

City of Eldridge, Iowa

Financial and Compliance Report
Year Ended June 30, 2021

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City of Eldridge, Iowa

**City Officials
June 30, 2021**

		<u>Term Expiration Date of Elected Officials</u>
Frank King	Mayor	January 2026
Daniel Collins	City Council	January 2026
Brian Dockery	City Council	January 2026
Bernie Peeters	City Council	January 2024
Bruce Cheek	City Council	January 2024
Adrian Blackwell	City Council	January 2024
Barb O'Brien	Utility Board Trustee	February 2026
Brock Kroeger	Utility Board Trustee	February 2022
Michael Anderson	Utility Board Trustee	February 2024
James Skadal	Utility Board Trustee	February 2027
Jim Roseman	Utility Board Trustee	February 2023
Tony Rupe	Assistant City Administrator	Appointed
Denise M. Benson	City Clerk	Appointed

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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 of the City of Eldridge, Iowa, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the City's total OPEB liability and related ratios, schedule of the City's proportionate share of the net pension liability for pension retirement system, and schedule of the City's contributions for pension retirement system, on pages 4–14 and 51–6H be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements, and the other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information of the combining and individual nonmajor fund financial statements and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The City's basic financial statements for the years ended June 30, 2020 through 2012, which are not presented herein, were audited by other auditors whose report thereon dated January 25, 2021, expressed unmodified opinions on the basic financial statements. Their report on the Schedule of Revenues By Source and Expenditure By Function for the years ended June 30, 2020 through 2012 stated that, in their opinion, such information was fairly stated in all material respects in relation to the basic financial statements as a whole for the years ended June 30, 2020 through 2012 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2022, on our consideration of the City'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Bohnsack & Frommelt LLP

Moline, Illinois
March 29, 2022

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City of Eldridge, Iowa

Management's Discussion and Analysis Year Ended June 30, 2021

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, 2021.

Financial Highlights

- Revenues of the City's governmental activities increased 14.1%, or approximately \$921,501 from fiscal year 2020 to fiscal year 2021.
- Revenues of the City's business-type activities increased 9.4%, or approximately \$620,152 from fiscal year 2020 to fiscal year 2021.
- Expenses of the City's governmental activities increased 11.0%, or approximately \$542,397, in fiscal year 2021 from fiscal year 2020.
- Expenses of the City's business-type activities increased 9.7%, or approximately \$693,528 in fiscal year 2021 from fiscal year 2020.
- The City's net position increased 2.5%, or \$1,364,855, from June 30, 2020 net position to June 30, 2021. Of this amount, the net position of the governmental activities increased \$980,051 and the net position of the business-type activities increased \$384,804.

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, 2021

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

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

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

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

The City of Eldridge, Iowa maintains eight 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, and Debt Service Fund which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the supplementary information section of this report.

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

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

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

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

City of Eldridge, Iowa

Management's Discussion and Analysis Year Ended June 30, 2021

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's total net position has increased from a year ago. Table 1 reflects total net position of \$56,357,864 which represents an increase of \$1,364,855 from 2020.

Table 1 - City of Eldridge's Net Position

	Governmental Activities June 2021	Governmental Activities June 2020	Business-Type Activities June 2021	Business-Type Activities June 2020	Total June 2021	Total June 2020
Current and other assets	\$ 16,947,196	\$ 9,057,179	\$ 12,740,600	\$ 11,135,938	\$ 29,687,796	\$ 20,193,117
Capital assets	10,449,817	8,526,120	41,883,525	44,216,651	52,333,342	52,742,771
Total assets	27,397,013	17,583,299	54,624,125	55,352,589	82,021,138	72,935,888
Total deferred outflows of resources	292,909	217,125	274,983	221,927	567,892	439,052
Noncurrent liabilities	14,527,990	7,554,020	5,170,044	6,435,670	19,698,034	13,989,690
Other liabilities	1,995,264	1,174,105	617,965	311,364	2,613,229	1,485,469
Total liabilities	16,523,254	8,728,125	5,788,009	6,747,034	22,311,263	15,475,159
Total deferred inflows of resources	3,884,903	2,770,585	35,000	136,187	3,919,903	2,906,772
Net position:						
Net investment in capital assets	2,500,504	1,007,322	37,415,525	38,477,786	39,916,029	39,485,108
Restricted	3,939,188	2,826,804	-	-	3,939,188	2,826,804
Unrestricted	842,073	2,467,588	11,660,574	10,213,509	12,502,647	12,681,097
Total net position	\$ 7,281,765	\$ 6,301,714	\$ 49,076,099	\$ 48,691,295	\$ 56,357,864	\$ 54,993,009

Of the City of Eldridge's net position, 70.8 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.

A restricted portion of the City's net position (7.0 percent as of June 30, 2021) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$12,502,647 may be used to meet the government's ongoing obligations to citizens and creditors.

City of Eldridge, Iowa

Management's Discussion and Analysis Year Ended June 30, 2021

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, 2021. 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 \$1,364,855 during the year ended June 30, 2021. The governmental activities' net position increased by \$980,051. Total governmental activities revenue increased \$921,501 due to \$162,706 coronavirus relief funds, \$89,716 more in state transportation grants for the 1st Street South Trail grant, approximately \$79,000 additional receipts for concessions and park program fees for hosting more tournaments, and approximately \$75,000 in grants for the International Softball Congress World Tournament and for Sesquicentennial Celebration. In addition, taxable assessed valuations increased which increased property tax and tax increment financing taxes \$238,514. Total governmental activities expenses increased \$542,397 primarily due to payroll and benefit adjustments ranging from 3 to 6 percent and incurring additional interest expense on bonded debt.

The total business-type activities' net position increased by \$384,804. The business-type activities net position increased due to the transfer of \$1,062,800 of long-term debt to governmental activities. The business-type activities charges for services are not adequate to support operating expenses other than the Electric Fund. Charges for services increased due to increased consumption.

City of Eldridge, Iowa

Management's Discussion and Analysis
Year Ended June 30, 2021

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

	Governmental Activities 2021	Governmental Activities 2020	Business-Type Activities 2021	Business-Type Activities 2020	Total 2021	Total 2020
Revenues:						
Program revenues:						
Charges for services	\$ 911,663	\$ 661,066	\$ 7,123,998	\$ 6,461,290	\$ 8,035,661	\$ 7,122,356
Operating grants and contributions	1,099,475	900,296	-	-	1,099,475	900,296
Capital grants and contributions	542,167	452,454	-	-	542,167	452,454
General revenues:						
Property taxes levied for:						
General purpose	2,567,141	2,552,429	-	-	2,567,141	2,552,429
Debt service	77,082	50,086	-	-	77,082	50,086
Tax increment financing	916,937	720,131	-	-	916,937	720,131
Local option sales tax	1,226,312	1,019,822	-	-	1,226,312	1,019,822
Other taxes	78,152	43,642	-	-	78,152	43,642
Investment earnings	28,553	36,028	97,668	116,658	126,221	152,686
Miscellaneous	-	90,027	12,275	35,841	12,275	125,868
Total revenues	7,447,482	6,525,981	7,233,941	6,613,789	14,681,423	13,139,770
Expenses:						
General government	649,215	599,857	-	-	649,215	599,857
Public safety	1,279,731	1,243,698	-	-	1,279,731	1,243,698
Public works	2,440,517	2,332,820	-	-	2,440,517	2,332,820
Culture and recreation	633,254	507,219	-	-	633,254	507,219
Community and economic development	195,270	99,014	-	-	195,270	99,014
Interest on long-term debt	289,644	162,626	-	-	289,644	162,626
Electric	-	-	4,417,817	4,148,891	4,417,817	4,148,891
Water	-	-	1,022,491	1,041,029	1,022,491	1,041,029
Sewer	-	-	1,878,819	1,505,061	1,878,819	1,505,061
Community center	-	-	308,131	271,213	308,131	271,213
Fitness center	-	-	201,679	169,215	201,679	169,215
Total expenses	5,487,631	4,945,234	7,828,937	7,135,409	13,316,568	12,080,643
Excess (deficiency) before transfers	1,959,851	1,580,747	(594,996)	(521,620)	1,364,855	1,059,127
Transfers	(979,800)	(1,161,171)	979,800	1,161,171	-	-
Change in net position	980,051	419,576	384,804	639,551	1,364,855	1,059,127
Net position, beginning	6,301,714	5,882,138	48,691,295	48,051,744	54,993,009	53,933,882
Net position, ending	\$ 7,281,765	\$ 6,301,714	\$ 49,076,099	\$ 48,691,295	\$ 56,357,864	\$ 54,993,009

City of Eldridge, Iowa

Management's Discussion and Analysis
Year Ended June 30, 2021

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.

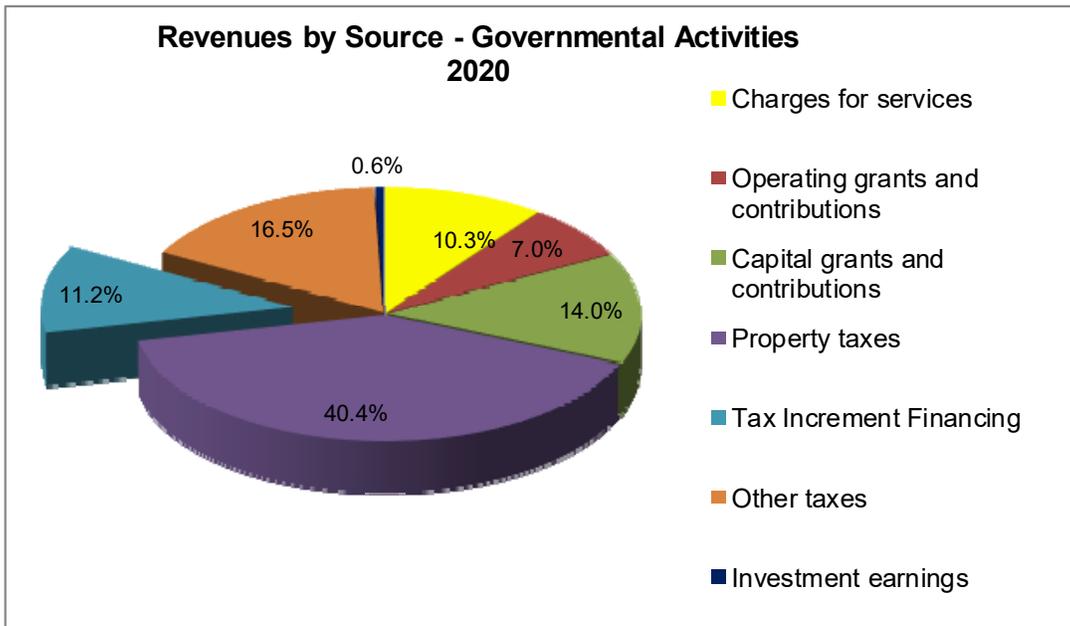
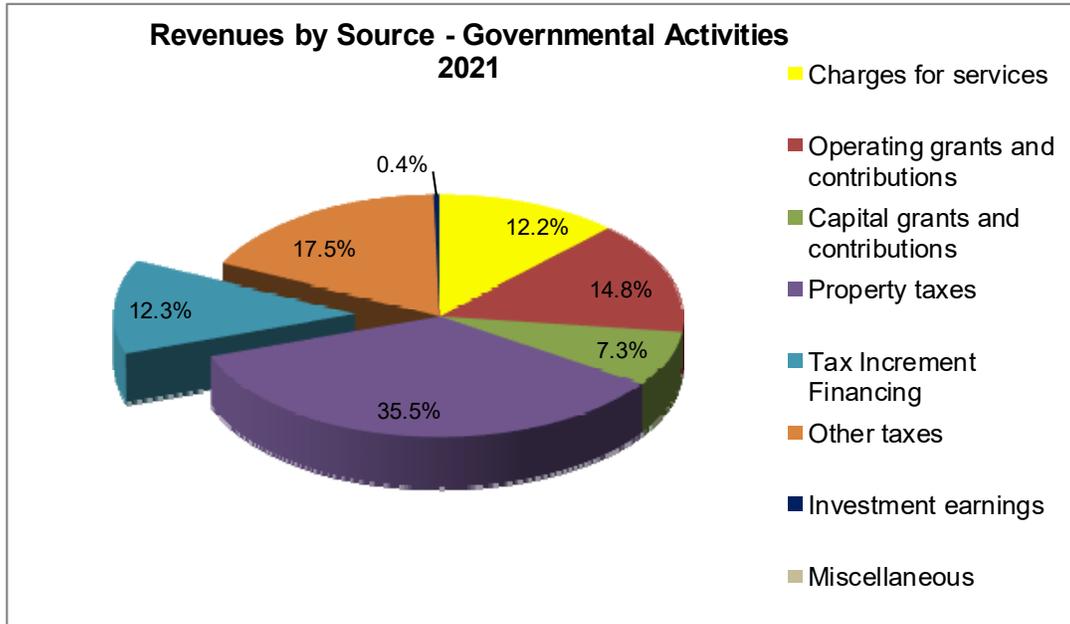
Table 3 - Governmental Activities

