

**CITY OF ELDRIDGE, IOWA**  
**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND**  
**QUESTIONED COSTS**

**JUNE 30, 2019**

**TABLE OF CONTENTS**

	<b>PAGE</b>	
<b>OFFICIALS</b> .....	1	
<b>INDEPENDENT AUDITOR’S REPORT</b> .....	2	
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS</b> .....	4	
 <b>BASIC FINANCIAL STATEMENTS</b>		
<b>Government-wide Financial Statements:</b>		
Statement of Net Position.....	12	
Statement of Activities .....	13-14	
 <b>Fund Financial Statements:</b>		
<u>Governmental Funds</u>		
Balance Sheet.....	15	
Reconciliation of the Balance Sheet to the Statement of Net Position.....	16	
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	17	
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	18	
 <u>Proprietary Funds</u>		
Statement of Net Position.....	19-20	
Statement of Revenues, Expenses, and Changes in Fund Net Position.....	21-22	
Statement of Cash Flows.....	23-26	
Notes to Financial Statements.....	27	
 <b>REQUIRED SUPPLEMENTARY INFORMATION</b>		
Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances - Budget and Actual (Cash Basis) - Governmental Funds and Proprietary Funds .....	49	
Budget to GAAP Reconciliation .....	50	
Notes to Required Supplementary Information - Budgetary Reporting.....	51	
Schedule of the City’s Proportionate Share of the Net Pension Liability .....	52	
Schedule of City Contributions.....	53	
Notes to Required Supplementary Information - Pension Liability.....	55	
 <b>SUPPLEMENTARY INFORMATION</b>		
Combining Balance Sheet – Nonmajor Governmental Funds - <b>Schedule 1</b> .....	57-58	
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds - <b>Schedule 2</b> .....	59-60	
Schedule of Revenues by Sources and Expenditures by Function – All Governmental Funds for the Last Eight Years - <b>Schedule 3</b> .....	61-62	
 <b>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</b> .....		63
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b> .....	65	

**CITY OF ELDRIDGE, IOWA  
OFFICIALS  
June 30, 2019**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Marty O'Boyle	Mayor	January 2022
Steve Puls	Council Member	January 2020
Brian Dockery	Council Member	January 2022
Frank King	Council Member	January 2022
Adrian Blackwell	Council Member	January 2024
Bernie Peeters	Council Member	January 2024
Bruce Cheek	Council Member	January 2024
Barb O'Brien	Utility Board Trustee	February 2020
James Skadal	Utility Board Trustee	February 2021
Brock Kroeger	Utility Board Trustee	February 2022
James Roseman	Utility Board Trustee	February 2023
Michael Anderson	Utility Board Trustee	February 2024
John R. Dowd	City Administrator	
James C. Martin	Assistant City Administrator	
Denise M. Benson	City Clerk	

## Independent Auditor's Report

The Honorable Mayor and  
Members of the City Council  
City of 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, 2019, and the related Notes to the Financial Statements, which collectively comprise the City's basic financial statements 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 U.S. generally accepted accounting principles. 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 U.S. generally accepted auditing standards 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 misstatements.

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 risks assessments, the auditor considers internal control relevant to the City'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 City'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 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, 2019, and the respective changes in financial position and, where applicable, its cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.



## Other Matters

### *Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis, the Budgetary Comparison Information, and the Schedule of the City's Proportionate Share of the Net Pension Liability on pages 4 through 11 and 49 through 55 to 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 which 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 U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Eldridge, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2018 (which are not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the year ended June 30, 2009 (which are not presented herein) were audited by other auditors whose reports expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 3, are presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 12, 2019 on our consideration of City of Eldridge's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City of Eldridge, Iowa's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Audit Standards in considering City of Eldridge, Iowa's internal control over financial reporting and compliance.

*Mina, Guly : Mark CA PC*

Clinton, Iowa  
December 12, 2019

**CITY OF ELDRIDGE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2019**

The City of Eldridge, Iowa provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2019. We encourage readers to consider this information in conjunction with the City's financial statements.

**2019 FINANCIAL HIGHLIGHTS**

- Revenues of the City's governmental program and activity revenues decreased by \$697,832 or 11.55 % under the prior fiscal year. Program expenses of the City's governmental activities decreased \$44,578 or 1.11% under the prior year.
- Revenues of the City's business type activities increased by \$170,264 or 2.34% over the prior year; and expenses increased \$806,454 or 11.54% over the prior year.
- The City's total net position increased \$1,049,125 or 1.98% from June 30, 2018 to June 30, 2019. Of this amount, the net position after transfers of the governmental activities decreased \$3,872,724 and the net position after transfers of the business type activities increased \$4,921,849.

**USING THIS ANNUAL REPORT**

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

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Net Position and a Statement of Activities. These statements provide information about the activities of the City of Eldridge, Iowa as a whole and present an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplemental 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.

Supplemental Information provides detailed information about the City's nonmajor governmental funds and special revenue funds. In addition, the Schedule of Expenditures of Federal Awards provides details of the federal program benefiting the City.

**CITY OF ELDRIDGE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2019**

**REPORTING THE CITY'S FINANCIAL ACTIVITIES**

Government-wide Financial Statements

One of the most important questions asked about the City's finances is "Is the City as a whole better or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information which helps answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position and the Statement of Net Activities report all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The Statement of Net Position presents all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the City's net assets 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 change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The Statement of Net Position and the Statement of Activities report two kinds of activities:

- Governmental Activities include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and intergovernmental payments finance most of these activities.
- Business-type Activities include the water and electric utilities, sanitary sewer system, the community center, and the fitness center. These activities are financed primarily by user charges.

**CITY OF ELDRIDGE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019**

**REPORTING THE CITY'S FINANCIAL ACTIVITIES (CONTINUED)**

Fund Financial Statements

The City has two kinds of funds:

**Governmental funds** account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include the General Fund; the Special Revenue Funds, such as Road Use Tax, Sales Tax Projects, Hotel Tax, and TIF funds; Capital Project funds of Capital Improvement and Street Projects; and Debt Service. These funds are reported using the current financial resources measurement focus and modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures, and changes in fund balances. Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

**Proprietary funds** account for the services for which the City charges customers for the service it provides. Proprietary funds are reported in the same way all activities are reported in the Statement of Net Position and the Statement of Activities. The major difference between the proprietary funds and the business type activities included in the government-wide statements is the detail and additional information, such as cash flows, provided in the proprietary fund statements. Proprietary funds include the Electric Fund, Water Fund, Sewer Fund, Community Center Fund and Fitness Center Fund, each considered to be a major fund of the City. The City is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong.

The financial statements required for proprietary funds include a statement of net assets, a statement of revenues, expenses, and changes in fund net assets and a statement of cash flows.

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

**CITY OF ELDRIDGE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2019**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net position for governmental and business type activities.

