$ 13,503	\$ 169,217	\$ 159,920	\$ 22,800
2024	22,800	127,137	134,737	15,200

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

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2024**

Note 10. 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, 2024, the City abated \$127,634 of property tax under the urban renewal and economic development projects. The total remaining amount under this agreement is approximately \$853,200 as of June 30, 2024.

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

Note 11. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements

The City adopted the following statement during the year ended June 30, 2024:

GASB Statement No. 100, *Accounting Changes and Error Corrections- An Amendment of GASB Statement No. 62*, issued June 2022. 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.

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

As of June 30, 2024, 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. 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.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2024

Note 11. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements

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.

GASB Statement No. 103, *Financial Reporting Model Improvements*, issued April 2024, will be effective for the City beginning with its fiscal year ending June 30, 2026. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, issued September 2024, will be effective for the City beginning with its fiscal year ending June 30, 2026. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale.

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

City of Eldridge, Iowa

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

	2024	2023	2022	2021
Total OPEB liability				
Changes for the year:				
Service cost	\$ 13,871	\$ 13,472	\$ 12,880	\$ 11,579
Interest	3,732	5,363	3,017	3,132
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	-	(61,100)	-	-
Changes in assumptions or other inputs	(874)	1,523	(23,217)	5,982
Benefit payments	-	-	-	-
Other	-	-	-	-
Net changes in total OPEB liability	16,729	(40,742)	(7,320)	20,693
Total OPEB liability - beginning	90,358	131,100	138,420	117,727
Total OPEB liability - ending	<u>\$ 107,087</u>	<u>\$ 90,358</u>	<u>\$ 131,100</u>	<u>\$ 138,420</u>
Covered employee payroll	\$ 2,358,744	\$ 2,268,641	\$ 1,833,268	\$ 1,833,268
Total OPEB liability as a percentage of covered employee payroll	4.54%	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:

	4.21%	4.13%	4.09%	2.18%
--	-------	-------	-------	-------

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, 2024

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total Actual
Revenues:			
Property tax	\$ 3,392,193	\$ -	\$ 3,392,193
Tax increment financing	1,122,737	-	1,122,737
Other taxes	1,426,124	-	1,426,124
Licenses and permits	181,204	-	181,204
Intergovernmental	1,334,086	-	1,334,086
Charges for services	451,226	8,218,707	8,669,933
Use of money and property	173,635	383,844	557,479
Fines, fees and miscellaneous	315,887	61,557	377,444
Total revenues	8,397,092	8,664,108	17,061,200
Expenditures/expenses:			
Public safety	1,779,475	-	1,779,475
Public works	1,448,047	-	1,448,047
Culture and recreation	413,219	-	413,219
Community and economic development	254,129	-	254,129
General government	932,216	-	932,216
Capital outlay	1,570,200	-	1,570,200
Debt service	1,332,807	-	1,332,807
Business-type	-	7,875,021	7,875,021
Total expenditures/expenses	7,730,093	7,875,021	15,605,114
Excess (deficiency) of revenues over (under) expenditures/expenses	666,999	789,087	1,456,086
Other financing sources (uses), net	175,867	(349,941)	(174,074)
Net change in fund balance	842,866	439,146	1,282,012
Balance, beginning of year	8,937,350	52,348,241	61,285,591
Balance, end of year	\$ 9,780,216	\$ 52,787,387	\$ 62,567,603

See Notes to Required Supplementary Information.

Budgeted Amounts		Final to Actual
Original	Final	Variance Over (Under)
\$ 3,316,079	\$ 3,316,079	\$ 76,114
1,110,814	1,110,814	11,923
1,556,536	1,556,536	(130,412)
117,600	117,600	63,604
1,262,000	1,262,000	72,086
9,534,149	9,534,149	(864,216)
38,000	38,000	519,479
68,485	68,485	308,959
<u>17,003,663</u>	<u>17,003,663</u>	<u>57,537</u>
1,775,195	1,862,707	83,232
2,219,633	2,239,633	791,586
380,997	401,997	(11,222)
256,615	262,615	8,486
756,880	756,880	(175,336)
1,327,520	1,327,520	(242,680)
2,525,657	2,525,657	1,192,850
9,157,555	9,157,555	1,282,534
<u>18,400,052</u>	<u>18,534,564</u>	<u>2,929,450</u>
(1,396,389)	(1,530,901)	2,986,987
-	-	(174,074)
<u>\$ (1,396,389)</u>	<u>\$ (1,530,901)</u>	<u>\$ 2,812,913</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 Ten Fiscal Years**