Programs	Total Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2021	Net Cost of Services 2020
Public safety	\$ 1,279,731	\$ 1,243,698	\$ (1,199,112)	\$ (1,127,745)
Public works	2,440,517	2,332,820	(681,471)	(1,525,287)
Culture and recreation	633,254	507,219	(420,124)	(474,114)
Community and economic development	195,270	99,014	(193,126)	(97,960)
General government	649,215	599,857	(150,849)	(445,010)
Interest on long-term debt	289,644	162,626	(289,644)	(162,626)
Total	\$ 5,487,631	\$ 4,945,234	\$ (2,934,326)	\$ (3,832,742)

Net cost of services is 53.5 percent of total cost of services for the year ended June 30, 2021 and 77.5 percent for the year ended June 30, 2020. As expected, this reflects a continued reliance on taxes and other general revenue sources to fund the cost of services.

Governmental Activities

The graphs below show the percentage of the total governmental activities revenues allocated by each revenue type for 2021 and 2020.

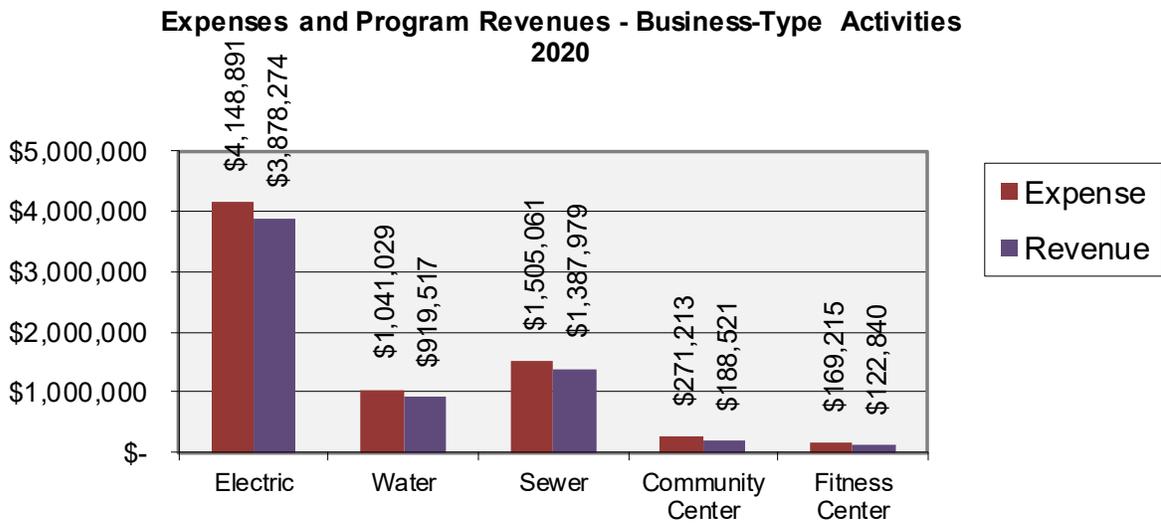
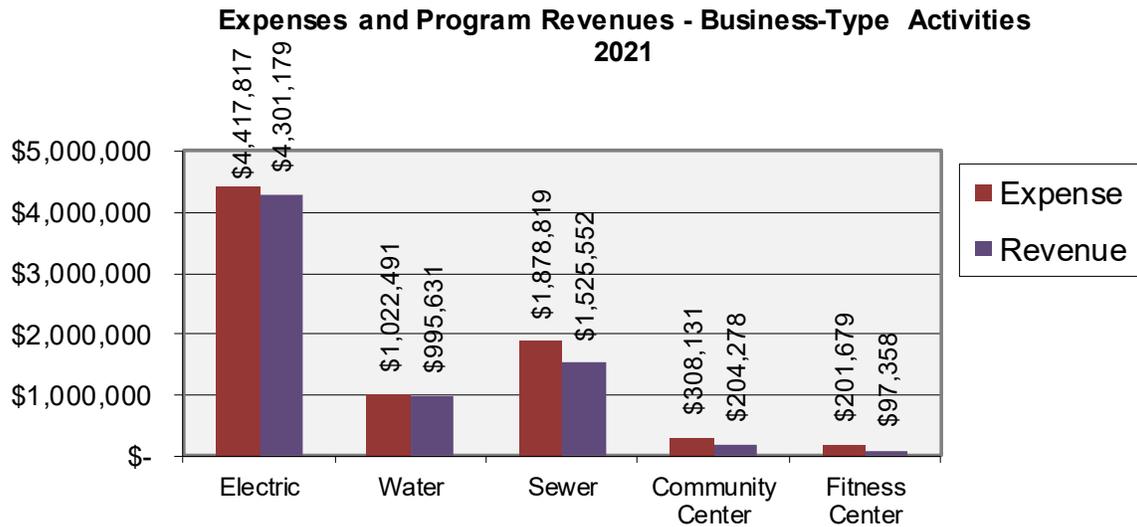


City of Eldridge, Iowa

Management’s Discussion and Analysis
Year Ended June 30, 2021

Business-type activities: For the year ended June 30, 2021, business-type activities increased the City of Eldridge’s net position by \$384,804.

Total business-type activities’ revenue for the fiscal year was \$7,233,941. All but \$109,943 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 2021 and 2020.



City of Eldridge, Iowa

Management's Discussion and Analysis Year Ended June 30, 2021

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, 2021, the City of Eldridge, Iowa's governmental funds reported combined ending fund balances of \$12,004,265, an increase of \$6,064,608 from June 30, 2020. The City's unassigned balance was \$1,367,341 as of June 30, 2021 compared to \$2,445,059 as of June 30, 2020. The remainder of the fund balance is either nonspendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form - \$114,738, 2) legally required to be maintained intact or restricted for particular purposes by enabling legislation or by third parties - \$10,325,007 or 3) committed for particular purposes - \$197,179.

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 \$1,386,704 while total fund balance increased by \$116,570. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to general fund expenditures. Unassigned fund balance represents approximately 39.7 percent of total General Fund expenditures for 2021 compared to 36.5 percent for 2020, while total fund balance represents approximately 48.6 percent of General Fund expenditures compared to 48.1 percent in the prior year.

The General Fund's revenue sources of property taxes and other taxes contribute 71.4 percent of revenue used to fund the general purposes of the City including police, streets and parks. These revenue sources have a direct correlation with the health of the economy. Another 16.2 percent of the City's General Fund revenues were derived from charges for services.

The fund balance of the City's General Fund increased by \$116,570 during the current fiscal year. The General Fund revenues increased \$272,102. The General Fund expenditures increased \$207,002.

The Road Use Tax Fund accounts for road construction and maintenance, had a decrease in fund balance of \$10,842 for the year ending June 30, 2021 compared to an increase in fund balance of \$226,790 from June 30, 2020. The Road Use Tax Fund ended fiscal year 2021 with a \$1,234,560 fund balance.

The Sales Tax Projects Fund accounts for the tax revenues and the capital improvements, purchases of equipment and community programs and services for which they are used. This fund had an increase of \$5,729,992 in fund balance for the year ended June 30, 2021 due to the issuance of \$6,305,000 in long-term debt.

The Eldridge Unified Tax Increment Financing (TIF) Fund accounts for revenues collected to be used for economic purposes. Fund balance (deficit) increased \$11,203 from (\$30,566) in 2020 to (\$19,363) in 2021. The increase in TIF fund balance was due to taxes exceeding the payments to developers and required transfer out for debt services.

City of Eldridge, Iowa

Management's Discussion and Analysis Year Ended June 30, 2021

The Debt Service Fund balance increased \$168,510 from \$50,639 in 2020 to \$219,149 in 2021. The Debt Service Fund continues to service debt as it becomes due. In the current year, principal payments of \$757,598 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 a decrease in net position of \$156,554 from \$19,931,869 at June 30, 2020 to \$19,775,315 at June 30, 2021. The decrease is primarily due a loss of \$442,128 on the disposal of a capital asset.

The Water Fund had a decrease in net position of \$3,344 from \$7,905,929 at June 30, 2020 to \$7,902,585 at June 30, 2021.

The Sewer Fund had an increase in net position of \$582,375 from \$19,469,009 at June 30, 2020 to \$20,051,384 at June 30, 2021. The increase is primarily due to transferring \$1,062,800 of long-term debt to governmental activities.

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 \$142,000. During the year, expenditures for all functions were less than budgeted by \$3,277,017, however the City over expended the general government and business-type functions.

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, 2021, amounts to \$52,333,342 (net of accumulated depreciation). This investment in capital assets includes land, construction-in-progress, buildings and improvements, machinery and equipment, and infrastructure.