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Current and other assets	\$ 8,176,208	\$ 7,116,491	\$10,592,798	\$ 9,068,319	\$18,769,006	\$16,184,808
Capital assets	<u>8,242,380</u>	<u>8,447,910</u>	<u>42,168,713</u>	<u>35,491,113</u>	<u>50,411,093</u>	<u>43,939,025</u>
Total assets	<u>16,418,588</u>	<u>15,564,401</u>	<u>52,761,511</u>	<u>44,559,432</u>	<u>69,180,099</u>	<u>60,123,833</u>
Deferred outflows						
Of resources	<u>236,826</u>	<u>287,798</u>	<u>224,078</u>	<u>261,894</u>	<u>460,904</u>	<u>549,692</u>
Other liabilities	464,047	356,908	645,462	609,766	1,109,509	966,674
Long-term liabilities	<u>7,641,104</u>	<u>3,146,105</u>	<u>4,207,556</u>	<u>1,047,866</u>	<u>11,848,660</u>	<u>4,193,971</u>
Total liabilities	<u>8,105,151</u>	<u>3,503,013</u>	<u>4,853,018</u>	<u>1,657,632</u>	<u>12,958,169</u>	<u>5,160,645</u>
Deferred inflows						
of resources	<u>2,668,125</u>	<u>2,594,324</u>	<u>80,827</u>	<u>33,799</u>	<u>2,748,952</u>	<u>2,628,123</u>
Net position:						
Invested in capital assets, net of related debt	1,151,753	6,162,910	38,686,594	35,246,115	39,838,347	41,409,025
Restricted	2,630,097	2,281,937	-	350,075	2,630,097	2,632,012
Unrestricted	<u>2,100,288</u>	<u>1,310,015</u>	<u>9,365,150</u>	<u>7,533,705</u>	<u>11,465,438</u>	<u>8,843,720</u>
Total net position	<u>\$ 5,882,138</u>	<u>\$ 9,754,862</u>	<u>\$48,051,744</u>	<u>\$43,129,895</u>	<u>\$53,933,882</u>	<u>\$52,884,757</u>

Net position of governmental activities decreased \$3,872,724 or 39.70% under the prior year. Net position of business type activities increased \$4,921,849 or 11.41% over the prior year. The largest portion of the City's net position was invested in capital assets less the related debt. The debt related to the investment in capital assets is liquidated with resources other than capital assets. Total restricted net position represents resources subject to external restrictions. Unrestricted net position, the part of the net position that can be used to finance day-to-day operations, is \$11,465,438 at the end of this year, compared to \$8,843,720 in the prior year.

Revenues for governmental activities decreased by \$697,832 under the prior year. This 11.55% decrease under last year was attributable to the decrease in capital grants, road use tax, and local option sales tax revenues. The cost of governmental activities this year decreased by \$44,578 from the prior year. Despite increases in culture and recreation, general government, and debt service activities, decreases in other activities resulted in this overall 1.11% decrease.

**CITY OF ELDRIDGE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019**

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

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Revenues:						
Charges for service	\$ 622,916	\$ 642,792	\$ 7,296,280	\$ 7,172,534	\$ 7,919,196	\$7,815,326
Capital grants and contributions	-	808,228	-	-	-	808,228
General revenues:						
Property tax levied for:						
General purpose	2,530,200	2,352,039	-	-	2,530,200	2,352,039
Debt service	49,895	45,016	-	-	49,895	45,016
Tax increment financing	346,353	255,812	-	-	346,353	255,812
Franchise tax	43,524	42,374	-	-	43,524	42,374
Road use tax	794,433	863,157	-	-	794,433	863,157
Local option sales tax	790,956	852,775	-	-	790,956	852,775
Assessments	1,113	1,198	-	-	1,113	1,198
Interest on investments	28,661	22,365	103,056	88,273	131,717	110,638
Miscellaneous	133,314	153,441	62,853	31,118	196,167	184,559
Total	<u>5,341,365</u>	<u>6,039,197</u>	<u>7,462,189</u>	<u>7,291,925</u>	<u>12,803,554</u>	<u>13,331,122</u>
Program expense						
Public safety	1,143,189	1,150,527	-	-	1,143,189	1,150,527
Public works	1,486,661	1,728,392	-	-	1,486,661	1,728,392
Culture and recreation	513,198	350,896	-	-	513,198	350,896
Community and economic development	85,851	87,553	-	-	85,851	87,553
General government	654,487	639,880	-	-	654,487	639,880
Interest on long-term debt	74,295	45,011	48,745	6,315	123,040	51,326
Electric	-	-	4,498,161	4,193,767	4,498,161	4,193,767
Water	-	-	903,988	793,430	903,988	793,430
Sewer	-	-	1,826,881	1,519,993	1,826,881	1,519,993
Community center	-	-	331,568	296,507	331,568	296,507
Fitness center	-	-	187,405	180,282	187,405	180,282
Loss on disposition of assets	-	-	-	-	-	-
Total	<u>3,957,681</u>	<u>4,002,259</u>	<u>7,796,748</u>	<u>6,990,294</u>	<u>11,754,429</u>	<u>10,992,553</u>
Changes in net position						
Before transfers	1,383,684	2,036,938	(334,559)	301,631	1,049,125	2,338,569
Transfers	(5,256,408)	(317,072)	5,256,408	317,072	-	-
Net position, beginning of year	<u>9,754,862</u>	<u>8,034,996</u>	<u>43,129,895</u>	<u>42,511,192</u>	<u>52,884,757</u>	<u>50,546,188</u>
Net position, end of year	<u>\$ 5,882,138</u>	<u>\$ 9,754,862</u>	<u>\$48,051,744</u>	<u>\$43,129,895</u>	<u>\$53,933,882</u>	<u>\$52,884,757</u>

**CITY OF ELDRIDGE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2019**

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

Net position of business type activities increased by \$4,921,849 or 11.41% over the prior year. Increases in charges for services and transfers in from governmental activities accounted for this increase in net position of the business type activities.

The cost of all governmental activities this year was \$3,957,681 compared to \$4,002,259 last year. However, as shown in the Statement of Activities on pages 13 and 14, the amount taxpayers ultimately financed for these activities was only \$3,334,765 because some of the cost was paid by those directly benefited from the programs (\$622,916). The City paid the remaining "public benefit" portion of governmental activities with property taxes and other receipts, such as other tax, interest, and miscellaneous revenues.

**INDIVIDUAL MAJOR FUND ANALYSIS**

**Governmental fund Highlights**

As the City of Eldridge completed the year, its governmental funds reported a combined fund balance of \$5,335,791, which is 27.72% less than the \$4,177,627 total fund balance at June 30, 2018. The following are the major reasons for the changes in fund balances of the major governmental funds from the prior year.

The General Fund showed an increase in fund balance of \$124,682 from the prior year to \$1,450,581. This was due to an increase in revenues by \$169,477 or 5.32% to \$3,356,901. In addition, expenditures decreased slightly by \$5,820 to \$3,257,219 under the prior year and other financing sources remained the same both years at \$25,000.

The Special Revenue, Road Use Tax Fund that accounts for road construction and maintenance, had an increase in fund balance of \$588,919 for the year ending June 30, 2019, attributable to fewer capital project expenditures in comparison to the prior year. The Road Use Tax Fund ended fiscal year 2019 with a \$1,018,612 fund balance compared to the prior year's ending fund balance of \$429,693.

The Special Revenue, 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 \$348,297 in fund balance at June 30, 2019, as compared to an increase of \$230,311 in the prior year. Despite lower tax revenues and increases in capital project expenditures, decreased transfers out in comparison to the prior year resulted in the larger increase in fund balance over the prior year. Net transfers out to operating funds decreased by \$339,901 to a total of \$248,600 in the current year, as compared to \$588,501 for 2018.

**CITY OF ELDRIDGE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019**

**INDIVIDUAL MAJOR FUND ANALYSIS (CONTINUED)**

**Proprietary Fund Highlights**

The Enterprise, Electric Fund, which accounts for the operation and maintenance of the City's electric system, had a net position of \$20,117,920 at June 30, 2019 compared to a net position of \$19,805,607 at June 30, 2018.

The Enterprise, Water Fund, which accounts for the operation and maintenance of the City's water system, had a net position of \$8,031,378 at June 30, 2019 compared to a net position of \$8,059,117 at June 30, 2018.

The Enterprise, Sewer Fund, which accounts for the operation and maintenance of the City's sewer system, had a net position of \$4,715,913 at June 30, 2019 compared to a net position of \$13,700,184 at June 30, 2018.

The Enterprise, Community Center Fund, which accounts for the operation of the City's Community Center, had a net position of \$1,035,695 at June 30, 2019 compared to a net position of \$1,095,903 June 30, 2018.