	2024*	2023*	2022*	2021*
City's proportion of the net pension liability	0.0172850%	0.0167670%	0.1337850%	0.0222539%
City's proportionate share of the net pension liability (asset)	\$ 780,203	\$ 633,490	\$ (461,862)	\$ 1,563,280
City's covered payroll	\$ 2,470,419	\$ 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	31.58%	26.74%	-20.28%	69.31%
Plan fiduciary net pension as a percentage of the total pension liability	90.13%	91.40%	100.81%	82.90%

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

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**

	2024	2023	2022	2021
Statutorily required contribution	\$ 236,960	\$ 232,277	\$ 222,793	\$ 215,907
Contributions in relation to the statutorily required contribution	\$ (236,960)	\$ (232,277)	\$ (222,793)	\$ (215,907)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,426,415	\$ 2,470,419	\$ 2,368,771	\$ 2,277,059
Contributions as a percentage of covered payroll	9.77%	9.40%	9.41%	9.48%

See Notes to Required Supplementary Information.

2020	2019	2018	2017	2016	2015
\$ 216,599	\$ 200,710	\$ 187,238	\$ 187,728	\$ 170,694	\$ 164,889
\$ (216,599)	\$ (200,710)	\$ (187,238)	\$ (187,728)	\$ (170,694)	\$ (164,889)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,255,537	\$ 2,081,918	\$ 2,042,256	\$ 2,050,003	\$ 1,867,067	\$ 1,774,408
9.60%	9.64%	9.17%	9.16%	9.14%	9.29%

THIS PAGE INTENTIONALLY LEFT BLANK

City of Eldridge, Iowa

Notes to Required Supplementary Information Year Ended June 30, 2024

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 \$134,512.

The City over expended the culture and recreation, general government and capital outlay functions by \$11,222, \$175,336 and \$242,680, respectively.

Note 2. Iowa Public Employees' Retirement System

There are no significant changes in benefit terms.

Changes of assumptions:

The 2023 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

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2024

	Special Revenue	Capital Projects		Total
	Hotel Tax	Park Improvement	Street Projects	
Assets				
Cash and investments	\$ 118,774	\$ 140,815	\$ 205,173	\$ 464,762
Receivables:				
Other tax	4,462	-	-	4,462
Total assets	123,236	140,815	205,173	469,224
Liabilities and fund balances				
Liabilities:				
Accounts payable	-	484	-	484
Total liabilities	-	484	-	484
Fund Balances, restricted				
Community programs and services	123,236	-	-	123,236
Capital improvements	-	140,331	205,173	345,504
Total fund balances	123,236	140,331	205,173	468,740
Total liabilities and fund balances	\$ 123,236	\$ 140,815	\$ 205,173	\$ 469,224

City of Eldridge, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Nonmajor Governmental Funds
 Year Ended June 30, 2024

	Special Revenue	Capital Projects		Total
	Hotel Tax	Park Improvement	Street Projects	
Revenues:				
Other taxes	\$ 40,621	\$ -	\$ -	\$ 40,621
Donations and miscellaneous	-	56,665	-	56,665
Total revenues	<u>40,621</u>	<u>56,665</u>	<u>-</u>	<u>97,286</u>
Expenditures:				
Current:				
Culture and recreation	8,552	-	-	8,552
Capital outlay	-	140,548	-	140,548
Total expenditures	<u>8,552</u>	<u>140,548</u>	<u>-</u>	<u>149,100</u>
Excess (deficiency) of revenue over (under) expenditures	<u>32,069</u>	<u>(83,883)</u>	<u>-</u>	<u>(51,814)</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>18,069</u>	<u>16,117</u>	<u>25,000</u>	<u>59,186</u>
Fund balances, beginning of year	105,167	124,214	180,173	409,554
Fund balances, end of year	<u>\$ 123,236</u>	<u>\$ 140,331</u>	<u>\$ 205,173</u>	<u>\$ 468,740</u>

THIS PAGE INTENTIONALLY LEFT BLANK



**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 (*Government Auditing Standards*), 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 6, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2024-001 through 2024-006 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Eldridge, Iowa's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of non-compliance or other matters which are described in Part II of the accompanying Schedule of Findings and Questioned Costs.