	Governmental Activities		Business-Type		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 2,055,468	\$ 595,330	\$ 120,000	\$ 520,000	\$ 2,175,468	\$ 1,115,330
Construction in progress	2,910,608	2,100,007	-	-	2,910,608	2,100,007
Buildings	1,607,833	1,607,833	35,426,607	36,131,607	37,034,440	37,739,440
Equipment and vehicles	2,408,458	2,610,737	2,188,925	2,492,640	4,597,383	5,103,377
Infrastructure, road network	28,162,908	28,162,908	29,294,581	29,183,700	57,457,489	57,346,608
Accumulated depreciation	(26,695,458)	(26,550,695)	(25,146,588)	(24,111,296)	(51,842,046)	(50,661,991)
Total	\$ 10,449,817	\$ 8,526,120	\$ 41,883,525	\$ 44,216,651	\$ 52,333,342	\$ 52,742,771

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, 2021

Debt - As of June 30, 2021, the City of Eldridge, Iowa had outstanding obligations totaling \$19,497,905 compared to \$13,673,385 as of June 30, 2020. The City paid \$965,663 in principal payments and \$236,547 in interest payments. The City issued \$6,305,000 general obligation bonds Series 2021 on June 29, 2021 for capital projects.

Table 5 - Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
General obligation bonds/notes	\$ 14,129,000	\$ 7,518,798	\$ -	\$ -	\$ 14,129,000	\$ 7,518,798
Bond premium	513,502	-	-	-	513,502	-
Revenue bonds	-	-	4,468,000	5,738,865	4,468,000	5,738,865
Compensated absences	167,214	219,973	220,189	195,749	387,403	415,722
Total	\$ 14,809,716	\$ 7,738,771	\$ 4,688,189	\$ 5,934,614	\$ 19,497,905	\$ 13,673,385

Additional information about the City's long-term debt can be found in Note 4 to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

- Real property assessed values have continued to rise with January 1, 2020 valuation of \$446,960,554 for fiscal year 202Gtaxes.
- The City's 2022 fiscal year budgeted expenditures are \$27,714,489.
- 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, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 12,530,771	\$ 10,803,561	\$ 23,334,332
Receivables:			
Property taxes			
Current year	19,549	-	19,549
Succeeding year	3,842,941	-	3,842,941
Other tax	295,657	-	295,657
Special assessment	60,706	-	60,706
Accounts	24,837	1,041,655	1,066,492
Intergovernmental	138,129	-	138,129
Internal balances	(80,132)	80,132	-
Inventories	21,900	671,100	693,000
Prepaid expenses	92,838	78,845	171,683
Total current assets	16,947,196	12,675,293	29,622,489
Noncurrent assets:			
Restricted cash and cash equivalents	-	65,307	65,307
Capital assets not being depreciated	4,966,076	120,000	5,086,076
Capital assets (net of accumulated depreciation)	5,483,741	41,763,525	47,247,266
Total noncurrent assets	10,449,817	41,948,832	52,398,649
Total assets	27,397,013	54,624,125	82,021,138
Deferred outflows of resources:			
OPEB related deferred outflows	2,945	2,508	5,453
Pension related deferred outflows	289,964	272,475	562,439
Total deferred outflows of resources	292,909	274,983	567,892
Total assets and deferred outflows of resources	\$ 27,689,922	\$ 54,899,108	\$ 82,589,030

See Notes to Basic Financial Statements.

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 765,647	\$ 164,910	930,557
Claims payable	25,000	-	25,000
Salaries and benefits payable	14,897	13,843	28,740
Accrued expenses	1,824	44,854	46,678
Accrued interest payable	15,376	-	15,376
Compensated absences	81,520	116,051	197,571
Customer deposits	-	65,307	65,307
Revenue bonds	-	213,000	213,000
General obligation bonds/notes	1,091,000	-	1,091,000
Total current liabilities	1,995,264	617,965	2,613,229
Noncurrent liabilities:			
Compensated absences	85,694	104,138	189,832
Revenue bonds	-	4,255,000	4,255,000
General obligation bonds/notes	13,551,502	-	13,551,502
Net OPEB liability	74,747	63,673	138,420
Net pension liability	816,047	747,233	1,563,280
Total noncurrent liabilities	14,527,990	5,170,044	19,698,034
Total liabilities	16,523,254	5,788,009	22,311,263
Deferred inflows of resources:			
Pension related deferred inflows	41,962	35,000	76,962
Unavailable revenue, property taxes	3,842,941	-	3,842,941
Total deferred inflows of resources	3,884,903	35,000	3,919,903
Net Position:			
Net investment in capital assets	2,500,504	37,415,525	39,916,029
Restricted for:			
Debt service	219,149	-	219,149
Community programs and services	85,875	-	85,875
Capital projects	3,634,164	-	3,634,164
Unrestricted	842,073	11,660,574	12,502,647
Total net position	7,281,765	49,076,099	56,357,864
Total liabilities, deferred inflows of resources and net position	\$ 27,689,922	\$ 54,899,108	\$ 82,589,030

City of Eldridge, Iowa

Statement of Activities
Year Ended June 30, 2021

Functions	Expenses	Program Revenues		
		Charges for Sales and Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities:				
Public safety	\$ 1,279,731	\$ 80,619	\$ -	\$ -
Public works	2,440,517	377,749	839,130	542,167
Culture and recreation	633,254	213,130	-	-
Community and economic development	195,270	2,144	-	-
General government	649,215	238,021	260,345	-
Interest on long-term debt	289,644	-	-	-
Total governmental activities	5,487,631	911,663	1,099,475	542,167
Business-type activities:				
Electric	4,417,817	4,301,179	-	-
Water	1,022,491	995,631	-	-
Sewer	1,878,819	1,525,552	-	-
Community Center	308,131	204,278	-	-
Fitness Center	201,679	97,358	-	-
Total business-type activities	7,828,937	7,123,998	-	-
Total	\$ 13,316,568	\$ 8,035,661	\$ 1,099,475	\$ 542,167

General Revenues

- Property taxes levied for:
 - General purposes
 - Debt service
- Tax increment financing
- Sales tax
- Other taxes
- Investment earnings
- Gain on the sale of capital assets

Transfers

Total general revenues and transfers

Change in net position

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

See Notes to Basic Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government

<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
<u>Activities</u>	<u>Activities</u>	

\$ (1,199,112)	\$ -	\$ (1,199,112)
(681,471)	-	(681,471)
(420,124)	-	(420,124)
(193,126)	-	(193,126)
(150,849)	-	(150,849)
(289,644)	-	(289,644)
(2,934,326)	-	(2,934,326)

-	(116,638)	(116,638)
-	(26,860)	(26,860)
-	(353,267)	(353,267)
-	(103,853)	(103,853)
-	(104,321)	(104,321)
-	(704,939)	(704,939)
(2,934,326)	(704,939)	(3,639,265)

2,567,141	-	2,567,141
77,082	-	77,082
916,937	-	916,937
1,226,312	-	1,226,312
78,152	-	78,152
28,553	97,668	126,221
-	12,275	12,275
(979,800)	979,800	-
3,914,377	1,089,743	5,004,120
980,051	384,804	1,364,855
6,301,714	48,691,295	54,993,009
\$ 7,281,765	\$ 49,076,099	\$ 56,357,864

City of Eldridge, Iowa

**Balance Sheet
Governmental Funds
June 30, 2021**

	Special Revenue		
	General	Road Use Tax	Sales Tax Projects
Assets			
Cash and cash equivalents	\$ 1,584,824	\$ 1,153,180	\$ 9,003,811
Receivables, net of allowance:			
Property taxes:			
Current year	14,777	-	-
Succeeding year	2,617,811	-	-
Other tax	-	-	285,531
Intergovernmental	-	88,398	49,731
Special assessment	-	60,706	-
Other	24,837	-	-
Inventories	21,900	-	-
Prepaid items	92,838	-	-
Due from other funds	82,810	65,272	-
Total assets	\$ 4,439,797	\$ 1,367,556	\$ 9,339,073
Liabilities, deferred inflows of resources and fund balances			
Liabilities:			
Accounts payable	\$ 82,385	\$ 83,596	\$ 579,294
Accrued interest payable	3,468	-	-
Salaries and benefits payable	14,897	-	-
Accrued expenses	1,824	-	-
Due to other funds	20,791	-	69,857
Total liabilities	123,365	83,596	649,151
Deferred inflows of resources, unavailable revenue:			
Property taxes	2,617,811	-	-
Other	-	49,400	257,970
Total deferred inflows of resources	2,617,811	49,400	257,970
Fund balances:			
Nonspendable:			
Inventories	21,900	-	-
Prepaid items	92,838	-	-
Restricted:			
Debt service	-	-	-
Community programs and services	-	-	-
Capital projects	-	1,234,560	8,431,952
Committed:			
General equipment replacement	197,179	-	-
Unassigned	1,386,704	-	-
Total fund balances	1,698,621	1,234,560	8,431,952
Total liabilities, deferred inflow of resources and fund balances	\$ 4,439,797	\$ 1,367,556	\$ 9,339,073

See Notes to Basic Financial Statements.

Eldridge Unified TIF	Debt Service	Nonmajor Governmental Funds	Total
\$ -	\$ 239,375	\$ 445,007	\$ 12,426,197
4,345	427	-	19,549
1,017,868	207,262	-	3,842,941
-	-	10,126	295,657
-	-	-	138,129
-	-	-	60,706
-	-	-	24,837
-	-	-	21,900
-	-	-	92,838
24,453	-	4,585	177,120
<u>\$ 1,046,666</u>	<u>\$ 447,064</u>	<u>\$ 459,718</u>	<u>\$ 17,099,874</u>
\$ -	\$ -	\$ 20,372	\$ 765,647
-	-	-	3,468
-	-	-	14,897
-	-	-	1,824
48,161	20,653	-	159,462
<u>48,161</u>	<u>20,653</u>	<u>20,372</u>	<u>945,298</u>
1,017,868	207,262	-	3,842,941
-	-	-	307,370
<u>1,017,868</u>	<u>207,262</u>	<u>-</u>	<u>4,150,311</u>
-	-	-	21,900
-	-	-	92,838
-	219,149	-	219,149
-	-	85,875	85,875
-	-	353,471	10,019,983
-	-	-	197,179
(19,363)	-	-	1,367,341
<u>(19,363)</u>	<u>219,149</u>	<u>439,346</u>	<u>12,004,265</u>
<u>\$ 1,046,666</u>	<u>\$ 447,064</u>	<u>\$ 459,718</u>	<u>\$ 17,099,874</u>

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City of Eldridge, Iowa

**Reconciliation of Total Governmental Fund Balances
to Net Position of Governmental Activities
June 30, 2021**

Total governmental fund balances \$ 12,004,265

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. 10,449,817

Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable in the funds 307,370

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 79,574
Internal service fund allocated to business-type activities (97,790)

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. (11,908)

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	2,945	
Pension related deferred outflows of resources	289,964	
Pension related deferred inflows of resources	(41,962)	250,947

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	(14,129,000)	
Premium on long-term debt	(513,502)	
Compensated absences	(167,214)	
Net OPEB liability	(74,747)	
Net pension liability	(816,047)	(15,700,510)

Net position of governmental activities \$ 7,281,765

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, 2021**

	Special Revenue		
	General	Road Use Tax	Sales Tax Projects
Revenues:			
Property taxes	\$ 2,567,141	\$ -	\$ -
Tax increment financing	-	-	-
Other taxes	42,390	-	1,018,073
Licenses and permits	81,725	-	-
Rent	27,956	-	-
Intergovernmental	258,671	839,130	492,436
Charges for services	591,382	11,305	-
Use of money and property	28,553	-	-
Fines, fees, donations and miscellaneous	55,637	-	11,638
Total revenues	3,653,455	850,435	1,522,147
Expenditures:			
Current:			
Public safety	1,153,074	-	-
Public works	1,112,637	-	-
Culture and recreation	456,521	-	-
Community and economic development	79,666	-	-
General government	602,770	-	-
Capital outlay	92,217	861,277	2,286,309
Debt service:	-	-	-
Principal	-	-	-
Interest, issuance costs and fiscal charges	-	-	125,313
Total expenditures	3,496,885	861,277	2,411,622
Revenues over (under) expenditures	156,570	(10,842)	(889,475)
Other financing sources (uses):			
Issuance of long term debt	-	-	6,305,000
Premium on long-term debt	-	-	513,502
Transfers in	-	-	-
Transfers (out)	(40,000)	-	(199,035)
Total other financing sources (uses)	(40,000)	-	6,619,467
Net change in fund balances	116,570	(10,842)	5,729,992
Fund balances (deficits), beginning	1,582,051	1,245,402	2,701,960
Fund balances (deficits), ending	\$ 1,698,621	\$ 1,234,560	\$ 8,431,952

See Notes to Basic Financial Statements.