The Enterprise, Fitness Center fund, which accounts for the operation of the City's Fitness Center, had a net position of \$450,654 at June 30, 2019 compared to a net position of \$469,084 at June 30, 2018.

**BUDGETARY HIGHLIGHTS**

On May 20, 2019, the City amended its budget to cover unplanned disbursements in public works, public safety, community and economic development, general government, debt service, and business type activities. The City's receipts (before other financing sources) were \$400,547 less than amended budgeted receipts, an unfavorable variance of 2.97%. The most significant variance resulted from Intergovernmental receipts. The budget also unfavorable variances for tax increment financing, licenses and permits, and miscellaneous receipts.

The City's disbursements were \$4,846,583 less than amended budgeted disbursements, a favorable variance of 21.32%. The largest variances were in capital projects and in business type activities. The City did not exceed budgeted disbursements in any function area for the year ended June 30, 2019.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

The city's capital assets include land, infrastructure, buildings, equipment and vehicles. Capital assets of governmental activities totaled \$8,242,380 net of accumulated depreciation, at June 30, 2019. Capital assets of business type activities totaled \$42,168,713, net of accumulated depreciation, at June 30, 2019, See note 3 to the financial statements for more information about the City's capital assets.



**CITY OF ELDRIDGE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2019**

**CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)**

Long-Term Debt

At June 30, 2019, the City had \$7,090,627 in total long-term debt outstanding for governmental activities. The City also had \$3,482,119 in total long-term debt outstanding for business type activities. Additional information about the City's long-term debt is presented in Note 4 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The City of Eldridge, Iowa remains in a good position to continue operations into the next fiscal year. Taxable values have increased along with the estimated levy rates. These increases will provide sufficient property tax dollars for future operations. The projected tax levy rates per \$1,000 of taxable value for the 2019-2020 fiscal year are:

<u>Tax Levy Purpose</u>	<u>Estimated Levy Rate</u>
Regular General Levy	\$6.52825
Tort Liability Levy	.09213
Debt Service Levy	<u>.12690</u>
Total Tax Levy	<u>\$6.74728</u>
Eldridge El Lec.Road TIF	\$1.00000
Agricultural Land Levy	<u>\$2.99067</u>

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and operating activities. If you have any questions or require additional information, please contact either the City Clerk or the City Administrator at City Hall, 305 N. Third Street, Eldridge, Iowa, 52748 or by telephone at 563-285-4841.

John R. Dowd  
City Administrator

## **BASIC FINANCIAL STATEMENTS**

**CITY OF ELDRIDGE, IOWA**  
**STATEMENT OF NET POSITION**  
**June 30, 2019**

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 5,395,502	\$ 9,380,402	\$ 14,775,904
Receivables:			
Grant	47,000	-	47,000
Property tax			
Current year	6,046	-	6,046
Succeeding year	2,592,370	-	2,592,370
Customer accounts and unbilled usage	-	456,859	456,859
Other	31,035	-	31,035
Inventories	26,471	621,679	648,150
Prepaid insurance	65,544	65,832	131,376
Restricted cash and investments	-	68,026	68,026
Due from other funds	12,240	-	12,240
Capital assets, net of accumulated depreciation	8,242,380	42,168,713	50,411,093
Total assets	<u>16,418,588</u>	<u>52,761,511</u>	<u>69,180,099</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	236,826	224,078	460,904
<b>LIABILITIES</b>			
Accounts payable	121,565	484,298	605,863
Accrued interest payable	12,095	-	12,095
Salaries and benefits payable	6,786	4,834	11,620
Accrued expenses	1,700	66,380	68,080
Due to other funds	12,240	-	12,240
Compensated absences	93,661	89,950	183,611
Long-term liabilities:			
Portion due or payable within one year:			
Customer deposits	-	68,026	68,026
General obligation bonds and notes	853,000	-	853,000
Revenue bonds	-	247,000.00	247,000
Portion due or payable after one year:			
General obligation bonds and notes	6,237,627	-	6,237,627
Revenue bonds	-	3,235,119	3,235,119
Net pension liability	641,987	575,785	1,217,772
Compensated absences	124,490	81,626	206,116
Total liabilities	<u>8,105,151</u>	<u>4,853,018</u>	<u>12,958,169</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues:			
Succeeding year property tax	2,592,370	-	2,592,370
Pension related deferred inflows	75,755	80,827	156,582
Total deferred inflows of resources	<u>2,668,125</u>	<u>80,827</u>	<u>2,748,952</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	1,151,753	38,686,594	39,838,347
Restricted for:			
Capital projects	2,522,136	-	2,522,136
Community programs and services	74,605	-	74,605
Debt service	26,778	-	26,778
Urban renewal	6,578	-	6,578
Unrestricted	2,100,288	9,365,150	11,465,438
Total net position	<u>\$ 5,882,138</u>	<u>\$ 48,051,744</u>	<u>\$ 53,933,882</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**CITY OF ELDRIDGE, IOWA**  
**STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2019**

FUNCTIONS/PROGRAMS	Program Revenues		
	Expenses	Charges for Services	Capital Grants and Contributions
Governmental activities:			
Public safety	\$ 1,143,189	\$ 82,909	\$ -
Public works	1,486,661	336,423	-
Culture and recreation	513,198	43,149	-
Community and economic development	85,851	1,150	-
General government	654,487	159,285	-
Interest on long-term debt	74,295	-	-
Total governmental activities	3,957,681	622,916	-
Business type activities:			
Electric	4,498,161	4,735,418	-
Water	903,988	855,275	-
Sewer	1,826,881	1,323,486	-
Community center	331,568	234,437	-
Fitness center	187,405	147,664	-
Interest on long-term debt	48,745	-	-
Total business type activities	7,796,748	7,296,280	-
<b>TOTAL</b>	\$ 11,754,429	\$ 7,919,196	\$ -

General revenues:  
Property tax levied for:  
    General purpose  
    Debt service  
Tax increment financing  
Franchise tax  
Road use tax  
Local option sales tax  
Assessments  
Interest on investments  
Transfers  
Miscellaneous  
    Total general revenues

**NET POSITION, BEGINNING OF YEAR**

**NET POSITION, END OF YEAR**

**Net (Expense) Revenue  
and Changes in Net Position**

<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
\$ (1,060,280)	\$ -	\$ (1,060,280)
(1,150,238)	-	(1,150,238)
(470,049)	-	(470,049)
(84,701)	-	(84,701)
(495,202)	-	(495,202)
(74,295)	-	(74,295)
<u>(3,334,765)</u>	<u>-</u>	<u>(3,334,765)</u>
-	237,257	237,257
-	(48,713)	(48,713)
-	(503,395)	(503,395)
-	(97,131)	(97,131)
-	(39,741)	(39,741)
-	(48,745)	(48,745)
<u>-</u>	<u>(500,468)</u>	<u>(500,468)</u>
<u>\$ (3,334,765)</u>	<u>\$ (500,468)</u>	<u>\$ (3,835,233)</u>
2,530,200	-	2,530,200
49,895	-	49,895
346,353	-	346,353
43,524	-	43,524
794,433	-	794,433
790,956	-	790,956
1,113	-	1,113
28,661	103,056	131,717
(5,256,408)	5,256,408	-
133,314	62,853	196,167
<u>(537,959)</u>	<u>5,422,317</u>	<u>4,884,358</u>
(3,872,724)	4,921,849	1,049,125
<u>9,754,862</u>	<u>43,129,895</u>	<u>52,884,757</u>
<u>\$ 5,882,138</u>	<u>\$ 48,051,744</u>	<u>\$ 53,933,882</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**CITY OF ELDRIDGE, IOWA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**June 30, 2019**