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

City'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 Responses. 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
January 6, 2025

City of Eldridge, Iowa

Schedule of Findings and Responses (Continued)
Year Ended June 30, 2024

Summary of the Independent Auditor's Results

Unmodified opinions were issued on the financial statements.

Part I: Summary of Findings Relating to the Basic Financial Statements

A. Internal Control

Material Weaknesses:

2024-001

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 signer.
- 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.

(Continued)

City of Eldridge, Iowa

Schedule of Findings and Responses (Continued) Year Ended June 30, 2024

At the end of fiscal year 2024, the City implemented several changes to improve internal controls including the following:

- The InCode cash receipting module has been fully implemented. All City receipts are entered into the receipting module by the receipting clerk. On a daily basis, an employee other than the receipting clerk will count the cash drawer, compare the cash drawer and checks scanned to the daily cash receipt report, and prepare the deposit slip.
- Access to cash and checks has been removed from the City Clerk.
- Bank reconciliations are being prepared by the City Clerk.
- Journal entries are only posted by the City Clerk.
- A budget to actual report and Treasurer's report are prepared and periodically provided to Administrators and City Council for review.

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

- The City should only have one bank account for all deposits and rely on the financial system for fund and revenue reporting.
- On a routine monthly basis, City Council should be receiving a budget to actual report by fund or function and a treasurer's report with a report from the City Clerk of the significant variances.

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 monthly. 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 receipting 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 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 should implement a point-of-sale system for all receipts. Monthly reports should be generated by the City Clerk or billing clerk from the point of sale system and compared to the deposits.
- Building permits issued should be reconciled to the building permit fees collected on a monthly basis by the City Clerk.

(Continued)

City of Eldridge, Iowa

**Schedule of Findings and Responses (Continued)
Year Ended June 30, 2024**

Response and Corrective Action Plan: The City implemented several controls in the last quarter of fiscal year 2024. The City will continue to review current processes, realign duties, and implement controls within the cash receipting and utility billing process.

2024-002

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

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.

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: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from inception to its completion.

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

During the end of fiscal year 2024, the City implemented additional controls as follows:

- The City outsourced payroll processing which now requires electronic department head approval for payroll to be generated.
- The City segregated the position responsible for payroll and the position performing bank reconciliations.
- The City implemented a budget to actual report for review by City Administrator and City Council on a periodic basis.
- After payroll is processed, a Direct Deposit Register is generated by the Payroll Clerk and routed to the City Clerk. The City Clerk compares the amount submitted for the direct deposit ACH to the Direct Deposit Register and approves the direct deposit ACH through the bank. In addition, the City Clerk reviews the direct deposit listing to look for any unknown employees and any unusual pay amounts. The amount is compared to the prior payroll period and any unusual variances in the total amount paid from one pay period to the next are investigated and totals to budget are compared for any variances.

We have the following recommendations:

- 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.
- The payroll access rights should be removed from the City Clerk.
- The City Administrator should review the bank reconciliation and ensure that all payroll ACH match the ACH reports for the month.

(Continued)

City of Eldridge, Iowa

**Schedule of Findings and Responses (Continued)
Year Ended June 30, 2024**

- On a routine monthly basis, City Council should be receiving a budget to actual report by fund and function and treasurer's report with a report from the City Clerk of the significant variances.

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.

2024-003

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

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

- One position has access to set up new vendors or edit vendor information in the system, has access to enter invoices, print checks and reconciles the bank statements. This position is an authorized check signer.
- 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 stuff and mail.
- There is not a formal check sequence monitoring process.
- The City Clerk and City billing clerks have access to void transactions.
- There is no City purchasing policy.

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: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from inception to its completion.

Recommendation: In general, authorization of new vendors, entering invoices into the accounting system, processing of checks and preparing the bank reconciliations should be segregated.

During the end of fiscal year 2024, the City implemented several internal control procedures including:

- The City Administrator matches the credit card statement charges to supporting receipts and credit card payment.
- The Mayor matches the City Administrator credit card statement charges to supporting receipts.
- A budget to actual report was implemented and periodically provided to City Administration and City Council.
- The bills payable listings are prepared by the City Administrator in excel to monitor check sequence.
- Bank reconciliations are prepared by the City Clerk.
- The City implemented positive pay.

We recommend implementing the following controls to strengthen internal controls over disbursements:

- On a routine monthly basis, City Council should be receiving a budget to actual report by fund and function and treasurer's report with a report from the City Clerk of the significant variances.