Eldridge Unified TIF	Debt Service	Nonmajor Governmental Funds	Total
\$ -	\$ 77,082	\$ -	\$ 2,644,223
916,937	-	-	916,937
-	-	35,762	1,096,225
-	-	-	81,725
-	-	-	27,956
-	1,674	-	1,591,911
-	-	-	602,687
-	-	-	28,553
-	-	82,620	149,895
916,937	78,756	118,382	7,140,112
-	-	-	1,153,074
-	-	-	1,112,637
-	-	34,565	491,086
112,994	-	-	192,660
-	-	-	602,770
-	-	149,642	3,389,445
-	757,598	-	757,598
-	152,423	-	277,736
112,994	910,021	184,207	7,977,006
803,943	(831,265)	(65,825)	(836,894)
-	-	-	6,305,000
-	-	-	513,502
-	999,775	125,000	1,124,775
(792,740)	-	(10,000)	(1,041,775)
(792,740)	999,775	115,000	6,901,502
11,203	168,510	49,175	6,064,608
(30,566)	50,639	390,171	5,939,657
\$ (19,363)	\$ 219,149	\$ 439,346	\$ 12,004,265

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City of Eldridge, Iowa

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
Year Ended June 30, 2021**

Net change in fund balances - governmental funds \$ 6,064,608

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	\$ 2,425,860	
Depreciation expense	(399,909)	
Loss on the sale of capital assets	(102,254)	
		1,923,697

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

Special assessments	49,400	
Other grants	49,731	
Local option sales tax	208,239	
		307,370

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 (18,216)

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	(6,305,000)	
Repayment of principal	757,598	
Transfer of debt	(1,062,800)	
Accrued interest on long-term debt	(11,908)	
Premium on long term debt	(513,502)	
		(7,135,612)

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	(44,589)	
Pension expense and related deferred inflows and outflows	(45,405)	
OPEB expense and related deferred inflows and outflows	(71,802)	
		(161,796)

Change in net position of governmental activities \$ 980,051

See Notes to Basic Financial Statements.

City of Eldridge, Iowa

Statement of Net Position
 Proprietary Funds
 June 30, 2021

Assets	Electric	Water
Current assets:		
Cash and cash equivalents	\$ 6,846,382	\$ 2,150,207
Receivables, net of allowance for uncollectible amounts:		
Customer accounts and unbilled usage	581,537	304,894
Due from other funds	37,043	-
Prepaid expenses	32,321	10,774
Inventories	471,777	19,398
Total current assets	7,969,060	2,485,273
Noncurrent assets:		
Restricted cash and cash equivalents	44,650	20,657
Capital assets not being depreciated	-	-
Capital assets, net of accumulated depreciation	12,279,778	5,580,436
Total noncurrent assets	12,324,428	5,601,093
Total assets	20,293,488	8,086,366
Deferred outflows of resources:		
OPEB related deferred outflows	927	545
Pension related deferred outflows	101,912	60,618
Total deferred outflows of resources	102,839	61,163
Total assets and deferred outflows of resources	\$ 20,396,327	\$ 8,147,529
Liabilities		
Current liabilities:		
Accounts payable	\$ 129,584	\$ 12,827
Claims payable	-	-
Salaries and benefits payable	4,513	2,987
Accrued expenses	38,338	-
Due to other funds	23,906	-
Compensated absences	47,857	31,440
Customer deposits	44,650	20,657
Revenue bonds	-	-
Total current liabilities	288,848	67,911
Noncurrent liabilities:		
Compensated absences	44,875	24,166
Revenue bonds	-	-
Net OPEB liability	23,531	13,842
Net pension liability	251,417	139,025
Total noncurrent liabilities	319,823	177,033
Total liabilities	608,671	244,944
Deferred inflows of resources:		
Pension related deferred inflows	12,341	-
Total deferred inflows of resources	12,341	-
Net position:		
Net investment in capital assets	12,279,778	5,580,436
Unrestricted	7,495,537	2,322,149
Total net position	19,775,315	7,902,585
Total liabilities, deferred inflows of resources, and net position	\$ 20,396,327	\$ 8,147,529

Amounts reported for business-type activities in the Statement of Net Position are different because:
 Certain internal service fund assets and liabilities are included with business-type activities

Net position of business-type activities

See Notes to Basic Financial Statements.

Enterprise Funds

Sewer	Nonmajor Enterprise Funds	Total	Internal Service
\$ 1,799,544	\$ 7,428	\$ 10,803,561	\$ 104,574
155,224	-	1,041,655	-
22,871	-	59,914	-
21,495	14,255	78,845	-
173,207	6,718	671,100	-
2,172,341	28,401	12,655,075	104,574
-	-	65,307	-
-	120,000	120,000	-
22,567,893	1,335,418	41,763,525	-
22,567,893	1,455,418	41,948,832	-
24,740,234	1,483,819	54,603,907	104,574
654	382	2,508	-
66,898	43,047	272,475	-
67,552	43,429	274,983	-
\$ 24,807,786	\$ 1,527,248	\$ 54,878,890	\$ 104,574
\$ 7,845	\$ 14,654	\$ 164,910	\$ -
-	-	-	25,000
2,614	3,729	13,843	-
6,516	-	44,854	-
-	53,666	77,572	-
28,561	8,193	116,051	-
-	-	65,307	-
213,000	-	213,000	-
258,536	80,242	695,537	25,000
22,228	12,869	104,138	-
4,255,000	-	4,255,000	-
16,610	9,690	63,673	-
195,575	161,216	747,233	-
4,489,413	183,775	5,170,044	-
4,747,949	264,017	5,865,581	25,000
8,453	14,206	35,000	-
8,453	14,206	35,000	-
18,099,893	1,455,418	37,415,525	-
1,951,491	(206,393)	11,562,784	79,574
20,051,384	1,249,025	48,978,309	79,574
\$ 24,807,786	\$ 1,527,248	\$ 54,878,890	\$ 104,574

97,790
\$ 49,076,099

City of Eldridge, Iowa

**Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2021**

	Electric	Water
Operating revenues:		
Charges for services	\$ 4,171,838	\$ 918,708
Miscellaneous	129,341	76,923
Total operating revenues	4,301,179	995,631
Operating expenses:		
Cost of sales and services	3,535,212	751,388
Depreciation	538,267	271,103
Total operating expenses	4,073,479	1,022,491
Operating income (loss)	227,700	(26,860)
Nonoperating revenues (expenses):		
Investment earnings	57,874	11,241
Interest expense	-	-
Gain (loss) on disposal of capital assets	(442,128)	12,275
Total nonoperating revenues (expenses)	(384,254)	23,516
Income (loss) before transfers and capital contributions	(156,554)	(3,344)
Capital contributions	-	-
Transfers in	-	-
Transfers (out)	-	-
Total transfers and capital contributions	-	-
Change in net position	(156,554)	(3,344)
Total net position, beginning of year	19,931,869	7,905,929
Total net position, end of year	\$ 19,775,315	\$ 7,902,585

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

See Notes to Basic Financial Statements.

Enterprise Funds				
	Sewer	Nonmajor Enterprise Funds	Total	Internal Service
\$	1,509,126	\$ 290,677	\$ 6,890,349	\$ 282,649
	16,426	10,959	233,649	-
	1,525,552	301,636	7,123,998	282,649
	966,576	448,820	5,701,996	203,075
	762,818	60,990	1,633,178	-
	1,729,394	509,810	7,335,174	203,075
	(203,842)	(208,174)	(211,176)	79,574
	22,842	5,711	97,668	-
	(99,293)	-	(99,293)	-
	(50,132)	-	(479,985)	-
	(126,583)	5,711	(481,610)	-
	(330,425)	(202,463)	(692,786)	79,574
	1,062,800	-	1,062,800	-
	-	67,000	67,000	-
	(150,000)	-	(150,000)	-
	912,800	67,000	979,800	-
	582,375	(135,463)	287,014	79,574
	19,469,009	1,384,488	48,691,295	-
\$	20,051,384	\$ 1,249,025	\$ 48,978,309	\$ 79,574

97,790
\$ 384,804

City of Eldridge, Iowa

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2021

	Enterprise	
	Electric	Water
Cash flows from operating activities:		
Receipts from users	\$ 4,009,098	\$ 773,480
Payments to suppliers	(3,606,370)	(743,690)
Payments to employees	(61,783)	77,173
Net cash provided by (used in) operating activities	340,945	106,963
Cash flows from noncapital financing activities:		
Payments to other funds	(37,043)	-
Proceeds from other funds	23,906	-
Transfers to other funds	-	-
Net cash provided by (used in) noncapital financing activities	(13,137)	-
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(2,285)	(170,081)
Proceeds on disposal of capital assets	200,000	200,000
Principal payment on revenue bonds	-	-
Interest paid on revenue bonds	-	-
Net cash provided by (used in) capital and related financing activities	197,715	29,919
Cash flows from investing activities:		
Interest received	57,874	11,241
Increase in cash and cash equivalents	583,397	148,123
Cash and cash equivalents:		
Beginning of year	6,307,635	2,022,741
End of year	\$ 6,891,032	\$ 2,170,864
Reconciliation of operating income (loss) to net cash provided by (used in) by operating activities:		
Operating income (loss)	227,700	(26,860)
Adjustment to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	538,267	271,103
Change in assets and liabilities:		
Receivables	(288,952)	(220,937)
Prepaid expenses	(4,092)	(1,114)
Inventories	(108,067)	18,292
Checks in excess of bank balance	-	-
Accounts payable	52,352	(9,480)
Salaries and benefits payable	1,392	417
Claims payable	-	-
Accrued expenses	(11,351)	-
Compensated absences	(103,017)	55,606
Customer deposits	(3,129)	(1,214)
Net OPEB liability and related deferrals	22,604	13,297
Net pension liability and related deferrals	17,238	7,853
Net cash provided by operating activities	\$ 340,945	\$ 106,963
Schedule of noncash items:		
Capital and related financing activities, state revolving loan fund transfer	\$ -	\$ -

See Notes to Basic Financial Statements.