	Special Revenue				Total All Funds
	General Fund	Road Use Tax Fund	Sales Tax Projects Fund	Other Nonmajor Governmental Funds	
<b>ASSETS</b>					
Cash and investments	\$ 1,481,508	\$ 1,002,972	\$ 2,566,817	\$ 344,205	\$ 5,395,502
Receivables:					
Grant		47,000			47,000
Property tax				-	
Current year	5,934	-	-	112	6,046
Succeeding year	2,542,370	-	-	50,000	2,592,370
Other tax	-	-	-	-	-
Other	31,035	-	-	-	31,035
Inventories	26,471	-	-	-	26,471
Prepaid insurance	65,544	-	-	-	65,544
Due from other funds	-	-	-	12,240	12,240
<b>TOTAL ASSETS</b>	<b>\$ 4,152,862</b>	<b>\$ 1,049,972</b>	<b>\$ 2,566,817</b>	<b>\$ 406,557</b>	<b>\$ 8,176,208</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 50,109	\$ 31,360	\$ 40,096	\$ -	\$ 121,565
Accrued interest payable	-	-	-	12,095	12,095
Salaries and benefits payable	6,786	-	-	-	6,786
Accrued expenses	1,700	-	-	-	1,700
Due to other funds	7,655	-	4,585	-	12,240
Compensated absences	93,661	-	-	-	93,661
Total liabilities	159,911	31,360	44,681	12,095	248,047
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues:					
Succeeding year property tax	2,542,370	-	-	50,000	2,592,370
<b>FUND BALANCES</b>					
Nonspendable:					
Inventories and prepaid insurance	92,015	-	-	-	92,015
Restricted for:					
Capital projects	-	-	2,522,136	-	2,522,136
Community programs and services	-	-	-	74,605	74,605
Debt service	-	-	-	26,778	26,778
Urban renewal	-	-	-	6,578	6,578
Committed for:					
Capital projects	-	-	-	236,501	236,501
General equipment replacement	330,633	-	-	-	330,633
Unassigned	1,027,933	1,018,612	-	-	2,046,545
Total fund balances	1,450,581	1,018,612	2,522,136	344,462	5,335,791
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 4,152,862</b>	<b>\$ 1,049,972</b>	<b>\$ 2,566,817</b>	<b>\$ 406,557</b>	<b>\$ 8,176,208</b>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**CITY OF ELDRIDGE, IOWA  
RECONCILIATION OF THE BALANCE SHEET -  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
June 30, 2019**

Total governmental fund balance (page 15) \$ 5,335,791

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds. The cost of the assets is \$34,404,540 and the accumulated depreciation is \$26,162,160. 8,242,380

Pension 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:

Deferred outflows of resources	\$ 236,826	
Deferred inflows of resources	(75,755)	
		161,071

Long-term liabilities, including bonds payable, capital leases, net pension liabilities, and compensated absences are not due and payable in the current period, and, therefore, are not reported as liabilities in the funds. (7,857,104)

**Net position of governmental activities (page 12)** \$ 5,882,138

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**CITY OF ELDRIDGE, IOWA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2019**

	<u>Special Revenue</u>			Other Nonmajor Governmental Funds	Total All Funds
	General Fund	Road Use Tax Fund	Sales Tax Projects Fund		
<b>REVENUES</b>					
Property tax	\$ 2,530,200	\$ -	\$ -	\$ 49,895	\$ 2,580,095
Tax increment financing	-	-	-	346,353	346,353
Other taxes	43,524	-	765,093	26,976	835,593
Licenses and permits	82,941	-	-	-	82,941
Rent	36,177	-	-	-	36,177
Intergovernmental	71,767	794,433	-	-	866,200
Charges for services	539,975	-	-	-	539,975
Interest on investments	28,661	-	-	-	28,661
Miscellaneous	23,656	-	-	1,714	25,370
Total revenues	<u>3,356,901</u>	<u>794,433</u>	<u>765,093</u>	<u>424,938</u>	<u>5,341,365</u>
<b>EXPENDITURES</b>					
Operating:					
Public safety	1,165,985	-	-	-	1,165,985
Public works	974,340	86,251	-	-	1,060,591
Culture and recreation	379,892	-	-	9,308	389,200
Community and economic development	83,127	-	-	2,271	85,398
General government	527,283	-	-	-	527,283
Debt service	-	-	-	309,295	309,295
Capital projects	126,592	119,263	168,196	15,617	429,668
Total expenditures	<u>3,257,219</u>	<u>205,514</u>	<u>168,196</u>	<u>336,491</u>	<u>3,967,420</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>99,682</u>	<u>588,919</u>	<u>596,897</u>	<u>88,447</u>	<u>1,373,945</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of bonds	5,040,627	-	-	-	5,040,627
Operating transfers in	25,000	-	-	354,990	379,990
Operating transfers out	(5,040,627)	-	(248,600)	(347,171)	(5,636,398)
Total other financing sources (uses)	<u>25,000</u>	<u>-</u>	<u>(248,600)</u>	<u>7,819</u>	<u>(215,781)</u>
<b>NET CHANGE IN FUND BALANCE</b>	124,682	588,919	348,297	96,266	1,158,164
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>1,325,899</u>	<u>429,693</u>	<u>2,173,839</u>	<u>248,196</u>	<u>4,177,627</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,450,581</u>	<u>\$ 1,018,612</u>	<u>\$ 2,522,136</u>	<u>\$ 344,462</u>	<u>\$ 5,335,791</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.



**CITY OF ELDRIDGE, IOWA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2019**

Net change in fund balances - total governmental funds (page 17) \$ 1,158,164

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

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

Depreciation expense	(374,537)	
Expenditures for capital assets	169,007	
		(205,530)

The current year City employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position 115,224

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. Proceeds of long-term debt is an other financing source in the governmental funds, but increases long-term liabilities in the statement of net position. Current year proceeds and payments are as follows:

Proceeds from sale of bonds	(5,040,627)	
Bond principal	235,000	
Pension expense	(124,543)	
Compensated absences	(10,412)	
		(4,940,582)

**Changes in net position of governmental activities (page 14) \$ (3,872,724)**

These financial statements should be read only in connection with the accompanying notes to financial statements.

**CITY OF ELDRIDGE, IOWA**  
**STATEMENTS OF NET POSITION - PROPRIETY FUND**  
**June 30, 2019**

	<b>Electric Fund</b>	<b>Water Fund</b>
<b>ASSETS</b>		
Cash and investments	\$ 5,817,275	\$ 1,861,987
Receivables:		
Customer accounts and unbilled usage	272,160	70,649
Inventories	379,272	19,654
Prepaid insurance	29,537	9,971
Restricted assets:		
Cash and investments	47,114	20,912
Capital assets, net of accumulated depreciation	14,001,542	6,140,279
Total assets	20,546,900	8,123,452
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related deferred outflows	72,109	37,975
<b>LIABILITIES</b>		
Accounts payable	6,353	1,491
Salaries and benefits payable	60	1,669
Accrued expenses	60,640	-
Payable from restricted assets:		
Customer deposits	47,114	20,912
Revenue bonds	-	-
Compensated absences	89,950	-
Long-term liabilities:		
Revenue bonds	-	-
Net pension liability	186,753	100,353
Compensated absences	81,626	-
Total liabilities	472,496	124,425
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related deferred inflows	28,593	5,624
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	14,001,542	6,140,279
Unrestricted:		
Designated for:		
Equipment replacement	654,896	441,870
Capital projects	100,000	-
Undesignated	5,361,482	1,449,229
Total net position	\$ 20,117,920	\$ 8,031,378