(Continued)

City of Eldridge, Iowa

Schedule of Findings and Responses (Continued) Year Ended June 30, 2024

- 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 limited only to an employee separate from the position entering invoices and generating payment.
- Voided transactions should be routinely reviewed by supervisory personnel.
- After the checks are signed, an employee other than the position that generated the checks should stuff and mail the signed checks.
- Bank reconciliations prepared by the City Clerk should be formally reviewed by the City Administrator on a routine basis.

Response and Corrective Action Plan: The City is in the process of implementing a credit card policy, travel policy and purchasing policy. The City will review current processes and realign duties and system access levels to continue to improve internal controls within the design of the disbursement transaction system.

2024-004

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: Access to post journal entries has not been restricted. 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: During the end of fiscal year 2024, the City required all journal entries to be posted by the City Clerk. We have the following additional recommendations:

- 1) Access to post journal entries should be limited to the City Clerk.
- 2) Monthly, the City Administrator should print a report from the financial software listing all journal entries posted for the month and compared to the journal entries and supporting documentation to ensure completeness and proper accounting.

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.

(Continued)

City of Eldridge, Iowa

**Schedule of Findings and Responses (Continued)
Year Ended June 30, 2024**

2024-005

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).

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: The deficiency is over all changes in capital assets.

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.

2024-006

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.

(Continued)

City of Eldridge, Iowa

**Schedule of Findings and Responses (Continued)
Year Ended June 30, 2024**

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.

B. Instances of Noncompliance

No matters reported.

Part II: Other Findings Related to Required Statutory Reporting

II-A-24

Certified Budget –

Finding 1: The City did not publish notice of the April 3, 2023 public hearing for the original budget at least ten days and no more than twenty days before the hearing.

Recommendation: The City should publish notice of the public hearing between ten and twenty days before the public hearing.

Response and Corrective action plan: The City will publish notice of public hearing of the budget at least ten days before public hearing and less than twenty days

Conclusion: Response accepted

Finding 2: The City overexpended the budget in the culture and recreation, general government and capital outlay functions.

Recommendation: The certified budget should be amended in accordance with Chapter 24.0 of the Code of Iowa before expenditures exceed budget.

Response and Corrective action plan: The City will amend future budgets in sufficient amounts to ensure certified budget is not exceeded.

Conclusion: Response accepted

II-B-24

Questionable Expenditures – No 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 2024-008.

II-C-24

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.

II-D-24

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

(Continued)

City of Eldridge, Iowa

**Schedule of Findings and Responses (Continued)
Year Ended June 30, 2024**

II-E-24

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.

II-F-24

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.

II-G-24

Council Minutes –

Finding 1: The minutes of the April 29, 2024 special council meeting were not published. 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 City does not publish a schedule of total disbursements from each fund or a summary of all receipts, per Chapter 372.13(6) of the Code of Iowa.

Recommendation: We recommend the City publish meeting minutes with two weeks of meeting dates and include a schedule of total disbursements from each fund, a summary of all receipts, along with a listing of all claims 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.

II-H-24

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 2, 2024. The bank balance in First Central State Bank exceeds the authorized maximum balance as of June 30, 2024.

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.

(Continued)

City of Eldridge, Iowa

**Schedule of Findings and Responses (Continued)
Year Ended June 30, 2024**

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

Conclusion: Response accepted.

II-I-24

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

II-J-24

Annual Urban Renewal Report – The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1.

II-K-24

Transfers –

Finding: The City does not provide a clear statement of purpose in the resolution for transfers.

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 as required by Administrative Code Section 545-2.1..

Response and Corrective Action Plan: The City agrees with the recommendation and will provide a statement of purpose for the transfers.

Conclusion: Response accepted.

II-L-24

IRS Forms –

Finding 1: BF requested a list of vendors paid in fiscal year 2024 and selected five vendors paid in calendar year 2023 to view the W-9 form. One of the five vendors selected should have received a 1099 Form.

Recommendation: We recommend that the City establish a process to ensure that vendor master files in the general ledger system are properly set up so that an IRS Form 1099 is prepared for all outside services of \$600 or more for all businesses (vendors), including nonemployee individuals, such as freelancers or independent contractors.

Response and Corrective Action Plan: The City agrees with the recommendation and will establish a process for IRS Form 1099.

Conclusion: Response accepted.