Funds			
Sewer	Nonmajor Enterprise	Total	Internal Service Fund
\$ 1,519,772	\$ 269,443	\$ 6,571,793	\$ 282,649
(959,623)	(438,320)	(5,748,003)	(178,075)
39,158	49,928	104,476	-
599,307	(118,949)	928,266	104,574
-	-	(37,043)	-
-	53,666	77,572	-
(150,000)	67,000	(83,000)	-
(150,000)	120,666	(42,471)	-
(7,671)	-	(180,037)	-
-	-	400,000	-
(208,065)	-	(208,065)	-
(99,293)	-	(99,293)	-
(315,029)	-	(87,395)	-
22,842	5,711	97,668	-
157,120	7,428	896,068	104,574
1,642,424	-	9,972,800	-
\$ 1,799,544	\$ 7,428	\$ 10,868,868	\$ 104,574
(203,842)	(208,174)	(211,176)	79,574
762,818	60,990	1,633,178	-
(38,326)	-	(548,215)	-
(4,693)	(2,186)	(12,085)	-
(578)	(680)	(91,033)	-
-	(32,193)	(32,193)	-
3,831	13,366	60,069	-
372	1,377	3,558	-
-	-	-	25,000
(1,904)	(574)	(13,829)	-
50,789	21,062	24,440	-
-	-	(4,343)	-
15,956	9,308	61,165	-
14,884	18,755	58,730	-
\$ 599,307	\$ (118,949)	\$ 928,266	\$ 104,574
\$ 1,062,800	\$ -	\$ 1,062,800	\$ -

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City of Eldridge, Iowa

Notes to Basic Financial Statements Year Ended June 30, 2021

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, 2021

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 operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, reserves, fund balance/net position, revenues and expenditures or expenses, as appropriate. The City has the following funds:

Governmental fund types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as “fund balance.” The measurement focus is upon determination of charges in financial position, rather than upon net income determination. 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.

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.

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2021**

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

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.

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

The City reports the following major enterprise funds:

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

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

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

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

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

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

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

Measurement focus and basis of accounting:

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

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

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

City of Eldridge, Iowa

Notes to Basic Financial Statements Year Ended June 30, 2021

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

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.

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.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2021

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

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, 2021 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, 2019 assessed property valuations; is for the tax accrual period July 1, 2020 through June 30, 2021 and reflects tax asking contained in the budget certified to the County Board of Supervisors in March 2020.

Special assessments receivable: Special assessments receivable represents the amounts due from individuals for work done which benefits their property. These assessments are payable by individuals in not less than ten or more than twenty annual installments. Each annual installment with interest on the unpaid balance is due on September 30 and is subject to the same interest and penalties as other tax.

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.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2021

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

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 \$65,307 restricted for specific bond purposes.

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

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 fund balance or net position 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.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2021

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

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 fund balance or net position 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, special assessments, grants, and local option sales tax. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the City's government-wide statements only the property tax and tax increment financing revenues 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 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, 2021. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

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.

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.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2021

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

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

Assigned: Amounts constrained by the City's intent to use them for a specific purpose. The authority to assign fund balance has been delegated to the City Administrator.

Unassigned: All amounts not included in the other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned. The City's Eldridge Unified TIF Fund has a deficit of \$19,363 fund balance which is expected to be funded with future tax increment financing revenue.

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

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. Net investment in capital assets excludes unspent bond proceeds of \$6,693,189.

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 \$219,149 debt service, \$85,875 community programs and services and \$3,634,164 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.

City of Eldridge, Iowa

Notes to Basic Financial Statements Year Ended June 30, 2021

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

Budgetary and legal appropriation and amendment policies: The City Council annually adopts a budget on or before March 31 of each year, which becomes effective July 1 and constitutes the City's appropriation for each program and purpose specified therein until amended. City budgets may be amended for specified purposes and budget amendments must be prepared and adopted in the same manner as the original budgets. The legal level of control (the level on which expenditures may not legally exceed appropriations) is the program level. Appropriations, as adopted and amended, lapse at the end of the fiscal year. The City adopts its annual program budget which includes all funds except the Internal Service Fund on a modified accrual basis.

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

The City exceeded budgeted expenditures in the general government function by \$82,990, and the business-type function by \$180,052.

Note 2. Deposits and Investments

The City's deposits in bank at June 30, 2021 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, 2021, the City's cash and cash equivalents totaled \$23,399,639.

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, 2021 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, 2021, there was no investment custodial risk for the City.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2021

Note 2. Deposits and Investments (Continued)

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, 2021.

Note 3. Capital Assets

The following is a summary of changes in capital assets for the year ended June 30, 2021:

	June 30, 2020 Balance	Additions	Deletions	June 30, 2021 Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 2,100,007	\$ -	\$ 44,539	\$ 2,055,468
Construction in progress	595,330	2,315,278	-	2,910,608
Total capital assets, not being depreciated	2,695,337	2,315,278	44,539	4,966,076
Capital assets, being depreciated:				
Buildings	1,607,833	-	-	1,607,833
Equipment and vehicles	2,610,737	110,582	312,861	2,408,458
Infrastructure, road network	28,162,908	-	-	28,162,908
Total capital assets, being depreciated	32,381,478	110,582	312,861	32,179,199
Less accumulated depreciation for:				
Buildings	690,349	39,551	-	729,900
Equipment and vehicles	1,686,461	192,329	255,146	1,623,644
Infrastructure, road network	24,173,885	168,029	-	24,341,914
Total accumulated depreciation	26,550,695	399,909	255,146	26,695,458
Total capital assets, being depreciated, net	5,830,783	(289,327)	57,715	5,483,741
Governmental activities capital assets, net	\$ 8,526,120	\$ 2,025,951	\$ 102,254	\$ 10,449,817

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2021

Note 3. Capital Assets (Continued)

	June 30, 2020 Balance	Additions	Deletions	June 30, 2021 Balance
Business-Type Activities				
Capital assets, not being depreciated:				
Land	\$ 520,000	\$ -	\$ 400,000	\$ 120,000
Total capital assets, not being depreciated	520,000	-	400,000	120,000
Capital assets, being depreciated:				
Buildings	36,131,607	-	705,000	35,426,607
Equipment and vehicles	2,492,640	69,856	373,571	2,188,925
Infrastructure	29,183,700	110,881	-	29,294,581
Total capital assets, being depreciated	67,807,947	180,737	1,078,571	66,910,113
Less accumulated depreciation for:				
Buildings	13,406,478	843,576	295,219	13,954,835
Equipment and vehicles	1,336,311	144,043	302,667	1,177,687
Infrastructure	9,368,507	645,559	-	10,014,066
Total accumulated depreciation	24,111,296	1,633,178	597,886	25,146,588
Total capital assets, being depreciated, net	43,696,651	(1,452,441)	480,685	41,763,525
Business-type activities capital assets, net	\$ 44,216,651	\$ (1,452,441)	\$ 880,685	\$ 41,883,525

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

Governmental Activities:	
General government	\$ 11,689
Culture and recreation	120,607
Public safety	43,121
Public works	224,492
Total depreciation expense, governmental activities	\$ 399,909
Business-Type Activities:	
Electric	\$ 538,267
Water	271,103
Sewer	762,818
Community center	45,992
Fitness center	14,998
Total depreciation expense, business-type activities	\$ 1,633,178

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2021**

Note 4. Long-Term Debt

A summary of the changes in bonded and other long-term debt for the year ended June 30, 2021 is as follows:

Governmental Activities	Balance, Beginning	Additions	Transfer	Redeemed/ Matured	Balance, Ending	Due Within One Year
General obligation bonds/notes	\$ 7,518,798	\$ 6,305,000	\$ 1,062,800	\$ 757,598	\$14,129,000	\$1,091,000
Bond premium	-	513,502	-	-	513,502	-
Compensated absences	219,973	167,214	-	219,973	167,214	81,520
Total governmental activities	\$ 7,738,771	\$ 6,985,716	\$ 1,062,800	\$ 977,571	\$ 14,809,716	\$ 1,172,520
Business-Type Activities	Balance, Beginning	Additions	Transfer	Redeemed/ Matured	Balance, Ending	Due Within One Year
Revenue bonds	\$ 5,738,865	\$ -	\$(1,062,800)	\$ 208,065	\$ 4,468,000	\$ 213,000
Compensated absences	195,749	220,189	-	195,749	220,189	116,051
Total business-type activities	\$ 5,934,614	\$ 220,189	\$(1,062,800)	\$ 403,814	\$ 4,688,189	\$ 329,051

General Obligation Bonds/Notes: The Series 2015 general obligation bonds outstanding at June 30, 2021 of \$1,810,000 bear interest rates ranging from 0.70% to 2.60% and mature in varying annual amounts from \$245,000 to \$275,000 with the final maturities due in the year ending June 1, 2027. The bonds have an outstanding balance of \$1,565,000 as of June 30, 2021.

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 \$6,259,000 as of June 30, 2021. During the year ended June 30, 2021, the SRF program transferred \$1,062,800 of prior draws from the Sewer Fund SRF issuance to the general obligation capital loan notes SRF issuance. As of June 30, 2021, the City has drawn \$7,384,598 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, 2039. 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, 2021 of \$6,305,000.

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2021**

Note 4. Long-Term Debt (Continued)

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>
2022	\$ 1,091,000	\$ 318,451	\$ 1,409,451
2023	1,020,000	304,467	1,324,467
2024	1,044,000	279,750	1,323,750
2025	1,069,000	253,970	1,322,970
2026	1,098,000	226,960	1,324,960
2027-2031	4,677,000	742,440	5,419,440
2032-2036	2,285,000	317,100	2,602,100
2037-2041	1,845,000	129,325	1,974,325
Total	\$ 14,129,000	\$ 2,572,463	\$ 16,701,463

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.