<u>Sewer Fund</u>	<u>Community Center Fund</u>	<u>Fitness Center Fund</u>	<u>Total All Funds</u>
\$ 1,677,724	\$ 19,218	\$ 4,198	\$ 9,380,402
114,050	-	-	456,859
219,261	2,076	1,416	621,679
15,283	6,065	4,976	65,832
-	-	-	68,026
<u>20,448,810</u>	<u>1,082,302</u>	<u>495,780</u>	<u>42,168,713</u>
<u>22,475,128</u>	<u>1,109,661</u>	<u>506,370</u>	<u>52,761,511</u>
57,939	30,356	25,699	224,078
459,988	13,231	3,235	484,298
-	-	3,105	4,834
5,740	-	-	66,380
-	-	-	68,026
247,000	-	-	247,000
-	-	-	89,950
3,235,119	-	-	3,235,119
151,834	73,123	63,722	575,785
-	-	-	81,626
<u>4,099,681</u>	<u>86,354</u>	<u>70,062</u>	<u>4,853,018</u>
17,289	17,968	11,353	80,827
20,448,810	1,082,302	432,058	42,104,991
357,805	-	-	1,454,571
-	-	-	100,000
<u>(2,390,518)</u>	<u>(46,607)</u>	<u>18,596</u>	<u>4,392,182</u>
<u>\$ 18,416,097</u>	<u>\$ 1,035,695</u>	<u>\$ 450,654</u>	<u>\$ 48,051,744</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**CITY OF ELDRIDGE, IOWA**  
**STATEMENT OF REVENUES, EXPENSES, AND**  
**CHANGES IN NET POSITION - PROPRIETARY FUNDS**  
**Year Ended June 30, 2019**

	<u>Electric Fund</u>	<u>Water Fund</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 4,735,418	\$ 855,275
Miscellaneous	120	24,884
Total operating revenues	4,735,538	880,159
<b>OPERATING EXPENSES</b>		
Business type activities:		
Cost of sales and services	3,958,312	631,854
Depreciation	539,849	272,134
Total operating expenses	4,498,161	903,988
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	237,377	(23,829)
<b>OTHER INCOME (EXPENSE)</b>		
Interest on investments	66,305	8,090
Interest expense	(3,369)	-
Total other revenues (expenses)	62,936	8,090
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating transfer in	12,000	-
Operating transfer out	-	(12,000)
Total other financing sources (uses)	12,000	(12,000)
<b>NET INCOME (LOSS)</b>	312,313	(27,739)
<b>NET POSITION, BEGINNING OF YEAR</b>	19,805,607	8,059,117
<b>NET POSITION, END OF YEAR</b>	\$ 20,117,920	\$ 8,031,378

<u>Sewer Fund</u>	<u>Community Center Fund</u>	<u>Fitness Center Fund</u>	<u>Total All Funds</u>
\$ 1,323,486	\$ 234,437	\$ 147,664	\$ 7,296,280
4,807	31,191	1,851	62,853
<u>1,328,293</u>	<u>265,628</u>	<u>149,515</u>	<u>7,359,133</u>
1,360,344	285,574	171,726	6,407,810
466,537	45,994	15,679	1,340,193
<u>1,826,881</u>	<u>331,568</u>	<u>187,405</u>	<u>7,748,003</u>
<u>(498,588)</u>	<u>(65,940)</u>	<u>(37,890)</u>	<u>(388,870)</u>
22,929	5,732	-	103,056
(45,376)	-	-	(48,745)
<u>(22,447)</u>	<u>5,732</u>	<u>-</u>	<u>54,311</u>
5,387,798	-	19,460	5,419,258
(150,850)	-	-	(162,850)
<u>5,236,948</u>	<u>-</u>	<u>19,460</u>	<u>5,256,408</u>
4,715,913	(60,208)	(18,430)	4,921,849
<u>13,700,184</u>	<u>1,095,903</u>	<u>469,084</u>	<u>43,129,895</u>
<u>\$ 18,416,097</u>	<u>\$ 1,035,695</u>	<u>\$ 450,654</u>	<u>\$ 48,051,744</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**CITY OF ELDRIDGE, IOWA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
**Year Ended June 30, 2019**

	<u>Electric Fund</u>	<u>Water Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers and users	\$ 4,845,804	\$ 883,583
Cash received from other revenues	120	24,884
Cash paid for personal services	(396,985)	(262,980)
Cash paid to suppliers	(3,506,301)	(366,251)
Net cash provided (used) by operating activities	<u>942,638</u>	<u>279,236</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Advances from other funds, net of advance repayments	<u>12,000</u>	<u>(12,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>		
Acquisition of capital assets	(22,830)	-
Proceeds from bonds issued	-	-
Principal paid on revenue bonds and capital leases	(245,000)	-
Interest paid on revenue bonds and capital leases	(3,675)	-
Net cash provided (used) by capital and related financing activities	<u>(271,505)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	<u>66,305</u>	<u>8,090</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	749,438	275,326
<b>CASH AND INVESTMENTS, BEGINNING OF YEAR</b>	<u>5,114,951</u>	<u>1,607,573</u>
<b>CASH AND INVESTMENTS, END OF YEAR</b>	<u>\$ 5,864,389</u>	<u>\$ 1,882,899</u>

<u>Sewer Fund</u>	<u>Community Center Fund</u>	<u>Fitness Center Fund</u>	<u>Total All Funds</u>
\$ 1,325,347	\$ 234,437	\$ 147,664	\$ 7,436,835
4,807	31,191	1,851	62,853
(428,984)	(141,637)	(100,760)	(1,331,346)
(870,609)	(130,730)	(71,099)	(4,944,990)
<u>30,561</u>	<u>(6,739)</u>	<u>(22,344)</u>	<u>1,223,352</u>
<u>5,236,948</u>	<u>-</u>	<u>19,460</u>	<u>5,256,408</u>
(7,994,963)	-	-	(8,017,793)
3,482,119	-	-	3,482,119
-	-	-	(245,000)
<u>(45,376)</u>	<u>-</u>	<u>-</u>	<u>(49,051)</u>
<u>(4,558,220)</u>	<u>-</u>	<u>-</u>	<u>(4,829,725)</u>
<u>22,929</u>	<u>5,732</u>	<u>-</u>	<u>103,056</u>
732,218	(1,007)	(2,884)	1,753,091
<u>945,506</u>	<u>20,225</u>	<u>7,082</u>	<u>7,695,337</u>
<u>\$ 1,677,724</u>	<u>\$ 19,218</u>	<u>\$ 4,198</u>	<u>\$ 9,448,428</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**CITY OF ELDRIDGE, IOWA**  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (CONTINUED)**  
**Year Ended June 30, 2019**

	<b>Electric Fund</b>	<b>Water Fund</b>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 237,377	\$ (23,829)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	539,849	272,134
(Increase) decrease in customer accounts and unbilled usage receivable	110,382	28,308
(Increase) decrease in inventories	65,681	1,642
(Increase) decrease in prepaid insurance	(23)	(133)
(Increase) decrease in deferred outflows of resources	12,008	7,830
Increase (decrease) in accounts payable	(21,301)	(903)
Increase (decrease) in accrued wages	(645)	1,036
Increase (decrease) in accrued expenses	10,254	-
Increase (decrease) in customer deposits	(824)	(451)
Increase (decrease) in compensated absences	(307)	-
Increase (decrease) in pension liability	(24,747)	(16,135)
Increase (decrease) in deferred inflows of resources	14,934	9,737
	<u>\$ 942,638</u>	<u>\$ 279,236</u>
Net cash provided (used) by operating activities		
	<u>\$ 942,638</u>	<u>\$ 279,236</u>
Reconciliation of cash and investments at year end to specific assets included in the statement of net position:		
Current assets:		
Cash and investments	5,817,275	1,861,987
Restricted assets:		
Cash and investments:		
Customer deposits	47,114	20,912
	<u>47,114</u>	<u>20,912</u>
Cash and investments, end of year	<u>\$ 5,864,389</u>	<u>\$ 1,882,899</u>