On July 20, 2018, the City issued \$6,000,000 under the SRF program for the Sewer Fund. The City drew \$5,985,865 in prior years. During the year ended June 30, 2021, the SRF transferred \$1,062,800 of prior draws to another SRF agreement with the City leaving an ending balance of \$4,468,000 on June 30, 2021 from the original issuance. 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, 2038. 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>
2022	213,000	89,360	302,360
2023	217,000	85,100	302,100
2024	221,000	80,760	301,760
2025	225,000	76,340	301,340
2026	229,000	71,840	300,840
2027-2031	1,205,000	288,900	1,493,900
2032-2036	1,314,000	164,140	1,478,140
2037-2038	844,000	33,940	877,940
Total	\$ 4,468,000	\$ 890,380	\$ 5,358,380

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2021**

Note 4. Long-Term Debt (Continued)

As of June 30, 2021, the general obligation debt issued by the City did not exceed its legal debt margin computed as follows:

Total assessed valuation	\$ 385,134,437
Debt limit, 5% of total actual valuation	19,256,722
Debt applicable to debt limit, debt service general obligation loan notes and bonds	14,642,502
Legal debt margin	<u>\$ 4,614,220</u>

Note 5. Interfund Balances and Interfund Transfers

The detail of interfund balances as of June 30, 2021 is as follows:

	Due From Other Funds	Due To Other Funds
Governmental activities:		
General Fund	\$ 82,810	\$ 20,791
Road Use Tax Fund	65,272	-
Sales Tax Projects Fund	-	69,857
Eldridge Unified TIF Fund	24,453	48,161
Debt Service Fund	-	20,653
Nonmajor governmental funds	4,585	-
Business-type activities:		
Electric	37,043	23,906
Sewer	22,871	-
Nonmajor enterprise funds	-	53,666
Total	<u>\$ 237,034</u>	<u>\$ 237,034</u>

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

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2021**

Note 5. Interfund Balances and Interfund Transfers (Continued)

The detail of interfund transfers for the year ended June 30, 2021 is as follows:

	Total	
	Transfers In	Transfers Out
Governmental activities:		
General fund	\$ -	\$ 40,000
Sales Tax Projects Fund	-	199,035
Eldridge Unified TIF Fund	-	792,740
Debt Service Fund	999,775	-
Nonmajor governmental funds	125,000	10,000
Business-type activities:		
Sewer Fund	-	150,000
Nonmajor enterprise funds	67,000	-
Total	\$ 1,191,775	\$ 1,191,775

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

Note 6. 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.

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2021**

Note 6. Pension and Retirement Systems (Continued)

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

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

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

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

In fiscal year 2021, 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 6.41 percent of pay of covered payroll and the City contributed 9.61 percent for a total rate of 16.02 percent.

The City's contributions to IPERS for the year ended June 30, 2021 were \$215,907.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2021, the City reported a liability of \$1,563,280 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the City's collective proportion was 0.0222539 percent which was an increase of 0.0028060 percent from its proportion measured as of June 30, 2019.

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2021**

Note 6. Pension and Retirement Systems (Continued)

For the year ended June 30, 2021, the City recognized pension expense of \$318,979. At June 30, 2021, 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	\$ 8,174	\$ 36,740
Changes of assumptions	97,847	971
Net difference between projected and actual earnings on pension plan investments	118,788	-
Changes in proportion and differences between City contributions and proportionate share of contributions	121,723	39,251
City contributions subsequent to the measurement date	215,907	-
Total	\$ 562,439	\$ 76,962

Deferred outflows of resources of \$215,907 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, 2022. 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,	
2022	\$ 45,656
2023	56,771
2024	65,967
2025	92,158
2026	9,018
Total	\$ 269,570

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2021 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, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018. Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2021

Note 6. Pension and Retirement Systems (Continued)

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5%	5.15%
Global smart beta equity	6.0%	4.87%
Core plus fixed income	28.0%	-0.29%
Public credit	4.0%	2.29%
Cash	1.0%	-0.78%
Private equity	11.0%	6.54%
Private real assets	7.5%	4.48%
Private credit	3.0%	3.11%
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
City’s proportionate share of the net pension liability	\$ 2,908,040	\$ 1,563,280	\$ 436,110

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, 2021, the City reported payables to the defined benefit pension plan of \$16,854 for legally required employer contributions and \$11,233 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, 2021**

Note 7. 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, 2020 for each plan are as shown below:

Plan	Single	Spouse
PPO Plan	7,522	9,226

Employees covered by benefit terms: At June 30, 2021, 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	28
	28

Total OPEB Liability: The City's total OPEB liability of \$138,420 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2021 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	2.18% per annum
Retirees' share of benefit-related costs	100%
Health care cost trend rate	6.00% initial decreasing to an ultimate rate of 4.50%

The discount rate was based on the S&P Municipal Bond 20 Year High Grade Rate Index. Mortality rates were based on the PubG.H-2010 mortality table- general. The actuarial assumptions used in the June 30, 2021 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, 2021

Note 7. Other Post-Employment Benefits (Continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2020	\$ 117,727
Changes for the year:	
Service cost	11,579
Interest	3,132
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	5,982
Benefit payments	-
Other changes	-
Net changes	<u>20,693</u>
Balance at June 30, 2021	<u>\$ 138,420</u>

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

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

	1% Decrease	Discount Rate	1% Increase
	1.18%	2.18%	3.18%
Total OPEB liability	\$ 151,685	\$ 138,420	\$ 126,239

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	\$ 120,633	\$ 138,420	\$ 159,802

For the year ended June 30, 2021, the City recognized OPEB expense of \$15,240. At June 30, 2021, 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	\$ -	\$ -
Changes of assumptions or other inputs	5,453	-
Net difference between projected and actual investments	-	-
Total	<u>\$ 5,453</u>	<u>\$ -</u>

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2021**

Note 7. 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:		
2022	\$	529
2023		529
2024		529
2025		529
2026		529
Thereafter		2,808
	\$	<u>5,453</u>

Note 8. 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, 2021 were as follows:

Self-Insurance Liability	Beginning	Claims and Changes in Estimates	Claim Payments	Ending
2021	\$ -	\$ 65,356	\$ 40,356	\$ 25,000

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

Note 9. Commitments and Contingent Liabilities

The City was involved in various construction projects throughout the year. The total cost of these projects is approximately \$8,076,000. The remaining contractual amounts on these projects total approximately \$5,716,000 as of June 30, 2021.

On March 22, 2021 the City entered into a 28E agreement for a period of twenty years with the North Scott Community School District (District) and the YMCA of the Iowa Mississippi Valley (YMCA) for governance of the construction, operation and maintenance of a recreation and wellness center on real estate owned by the City. The City and District share the cost of the construction with each entity agreeing to a \$7,000,000 maximum. Each entity is separately billed for their budgeted construction commitment. As of June 30, 2021, the City has expended \$914,846.

City of Eldridge, Iowa

**Notes to Basic Financial Statements
Year Ended June 30, 2021**

Note 9. Commitments and Contingent Liabilities (Continued)

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

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

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

Note 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, 2021, the City abated \$112,994 of property tax under the urban renewal and economic development projects. The total remaining amount under this agreement is approximately \$1,218,000 as of June 30, 2021.

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 statements during the year ended June 30, 2021:

GASB Statement No. 84, *Fiduciary Activities*: The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the identification criteria established by the Statement is on 1) whether a government is controlling the assets of the fiduciary activity and 2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported as a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2021

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

GASB Statement No. 90, *Majority Equity Interest-An Amendment of GASB Statement No. 14 and No. 61*: The primary objectives of this Statement are to improve consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies the reporting of a majority equity interest. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities and deferred inflows of resources at acquisition value at the date the government acquired the 100 percent equity interest in the component unit.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*. This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. This new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments. This Statement was development in response to concerns raised by stakeholders that the common pronunciation of the acronym for comprehensive annual financial report sounds like a profoundly objectional racial slur. This Statement's introduction of the new term is founded on a commitment to promoting inclusiveness.

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

As of June 30, 2021, 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. 87, *Leases*, issued June 2017, will be effective for the City beginning with its fiscal year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

GASB Statement No. 89, *Accounting for Interest Cost before the End of a Construction Period*, issued June 2018, will be effective for the City beginning with its fiscal year ending June 30, 2022. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that was previously accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or an enterprise fund. This statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2021

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

GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2020, will be effective for the City beginning with its fiscal year ending June 30, 2023. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements association with conduit debt obligations; and improving required note disclosures. This Statement requires issuers to disclose general information about their conduit debt obligations organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

GASB Statement No. 92, *Omnibus 2020*, issued January 2020, will be effective for the City beginning with its fiscal year ending June 30, 2022 except for the requirements related to the effective date of Statement No. 87 and Implementation Guide 2020-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including leases, intra-entity transfers, assets accumulated for postemployment benefits, applicability of Statement No. 84 to postemployment benefit arrangements, measurement of liabilities related to asset retirement obligations in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, nonrecurring fair value measurements of assets or liabilities, and terminology to refer to derivative instruments.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, issued March 2020, will be effective for the City beginning with its fiscal year ending June 30, 2022. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. This statement provides exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variably payment, clarifies the hedge accounting termination provisions when a hedge item is amended to replace the reference rate, clarifies the uncertainty related to the continued availability of IBORS, removes LIBOR as an appropriate benchmark interest rate for qualitative evaluation, identifies a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap, and clarifies the definition of reference rate, as it is used in Statement 53, as amended.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020, will be effective for the City beginning with its fiscal year ending June 30, 2023. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

City of Eldridge, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2021

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

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020, will be effective for the City beginning with its fiscal year ending June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement 1) defines a SBITA; 2) establishes that a SBITA results in a right-to-use subscription assets- an intangible asset- and a corresponding subscription liability; 3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and 4) requires note disclosures regarding a SBITA.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans- an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, issued June 2020, will be effective for the City beginning with its fiscal year ending June 30, 2022. The primary objective of this Statement are to 1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and 3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

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

Note 12. Subsequent Event

The COVID-19 outbreak is disrupting business across a range of industries in the United States and financial markets have experienced a significant decline. As a result, local, regional and national economies, including that of the City, may be adversely impacted. The extent of the financial impact of COVID-19 will depend on future developments, including the duration and spread, which are uncertain and cannot be predicted. Due to the uncertainties surrounding the outbreak, management cannot presently estimate the potential impact on the City's operations and finances.

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City of Eldridge, Iowa

**Required Supplementary Information
Schedule of Changes in the City's Total OPEB
Liability and Related Ratios
Year Ended June 30, 2021**

	<u>2021</u>
Total OPEB liability	
Changes for the year:	
Service cost	\$ 11,579
Interest	3,132
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	5,982
Benefit payments	-
Other	-
Net changes in total OPEB liability	<u>20,693</u>
Total OPEB liability - beginning	117,727
Total OPEB liability - ending	<u>\$ 138,420</u>
Covered employee payroll	\$ 1,833,268
Total OPEB liability as a percentage of covered employee payroll	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:

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 2007 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, 2021

	Governmental Fund Types Actual	Proprietary Fund Types Actual	Total Actual
Revenues:			
Property tax	\$ 2,644,223	\$ -	\$ 2,644,223
Tax increment financing	916,937	-	916,937
Other taxes	1,096,225	-	1,096,225
Licenses and permits	81,725	-	81,725
Rent	27,956	-	27,956
Intergovernmental	1,591,911	-	1,591,911
Charges for services	602,687	6,890,349	7,493,036
Use of money and property	28,553	97,668	126,221
Fines, fees and miscellaneous	149,895	233,649	383,544
Total revenues	7,140,112	7,221,666	14,361,778
Expenditures/expenses:			
Public safety	1,153,074	-	1,153,074
Public works	1,112,637	-	1,112,637
Culture and recreation	491,086	-	491,086
Community and economic development	192,660	-	192,660
General government	602,770	-	602,770
Capital outlay	3,389,445	-	3,389,445
Debt service	1,035,334	-	1,035,334
Business-type	-	7,914,452	7,914,452
Total expenditures/expenses	7,977,006	7,914,452	15,891,458
Excess (deficiency) of revenues over (under) expenditures/expenses	(836,894)	(692,786)	(1,529,680)
Other financing sources (uses), net	6,901,502	979,800	7,881,302
Net change in fund balance	6,064,608	287,014	6,351,622
Balance, beginning of year	5,939,657	48,691,295	54,630,952
Balance, end of year	\$ 12,004,265	\$ 48,978,309	\$ 60,982,574

See Notes to Required Supplementary Information.