<u>Sewer Fund</u>	<u>Community Center Fund</u>	<u>Fitness Center Fund</u>	<u>Total All Funds</u>
\$ (498,588)	\$ (65,940)	\$ (37,890)	\$ (388,870)
466,537	45,994	15,679	1,340,193
1,861	-	-	140,551
17,566	(686)	(372)	83,831
4,040	283	61	4,228
12,196	3,164	2,618	37,816
31,211	13,032	(300)	21,739
(37)	-	1	355
5,740	-	-	15,994
-	-	-	(1,275)
-	-	-	(307)
(25,129)	(6,522)	(5,398)	(77,931)
<u>15,164</u>	<u>3,936</u>	<u>3,257</u>	<u>47,028</u>
<u>\$ 30,561</u>	<u>\$ (6,739)</u>	<u>\$ (22,344)</u>	<u>\$ 1,223,352</u>
1,677,724	19,218	4,198	9,380,402
-	-	-	68,026
<u>\$ 1,677,724</u>	<u>\$ 19,218</u>	<u>\$ 4,198</u>	<u>\$ 9,448,428</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization

The City of Eldridge, Iowa (the 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 U.S. generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board.

Reporting Entity

For financial reporting purposes, the City of Eldridge, Iowa has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization, or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. Under these criteria, it has been determined that the City has no component units for which it is financially accountable.

Basis of Presentation

**Government-wide Financial Statements** - The Statement of Net Position and the Statement of Activities report information on all the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are supported by property tax 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 Net Position presents the City's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

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

*Restricted net position* results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* consists of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 included 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. Property tax and other items not properly included among program revenues are reported instead as general revenues.

**Fund Financial Statements** - Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the General Fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid through other funds.

Special Revenue Funds – The Road Use Tax Fund is used to account for road construction and maintenance. The Sales Tax Projects Fund is used to account for the revenues from the tax authorized by referendum and used for capital improvements, equipment and community programs and services.

The City reports the following major proprietary funds:

*Enterprise:*

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

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

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

Community Center Fund – The Community Center Fund is used to account for the operation of the City’s community center.

Fitness Center Fund – The Fitness Center Fund is used to account for the operation of the City’s fitness center.

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 revenues 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.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal 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.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications - committed, assigned, and then unassigned fund balances.

Under terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenue.

The proprietary funds of the City apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure.

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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 Enterprise Funds are charges to customers for sales and services. Operating expenses for Enterprise 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.

The City maintains its financial records on the cash basis. The financial statements of the City are prepared by making memorandum adjusting entries to the cash basis financial records. The following accounting policies are followed in preparing the financial statements:

Cash and Investments

For purposes of financial reporting and the statement of cash flows, the City considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Investments with an original maturity of greater than three months that can be redeemed anytime before maturity are also considered to be cash equivalents. Investments consist of certificates of deposit and are carried at cost, which approximates market.

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.

Property Tax Receivable, Including Tax Increment Financing

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

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the City to the County Board of Supervisors. Current year property tax receivable represents taxes collected by the County but not remitted to the City at June 30, 2019 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 purpose 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 15 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 as revenue until the year for which it is levied.

Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1.5% per month penalty for delinquent payments, are based on January 1, 2017 assessed property valuations, are for the tax accrual period July 1, 2018 through June 30, 2019 and reflect tax asking contained in the budget certified to the County Board of Supervisors in March 2018.

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Customer Accounts and Unbilled Usage

Customer accounts receivable are recorded in the Enterprise Funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

Due From and Due To Other Funds

During the course of its operations, the City has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2019, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market (net realizable value). Inventories in the Enterprise funds proprietary funds consist of materials and supplies. Inventories are recorded as expenses when consumed rather than when purchased.

Restricted Assets

Restricted assets of cash and investments set aside in proprietary funds for payment of revenue bonds are classified as restricted assets since their use is restricted by applicable bond covenants. Other restricted assets in proprietary funds include customer deposits restricted for application to unpaid customer accounts or for refund to customers.

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs not adding to the value of the asset or materially extending assets lives are not capitalized. Reportable capital assets are defined by the City as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land, building and improvements	\$ 25,000
Equipment and vehicles	5,000
Infrastructure	50,000

Capital assets of the City are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40-50 years
Improvements other than buildings	10-25 years
Vehicles	6-10 years
Equipment	4-15 years
Infrastructure	12-50 years

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. These consist of unrecognized items not yet charged to pension expense and contributions from the City after the measurement date but before the end of the City's reporting period.

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 governmental funds financial statements report a liability for accrued vacation, accrued personal leave and accrued compensatory time only. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2019. 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 Assets 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 measuring 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.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position applicable to a future year(s) which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Deferred Inflows of Resources (cont.)

are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the statement of net position consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which they are levied and the unamortized portion of the net difference between projected and actual earnings on IPERS' plan investments.

Fund Balance

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

Nonspendable - Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

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

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

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

Unassigned - All amounts not included in other spendable classifications. The General Fund is the only fund that would report a positive amount in unassigned fund balance.

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2019, disbursements did not exceed the amount budgeted in any function line item.

**NOTE 2 - CASH AND INVESTMENTS**

Deposit Accounts

The City's cash and investments at June 30, 2019 consist of the following:

Petty cash fund on hand	\$	830
Checking accounts		53,418
Money market accounts		<u>14,789,682</u>
Total		<u>\$14,843,930</u>

At June 30, 2019, the carrying amount of the City's deposits was \$14,843,930 and the related bank balance was \$15,142,312.



**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 2 - CASH AND INVESTMENTS (CONTINUED)**

The City's deposits in banks at June 30, 2019 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.

Investments

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.

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

**NOTE 3 - CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2019 was as follows:

	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
<b>Governmental activities</b>				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 2,355,575	\$ 8,767	\$ 1,079,023	\$ 1,285,319
Land	<u>2,100,007</u>	<u>-</u>	<u>-</u>	<u>2,100,007</u>
Total	<u>4,455,582</u>	<u>8,767</u>	<u>1,079,023</u>	<u>3,385,326</u>
<i>Capital assets being depreciated:</i>				
Buildings	1,607,833	-	-	1,607,833
Equipment and vehicles	2,463,886	164,667	94,761	2,533,792
Infrastructure, road network	<u>25,798,566</u>	<u>1,079,023</u>	<u>-</u>	<u>26,877,589</u>
Total	<u>29,870,285</u>	<u>1,243,690</u>	<u>94,761</u>	<u>31,019,214</u>
Less accumulated depreciation	<u>25,877,957</u>	<u>374,537</u>	<u>90,334</u>	<u>26,162,160</u>
Net	<u>3,992,328</u>	<u>869,153</u>	<u>4,427</u>	<u>4,857,054</u>
<b>Governmental activities capital assets, net</b>	<u><b>\$ 8,447,910</b></u>	<u><b>\$ 877,920</b></u>	<u><b>\$ 1,083,450</b></u>	<u><b>\$ 8,242,380</b></u>

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 3 - CAPITAL ASSETS (CONTINUED)**

	<u>Balance June 30, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2019</u>
<b>Business type activities</b>				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 427,848	\$ 7,961,045	\$ -	\$ 8,388,893
Land	<u>570,994</u>	<u>-</u>	<u>-</u>	<u>570,994</u>
Total	<u>998,842</u>	<u>7,961,045</u>	<u>-</u>	<u>8,959,887</u>
<i>Capital assets being depreciated:</i>				
Buildings	36,080,643	-	-	36,080,643
Equipment and vehicles	2,840,379	56,748	40,748	2,856,379
Infrastructure	<u>17,065,459</u>	<u>-</u>	<u>-</u>	<u>17,065,459</u>
Total	55,986,481	56,748	40,748	56,002,481
Less accumulated depreciation	<u>21,494,210</u>	<u>1,340,193</u>	<u>40,748</u>	<u>22,793,655</u>
Net	<u>34,492,271</u>	<u>(1,283,445)</u>	<u>-</u>	<u>33,208,826</u>
<b>Business type activities capital assets, net</b>	<b><u>\$ 35,491,113</u></b>	<b><u>\$ 6,677,600</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 42,168,713</u></b>