Budgeted Amounts		Final to Actual
Original	Final	Variance Over (Under)
\$ 2,609,154	\$ 2,609,154	\$ 35,069
925,892	925,892	(8,955)
896,061	896,061	200,164
85,800	85,800	(4,075)
-	-	27,956
4,319,640	4,559,640	(2,967,729)
8,338,800	8,398,800	(905,764)
47,500	47,500	78,721
167,575	167,575	215,969
<u>17,390,422</u>	<u>17,690,422</u>	<u>(3,328,644)</u>
1,347,634	1,404,634	251,560
1,295,901	1,320,901	208,264
581,460	641,460	150,374
253,759	253,759	61,099
519,780	519,780	(82,990)
6,217,366	6,217,366	2,827,921
1,076,175	1,076,175	40,841
7,734,400	7,734,400	(180,052)
<u>19,026,475</u>	<u>19,168,475</u>	<u>3,277,017</u>
<u>(1,636,053)</u>	<u>(1,478,053)</u>	<u>(51,627)</u>
-	-	7,881,302
<u>\$ (1,636,053)</u>	<u>\$ (1,478,053)</u>	<u>\$ 7,829,675</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 Seven Fiscal Years**

	2021*	2020*
City's proportion of the net pension liability	0.0222539%	0.0194479%
City's proportionate share of the net pension liability	\$ 1,563,280	\$ 1,126,163
City's covered payroll	\$ 2,255,537	\$ 2,081,918
City's proportionate share of the net pension liability as a percentage of its covered payroll	69.31%	54.09%
Plan fiduciary net pension as a percentage of the total pension liability	82.90%	85.45%

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

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

See Notes to Required Supplementary Information.

2019*	2018*	2017*	2016*	2015*
0.0912434%	0.0210282%	0.0204653%	0.0189992%	0.0181680%
\$ 1,217,772	\$ 1,400,744	\$ 1,287,947	\$ 938,653	\$ 720,526
\$ 2,042,256	\$ 2,050,003	\$ 1,867,067	\$ 1,774,408	\$ 1,785,266
59.63%	68.33%	68.98%	52.90%	40.36%
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**

	2021	2020	2019	2018
Statutorily required contribution	\$ 215,907	\$ 216,599	\$ 200,710	\$ 187,238
Contributions in relation to the statutorily required contribution	\$ (215,907)	\$ (216,599)	\$ (200,710)	\$ (187,238)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 2,277,059	\$ 2,255,537	\$ 2,081,918	\$ 2,042,256
Contributions as a percentage of covered payroll	9.48%	9.60%	9.64%	9.17%

See Notes to Required Supplementary Information.

2017	2016	2015	2014	2013	2012
\$ 187,728	\$ 170,694	\$ 164,889	\$ 164,644	\$ 150,254	\$ 134,536
\$ (187,728)	\$ (170,694)	\$ (164,889)	\$ (164,644)	\$ (150,254)	\$ (134,536)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,050,003	\$ 1,867,067	\$ 1,774,408	\$ 1,785,266	\$ 1,654,633	\$ 1,571,530
9.16%	9.14%	9.29%	9.22%	9.08%	8.56%

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City of Eldridge, Iowa

Notes to Required Supplementary Information Year Ended June 30, 2021

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 \$142,000.

The City over expended the general government function and business-type function.

Note 2. Iowa Public Employees' Retirement System

There are no significant changes in benefit terms.

Changes of assumptions:

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%.

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

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

City of Eldridge, Iowa

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2021

	Special Revenue	Capital Projects		Total
	Hotel Tax	Park Improvement	Street Projects	
Assets				
Cash and investments	\$ 75,042	\$ 210,834	\$ 159,131	\$ 445,007
Receivables:				
Other tax	10,126	-	-	10,126
Due from other funds	4,585	-	-	4,585
Total assets	<u>89,753</u>	<u>210,834</u>	<u>159,131</u>	<u>459,718</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	3,878	16,494	-	20,372
Total liabilities	<u>3,878</u>	<u>16,494</u>	<u>-</u>	<u>20,372</u>
Fund Balances, restricted				
Community programs and services	85,875	-	-	85,875
Capital improvements	-	194,340	159,131	353,471
Total fund balances	<u>85,875</u>	<u>194,340</u>	<u>159,131</u>	<u>439,346</u>
Total liabilities and fund balances	<u>\$ 89,753</u>	<u>\$ 210,834</u>	<u>\$ 159,131</u>	<u>\$ 459,718</u>

City of Eldridge, Iowa

Combining Statement of Revenues, Expenditures and Changes in Fund Balances -
 Nonmajor Governmental Funds
 Year Ended June 30, 2021

	Special Revenue	Capital Projects		Total
	Hotel Tax	Park Improvement	Street Projects	
Revenues:				
Other taxes	\$ 35,762	\$ -	\$ -	\$ 35,762
Donations and miscellaneous	36,493	46,127	-	82,620
Total revenues	<u>72,255</u>	<u>46,127</u>	<u>-</u>	<u>118,382</u>
Expenditures:				
Operating:				
Culture and recreation	34,565	-	-	34,565
Capital outlay	16,020	133,622	-	149,642
Total expenditures	<u>50,585</u>	<u>133,622</u>	<u>-</u>	<u>184,207</u>
Excess (deficiency) of revenue over (under) expenditures	<u>21,670</u>	<u>(87,495)</u>	<u>-</u>	<u>(65,825)</u>
Other financing sources (uses):				
Transfers in	-	100,000	25,000	125,000
Transfers (out)	(10,000)	-	-	(10,000)
Total other financing sources (uses)	<u>(10,000)</u>	<u>100,000</u>	<u>25,000</u>	<u>115,000</u>
Net change in fund balances	<u>11,670</u>	<u>12,505</u>	<u>25,000</u>	<u>49,175</u>
Fund balances, beginning of year	74,205	181,835	134,131	390,171
Fund balances, end of year	<u>\$ 85,875</u>	<u>\$ 194,340</u>	<u>\$ 159,131</u>	<u>\$ 439,346</u>

City of Eldridge, Iowa

Combining Statement of Net Position
 Nonmajor Enterprise Funds
 June 30, 2021

	Nonmajor Enterprise Funds		
	Community Center	Fitness Center	Total
Assets			
Current assets:			
Cash and investments	\$ 7,428	\$ -	\$ 7,428
Prepaid expenses	7,725	6,530	14,255
Inventories	5,886	832	6,718
Total current assets	<u>21,039</u>	<u>7,362</u>	<u>28,401</u>
Noncurrent assets:			
Capital assets not being depreciated	-	120,000	120,000
Capital assets, net of accumulated depreciation	990,315	345,103	1,335,418
Total noncurrent assets	<u>990,315</u>	<u>465,103</u>	<u>1,455,418</u>
Total assets	<u>1,011,354</u>	<u>472,465</u>	<u>1,483,819</u>
Deferred outflows of resources:			
OPEB related deferred outflows	218	164	382
Pension related deferred outflows	25,144	17,903	43,047
Total deferred outflows of resources	<u>25,362</u>	<u>18,067</u>	<u>43,429</u>
Total assets and deferred outflows of resources	<u>\$ 1,036,716</u>	<u>\$ 490,532</u>	<u>\$ 1,527,248</u>
Liabilities and net position			
Current liabilities:			
Accounts payable	\$ 10,738	\$ 3,916	\$ 14,654
Salaries and benefits payable	1,214	2,515	3,729
Due to other funds	-	53,666	53,666
Compensated absences	3,802	4,391	8,193
Total current liabilities	<u>15,754</u>	<u>64,488</u>	<u>80,242</u>
Noncurrent liabilities:			
Compensated absences	6,664	6,205	12,869
Net OPEB liability	5,537	4,153	9,690
Net pension liability	86,720	74,496	161,216
Total noncurrent liabilities	<u>98,921</u>	<u>84,854</u>	<u>183,775</u>
Total liabilities	<u>114,675</u>	<u>149,342</u>	<u>264,017</u>
Deferred inflows of resources:			
Pension related deferred inflows	9,974	4,232	14,206
Total deferred inflows of resources	<u>9,974</u>	<u>4,232</u>	<u>14,206</u>
Net position:			
Net investment in capital assets	990,315	465,103	1,455,418
Unrestricted	(78,248)	(128,145)	(206,393)
Total net position	<u>912,067</u>	<u>336,958</u>	<u>1,249,025</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,036,716</u>	<u>\$ 490,532</u>	<u>\$ 1,527,248</u>

City of Eldridge, Iowa

Combining Statement of Revenues, Expenses and Changes in Net Position

Nonmajor Enterprise Funds

Year Ended June 30, 2021

	Nonmajor Enterprise Funds		
	Community Center	Fitness Center	Total
Operating revenues:			
Charges for services	\$ 193,952	\$ 96,725	\$ 290,677
Miscellaneous	10,326	633	10,959
Total operating revenues	204,278	97,358	301,636
Operating expenses:			
Cost of sales and services	262,139	186,681	448,820
Depreciation	45,992	14,998	60,990
Total operating expenses	308,131	201,679	509,810
Operating (loss)	(103,853)	(104,321)	(208,174)
Nonoperating revenues,			
Investment earnings	5,711	-	5,711
Total nonoperating revenues	5,711	-	5,711
(Loss) before transfers	(98,142)	(104,321)	(202,463)
Transfers in	50,000	17,000	67,000
Change in net position	(48,142)	(87,321)	(135,463)
Total net position, beginning of year	960,209	424,279	1,384,488
Total net position, end of year	\$ 912,067	\$ 336,958	\$ 1,249,025

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City of Eldridge, Iowa

**Combining Statement of Cash Flows
Nonmajor Enterprise Fundg
Year Ended June 30, 2021**

	Nonmajor Enterprise Fund		
	Community Center	Fitness Center	Total
Cash flows from operating activities:			
Receipts from users	\$ 179,149	\$ 90,294	\$ 269,443
Payments to suppliers	(253,720)	(184,600)	(438,320)
Payments to employees	26,288	23,640	49,928
Net cash (used in) operating activities	(48,283)	(70,666)	(118,949)
Cash flows from noncapital financing activities:			
Proceeds from other funds	-	53,666	53,666
Transfers from other funds	50,000	17,000	67,000
Net cash provided by noncapital financing activities	50,000	70,666	120,666
Cash flows from investing activities:			
Interest received	5,711	-	5,711
Net cash provided by investing activities	5,711	-	5,711
Increase in cash and cash equivalents	7,428	-	7,428
Cash and cash equivalents:			
Beginning of year	-	-	-
End of year	\$ 7,428	\$ -	\$ 7,428
Reconciliation of operating (loss) to net cash (used in) operating activities:			
Operating (loss)	\$ (103,853)	\$ (104,321)	\$ (208,174)
Adjustment to reconcile operating (loss) to net cash (used in) operating activities:			
Depreciation	45,992	14,998	60,990
Change in assets and liabilities:			
Prepaid expenses	(1,366)	(820)	(2,186)
Inventories	(830)	150	(680)
Checks in excess of bank balance	(25,129)	(7,064)	(32,193)
Accounts payable	10,615	2,751	13,366
Salaries and benefits payable	1,214	163	1,377
Accrued expenses	(574)	-	(574)
Compensated absences	10,466	10,596	21,062
Net OPEB liability and related deferrals	5,319	3,989	9,308
Net pension liability and related deferrals	9,863	8,892	18,755
Net cash (used in) operating activities	\$ (48,283)	\$ (70,666)	\$ (118,949)