Depreciation expense for the year ended June 30, 2019 was charged to functions of the City as follows:

Governmental activities:	
Public safety	\$ 41,448
Public works	199,182
General government	9,909
Culture and recreation	123,998
Total governmental activities	<u>\$ 374,537</u>
Business type activities:	
Electric	\$ 539,849
Water	272,134
Sewer	466,537
Community center	45,994
Fitness center	15,679
Total business type activities	<u>\$ 1,340,193</u>

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 4 - LONG-TERM LIABILITIES**

A summary of transactions that occurred regarding bond and note obligations for the year ended June 30, 2019 as follows:

	<u>Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>End of Year</u>	<u>Due Within One Year</u>
<b>Governmental activities:</b>					
General obligation bonds/notes	\$ 2,285,000	\$ 5,040,627	\$ 235,000	\$ 7,090,627	\$ 853,000
<b>Business type activities:</b>					
Revenue bonds	\$ 245,000	\$ 3,482,119	\$ 245,000	\$ 3,482,119	\$ 247,000

Details of the general obligation bonds payable at June 30, 2019 are as follows:

	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Annual Payments</u>	<u>Amount Originally Issued</u>	<u>Outstanding June 30, 2019</u>
GO Bonds, Series 2015	March 10, 2015	.07 - 2.60%	June 1, 2027	\$ 215,000- 260,000	\$2,715,000	\$2,050,000
GO Bonds, Series 2018	Nov. 16, 2018	2.00%	June 1, 2032	\$ 613,000- 778,000	\$9,000,000	\$5,040,627

General Obligation Bonds

The Series 2015 general obligation bonds outstanding at June 30, 2019 of \$2,050,000 bear interest rates ranging from .70% to 2.60% and mature in varying annual amounts from \$215,000 to \$275,000 with the final maturities due in the year ending June 1, 2027. The Series 2018 bonds of which only \$5,050,627 were drawn upon at June 30, 2019, bear an interest rate of 2.00% and mature in varying annual amounts from \$613,000 to \$778,000 with final mature on June 1, 2032.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 853,000	\$ 184,428	\$ 1,037,428
2021	870,000	204,773	1,074,773
2022	888,000	188,598	1,076,598
2023	906,000	171,587	1,077,587
2024	924,000	153,850	1,077,850
2025-2032	6,609,000	599,077	7,208,077
Totals	<u>\$11,050,000</u>	<u>\$1,502,313</u>	<u>\$12,552,313</u>

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 4 - LONG-TERM LIABILITIES (CONTINUED)**

Revenue Bonds

Electric revenue refunding series 2014, totaling \$245,000 were outstanding at June 30, 2019. These bonds bear interest at rates ranging from .50% to 1.50% and mature in varying annual amounts from \$230,000 to \$245,000, with the final maturities due in the year ending June 30, 2019.

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

- a) The bonds will only be redeemed from the future earnings of the water, sewer, and electric enterprise activity and the bond holders have a lien on the future earnings of the funds.
- b) Sufficient water, sewer, and electric rates will be imposed to maintain a net revenue balance equal to at least 125% of the annual payments of principal and interest coming due in the same year.
- c) Monthly transfers shall be made to water, sewer, and electric improvement funds until specific minimum balances have been accumulated. These balances are restricted solely for the purpose of paying principal and interest on the bonds.
- d) An electric debt reserve fund will be maintained in an amount equal to the lesser of the maximum annual amount of principal and interest coming due on the bonds in any succeeding fiscal year, 10% of the original principal amount of the bonds or 125% of the average annual principal and interest coming due on the bonds.
- e) A water debt reserve fund will be maintained in an amount equal to the lesser of 10% of the stated principal amount of the bonds, the maximum annual amount of principal and interest coming due on the bonds in any succeeding fiscal year, or 125% of the average annual principal and interest coming due on the bonds.

During the year ended June 30, 2019, the City was in compliance with the revenue bond provisions.

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 4 - LONG-TERM LIABILITIES (CONTINUED)**

Revenue Bonds

Details of the revenue bonds payable at June 30, 2019 are as follows:

	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Annual Payments</u>	<u>Amount Originally Issued</u>	<u>Outstanding June 30, 2019</u>
Electric						
Revenue Bonds, Series 2014	May 12, 2014	.50% - 1.50%	June 1, 2019	\$ 230,000- 245,000	\$1,180,000	\$ -
Sewer						
Revenue Bonds, Series 2018	July 2, 2018	2.00%	June 1, 2039	\$ 247,000- 360,000	\$6,000,000	\$3,482,119

As of June 30, 2019, only \$3,482,119 of the total \$6,000,000 bonds were drawn upon. 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>
2020	\$ 247,000	\$ 120,000	\$ 367,000
2021	252,000	115,060	367,060
2022	257,000	110,020	367,020
2023	262,000	104,880	366,880
2024	267,000	99,640	366,640
2025-2039	<u>4,715,000</u>	<u>874,091</u>	<u>5,589,091</u>
Totals	<u>\$ 6,000,000</u>	<u>\$1,423,691</u>	<u>\$7,423,691</u>

**CITY OF ELDRIDGE, IOWA  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2019**

**NOTE 5 - INTERFUND LOANS/ADVANCES/TRANSFERS**

The city’s cash management procedures occasionally result in short-term advances between funds that are repaid upon City Board approval from future revenues. At June 30, 2019, interfund advances were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
General Fund	Debt Service Fund	\$ 2,219
	Eldridge Unified TIF Area Fund	<u>5,436</u>
		7,655
Sales Tax Project	Hotel Tax	<u>4,585</u>
		<u>\$ 12,240</u>

Such interfund advances are not reported as operating transfers. Interfund transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources. A summary of interfund transfers that occurred during the year ended June 30, 2019 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Proprietary Funds: Sewer	\$ 25,000
Capital Projects:	Special Revenue:	
Capital Improvement	Sales Tax Projects	75,000
Street Projects	Sales Tax Projects	25,000
Proprietary Fund: Fitness	Sales Tax Projects	19,460
Debt Service	Special Revenue:	
	Sales Tax Projects	129,140
	Proprietary Fund: Sewer	<u>125,850</u>
		254,990
Proprietary Fund: Sewer	Special Revenue:	
	Unified TIF	347,171
	General	<u>5,040,627</u>
		5,387,798
Proprietary Fund: Electric	Proprietary Fund:	
	Water	<u>12,000</u>
Total		<u>\$5,799,248</u>

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 6 - PENSION AND RETIREMENT BENEFITS**

**Iowa Public Employee Retirement System (IPERS)**

Plan Description - IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by 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](http://www.ipers.org).

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

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, anytime 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. (For members with service before June 30, 2012, the highest three-year average salary as of that date will be used if it is greater than the highest five-year average salary.)

Protection occupation members may retire at normal retirement age which is generally at age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment. The formula used to calculate a protection occupation members' monthly IPERS benefit includes:

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

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25 percent for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is 0.50 percent for each month that the member receives benefits before age 65. Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED)**

**Iowa Public Employee Retirement System (IPERS) (continued)**

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. Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that 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 2019, pursuant to the required rate, Regular members contributed 6.29 percent of pay and the City contributed 9.44 percent for a total rate of 15.73 percent. Protective occupation members contributed 6.18 percent of pay and the City contributed 10.21 percent for a total rate of 17.02 percent.