City of Eldridge, Iowa

**Schedule of Revenues By Source And Expenditures By Function
All Governmental Funds
For the Last Ten Years**

	Modified Accrual Basis			
	2021	2020	2019	2018
Revenues:				
Property taxes	\$ 2,644,223	\$ 2,602,515	\$ 2,580,095	\$ 2,397,055
Tax increment financing	916,937	720,131	346,353	255,812
Other taxes	1,096,225	1,064,492	835,593	896,347
Licenses and permits	81,725	114,266	82,941	108,112
Rent	27,956	-	-	-
Intergovernmental	1,591,911	79,436	64,838	61,377
Charges for service	602,687	941,421	866,200	936,247
Use of money and property	28,553	545,772	539,975	534,680
Fines, fees, and miscellaneous	149,895	5,494	25,370	80,392
Total revenues	\$ 7,140,112	\$ 6,073,527	\$ 5,341,365	\$ 5,270,022
Expenditures:				
Operating:				
Public safety	\$ 1,153,074	\$ 1,177,802	\$ 1,165,985	\$ 1,090,815
Public works	1,112,637	1,263,297	1,060,591	1,265,471
Culture and recreation	491,086	384,691	389,200	382,573
Community and economic development	192,660	96,863	85,398	85,795
General government	602,770	510,473	527,283	619,659
Debt service	1,035,334	1,015,626	309,295	260,011
Capital projects	3,389,445	1,593,360	429,668	2,593,707
Total expenditures	\$ 7,977,006	\$ 6,042,112	\$ 3,967,420	\$ 6,298,031

Modified Accrual Basis

	2017	2016	2015	2014	2013	2012
\$	2,385,897	\$ 2,063,545	\$ 2,002,223	\$ 1,951,781	\$ 1,869,454	\$ 1,772,193
	308	740,379	621,419	714,147	790,596	789,653
	1,036,374	893,643	906,392	876,291	853,710	837,367
	147,215	124,835	116,975	116,525	124,631	99,127
	-	-	-	-	-	-
	66,400	67,038	64,497	57,458	50,042	47,595
	948,404	761,218	588,723	568,874	563,124	1,096,587
	546,415	548,377	563,397	545,313	527,952	515,767
	273,886	11,867	29,019	52,976	59,659	100,199
\$	5,404,899	\$ 5,210,902	\$ 4,892,645	\$ 4,883,365	\$ 4,839,168	\$ 5,258,488
\$	1,062,153	\$ 1,007,579	\$ 972,776	\$ 959,439	\$ 961,658	\$ 904,303
	1,038,394	931,154	906,164	943,512	804,455	790,725
	455,794	392,167	419,211	396,983	375,264	338,282
	94,103	236,136	213,817	283,119	173,309	241,889
	550,942	427,368	421,227	436,879	333,673	329,062
	252,565	650,866	671,007	541,830	513,574	426,651
	1,173,947	1,049,910	1,671,021	1,438,964	1,398,325	1,580,138
\$	4,627,898	\$ 4,695,180	\$ 5,275,223	\$ 5,000,726	\$ 4,560,258	\$ 4,611,050

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Eldridge, Iowa (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated March 29, 2022.

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 2021-001 through 2021-006 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 Responses.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2021 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

The City's response to the findings identified in our audit are 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's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bohnsack & Frommelt LLP

Moline, Illinois
March 29, 2022

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:

2021-001

Finding: The City has insufficient segregation of duties over the utility billing and over the receipts process.

Condition:

- An employee that generates utility billing revenue has access to update utility rates, edit accounts, edit usage, adjust customer accounts, and collect receipts. The employee collects receipts, enters receipts into the cash receipting system and performs the daily cash receipt close process. The employee initiates the electronic funds transfer.
- For non-utility receipts, an employee has administrative rights to the financial system, posts and reconciles to the general ledger, has access to cash and checks receipted and will occasionally collect receipts.
- Employees collecting and depositing receipts at locations outside City Hall are also reconciling to subsidiary receipting systems.

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

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

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.

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

Recommendation: Ideally, 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.

We recommend the City review current processes to determine if these positions could be removed from collecting. Alternatively, we provide the following recommendations to strengthen the City's internal control system:

Utility Billing:

- We also recommend the City 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 Supervisor. 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

Schedule of Findings and Responses
Year Ended June 30, 2021

to detail review these reports, be responsible for follow up and communicate any changes to the employee with billing access.

- 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 perform all billing of other accounts receivable charges for services. When the revenue is receipted, it should be receipted by the billing clerk. The remittance and supporting documentation should be routed to the City Clerk to compare to the billing and ensure accounts receivable was properly relieved. The City Clerk should be removed from all access to receipts. Deposits to the bank should be performed by someone without general ledger access or reconciliation duties.
- We recommend the City review current processes to implement a daily receipting ledger. The ledger should be reconciled daily to the general ledger and provided to the City Clerk for bank reconciliation purposes.
- The City has a cash drawer that is not routinely counted and reconciled. We recommend the City implement routine procedures to ensure the cash drawer is counted daily. The cash counts and deposits should be reviewed by supervisory personnel.
- 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, Fitness Center and Parks Department subsidiary ledgers should be generated and reconciled by the City Clerk. Activity that is not included in a point of sale system should be monitored by an employee not involved in the collecting and depositing functions.

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

2021-002

Payroll

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.

In addition, the City Clerk has the same access rights to the payroll system, runs payroll in the Payroll Clerk's absence, submits payroll taxes and deductions, prepares payroll reporting and reconciles the bank statement. The City Clerk is an authorized bank signatory.

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

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

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

**Schedule of Findings and Responses
Year Ended June 30, 2021**

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

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

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

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.

2021-003

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.

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

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

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

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

**Schedule of Findings and Responses
Year Ended June 30, 2021**

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

- The City should have a purchasing policy that specifies approval amounts and supervisory level requirements. The City should have a travel policy that specifies allowable travel, travel approval requirements, and reimbursements.
- The Master Vendor File access should be delegated to another position. That position would obtain the IRS W-9 Form and complete vendor additions and any changes to vendors including changes to addresses or information for electronic payment through the bank.
- We recommend removing that position as an authorized check signer.
- The signature stamp should be locked and segregated from positions with access to generate checks.
- Check sequence should be logged and monitored by a position without access to generate checks.
- Voided transactions should be routinely reviewed by supervisory personnel.

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

2021-004

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

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 maintain depreciation schedules for assets owned by the City in accordance with accounting principles generally accepted in the United States (GAAP).

Context: 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. Adjustments to record capital asset additions and ending depreciation were required to be posted by the City as part of the year-end audit process.

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

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

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.

City of Eldridge, Iowa

**Schedule of Findings and Responses
Year Ended June 30, 2021**

2021-005

Finding: The City did not reconcile ending cash and investments as of June 30, 2021 to resolve old outstanding reconciling items. In addition, the City Administrator is not reviewing the bank reconciliations to ensure proper completion and resolution of reconciling items.

Condition: The cash and investments bank reconciliations as of June 30, 2021 presented for audit had outstanding deposits that were actually incorrectly recorded or unreconciled past differences that had not been properly recorded.

Context: Timely and accurate bank reconciliations are a key process to ensuring City transactions have been properly recorded within the general ledger.

Effect: The City's trial balances do not accurately reflect the cash and investment balances and transactions may be unrecorded.

Cause: There has been significant turnover in City Administration.

Recommendation: We recommend the City Clerk prepare monthly bank reconciliations and properly adjust and record unreconciled differences. We recommend the City Administrator review the bank reconciliations on a monthly basis and sign the reconciliations to document approval. We recommend the City Administrator track check sequence as part of the monthly review process.

Response and Corrective Action Plan: The City prepared monthly bank reconciliations will be reviewed and approved by the City Administrator. The City Administrator will track check sequence.

2021-006

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.

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

Context: 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 (GAAP).

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.

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

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

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

B. Instances of Noncompliance

No matters reported.

**Schedule of Findings and Responses
Year Ended June 30, 2021**

Part II: Other Findings Related to Statutory Reporting

II-A-21

Certified Budget –

Finding 1: The City was unable to produce an expenditure report by function to ensure that they did not exceed budget prior to passing their amended budget in May 2021.

Recommendation: The City should be preparing a monthly and year to date activity report by function to be presented to the City Council that can be compared to the adopted budget in order to ensure the City has not exceeded its budget.

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

Conclusion: Response accepted.

Finding 2: The City overexpended the general government and business-type 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-21

Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 2019.

II-C-21

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-21

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

II-E-21

Restricted Donor Activity- No transactions were noted between the District, District officials or District employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

II-F-21

Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.

(Continued)

City of Eldridge, Iowa

**Schedule of Findings and Responses
Year Ended June 30, 2021**

II-G-21

Council Minutes – No transactions requiring Council approval which had not been approved by the Council were noted.

II-H-21

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.

II-I-21

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

II-J-21

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

II-K-21

Finding: The amounts reported on the Annual Urban Renewal Report cannot be reconciled to the City records. The City was not able to provide documentation on the internal loans to be repaid from TIF.

The Annual Urban Renewal, Fiscal Year 2019-2020 lists internal loans for South 1st Street Trail of \$452,382 and 1st and LeClaire Road Intersection of \$762,070. The December 2020 TIF certification to the County listed \$147,618 in local matching funds to a grant for constructing a shared use path. The Code of Iowa restricts the disbursements or transfers of TIF funds to qualified indebtedness or bonds.

Recommendation: We recommend the City maintain documentation, including a spreadsheet of the outstanding TIF debt and reconcile the Annual Urban Renewal Report to City records.

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

Conclusion: Response accepted.

II-L-21

Finding: The City was not able to explain the transfer from TIF to Debt Service exceeding the Debt service payments.

On April 29, 2021, \$792,740 was transferred to debt service. The amortization schedule showed a debt service payment of \$639,646. The Code of Iowa restricts the disbursements or transfers of TIF funds to qualified indebtedness or bonds.

Recommendation: We recommend the City review the transfer and determine process to ensure transfer amounts are proper.

Response and Corrective Action Plan: The City will review the transfer and make corrections as needed.

Conclusion: Response accepted.

(Continued)

City of Eldridge, Iowa

**Schedule of Findings and Responses
Year Ended June 30, 2021**

II-M-21

Transfers

Finding: The City does not approve all transfers by resolution with a clear statement of the purpose.

Administrative Code Sections 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. The resolution to approve the other transfers did not have a reason.

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

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

Conclusion: Response accepted.