The City's total contributions to IPERS for the year ended June 30, 2019 were \$200,710.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2019, the City reported a liability of \$1,217,772 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, 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, 2018, the City's collective proportion was 0.0192434 percent which was a decrease of .001785 percent from its proportion measured as of June 30, 2017.



**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED)**

**Iowa Public Employee Retirement System (IPERS) (continued)**

For the year ended June 30, 2019, the City recognized pension expense of \$216,941. At June 30, 2019, 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	\$ 7,907	\$ 31,561
Changes of assumptions	226,640	1,904
Difference between projected and actual earnings on pension plan investments	-	49,104
Changes in proportion and differences between City contributions and proportionate share of contributions	25,647	74,013
City contributions subsequent to the measurement date	200,710	-
Total	\$ 460,904	\$ 156,582

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED)**

**Iowa Public Employee Retirement System (IPERS) (continued)**

\$200,710 reported as deferred outflows of resources 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, 2019. 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,	Total
2020	\$ 101,068
2021	47,697
2022	(25,013)
2023	(14,766)
2024	(5,374)
	<u>\$ 103,612</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2018 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% per annum
Rate of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation Rates vary by membership group
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation
Wage growth (effective June 30, 2017)	3.25% per annum based on 2.60% inflation and .65% real wage inflation

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED)**

**Iowa Public Employee Retirement System (IPERS) (continued)**

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of 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:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	22.0%	6.01%
International equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core plus fixed income	27.0	1.97
Public credit	3.5	3.93
Public real assets	7.0	2.91
Cash	1.0	(.25)
Private equity	11.0	10.81
Private real assets	7.5	4.14
Private credit	3.0	3.11
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.00 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, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 6 - PENSION AND RETIREMENT BENEFITS (CONTINUED)**

**Iowa Public Employee Retirement System (IPERS) (continued)**

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 7.00 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 (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City’s proportionate share of the net pension liability:	\$2,382,583	\$ 1,217,772	\$ 241,141

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](http://www.ipers.org).

Payables to the Pension Plan - At June 30, 2019, there were no reported payables to the defined benefit pension plan for legally required employer contributions or for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

**NOTE 7 - COMPENSATED ABSENCES**

The City’s liability for compensated absences at June 30, 2019 is as follows:

<u>Type of Benefit</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Personal	\$ 19,983	\$ 18,496	\$ 38,479
Vacation	65,174	63,893	129,067
Compensatory Time	8,504	7,561	16,065
Sick Leave	124,490	81,626	206,116
Totals	\$ 218,151	\$ 171,576	\$ 389,727

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 7 - COMPENSATED ABSENCES (CONTINUED)**

The City maintains accrued leave reserves to offset the approximate liability for compensated absences. Employees may earn up to 160 hours per year of vacation, depending on years of service. Employees may carry a maximum of 80 hours to the subsequent anniversary year. Any unused vacation accumulated above these limits is forfeited. The City's sick leave policy allows its employees to accumulate up to 720 hours of sick leave which is payable when used or a maximum of 280 hours which is payable upon retirement or disability. No leave is paid when employment is terminated for any other reason. Employees earn 40 hours of personal leave per year and may accumulate up to 80 hours of personal leave. Employees may enter into an agreement with the City to earn compensatory time rather than being paid overtime for additional hours over 40 per week worked. Employees can accumulate up to 40 hours of compensatory time.

**NOTE 8 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE 9 – COMMITMENTS**

The City has recognized as a liability only that portion of construction contracts representing construction completed through June 30, 2019. The City has commitments for signed construction contracts totaling \$11,754,125 that are in various degrees of completion as of June 30, 2019. These commitments will be funded by state grants, cash reserves, and bond proceeds.

**NOTE 10 – URBAN RENEWAL DEVELOPMENT AGREEMENTS**

The City has entered into various development agreements for urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developer in exchange for infrastructure improvements, rehabilitation and development of commercial projects by the developer.

The agreements are not general obligations of the City and, due to their nature, are not recorded as a liability in the City's financial statements. However, the agreements are subject to the constitutional debt limitation of the City.

Certain agreements include an annual appropriation clause and, accordingly, only the amount payable in the succeeding year on the agreements is subject to the constitutional debt limitation. The entire outstanding principal balance of agreements not including an annual appropriation clause is subject to the constitutional debt limitation.

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 11 – TAX ABATEMENTS**

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

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.

For the year ended June 30, 2019, \$94,266 of property tax was diverted from the City under the urban renewal and economic development projects.

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

**NOTE 12- SUBSEQUENT EVENTS**

At December 12, 2019, \$2,678,202 and \$1,518,120 were left to be distributed on the \$9,000,000 General Obligation Urban Renewal Capital Loan Note - Series 2018, and on the \$6,000,000 City Sewer Revenue Capital Loan Note - Series 2018; respectively.

Management has evaluated subsequent events through December 12, 2019, the date the financial statements were available for issuance.

**NOTE 13 – RECENTLY ISSUED PRONOUNCEMENTS**

GASB Statement No. 84, Fiduciary Activities, issued February 2017, will be effective for the City beginning with its fiscal year ending June 30, 2020. The objective of Statement No. 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally 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.

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2019**

**NOTE 13 – RECENTLY ISSUED PRONOUNCEMENTS(CONTINUED)**

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

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. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

GASB Statement No. 87, Leases, issued June 2017, will be effective for the City beginning with its fiscal year ending June 30, 2021, with earlier adoption encouraged. Statement No. 87 establishes a single approach to accounting for and reporting leases by state and local governments. Under this statement, a government entity that is a lessee must recognize (1) a lease liability and (2) an intangible asset representing the lessee's right to use the leased asset. In addition, the City must report the (1) amortization expense for using the lease asset over the shorter of the term of the lease or the useful life of the underlying asset, (2) interest expense on the lease liability and (3) note disclosures about the lease.

The Statement provides exceptions from the single-approach for short-term leases, financial purchases, leases of assets that are investments, and certain regulated leases. This statement also addresses accounting for lease terminations and modifications, sale-leaseback transactions, non-lease components embedded in lease contracts (such as service agreements), and leases with related parties.

This information is an integral part of the accompanying financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF ELDRIDGE, IOWA**  
**BUDGET COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (CASH BASIS) -**  
**GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS**  
**Year Ended June 30, 2019**

	Governmental Funds Actual	Proprietary Funds Actual	Total Actual	Original Budget	Final Budget	Budget to Actual Variance
<b>RECEIPTS</b>						
Property tax	\$ 2,583,122	\$ -	\$ 2,583,122	\$ 2,570,619	\$ 2,570,619	\$ 12,503
Tax increment financing	346,353	-	346,353	347,171	347,171	(818)
Other taxes	959,769	-	959,769	884,337	884,337	75,432
Licenses and permits	82,941	-	82,941	118,900	118,900	(35,959)
Use of money and property	61,547	103,056	164,603	38,000	38,000	126,603
Intergovernmental	866,200	-	866,200	1,718,618	1,718,618	(852,418)
Charges for services	539,975	7,436,835	7,976,810	7,334,202	7,334,202	642,608
Miscellaneous	28,661	62,853	91,514	460,012	460,012	(368,498)
Total receipts	<u>5,468,568</u>	<u>7,602,744</u>	<u>13,071,312</u>	<u>13,471,859</u>	<u>13,471,859</u>	<u>(400,547)</u>
<b>DISBURSEMENTS</b>						
Public safety	1,164,817	-	1,164,817	1,285,335	1,290,335	125,518
Public works	1,138,041	-	1,138,041	1,195,358	1,285,358	147,317
Culture and recreation	398,640	-	398,640	609,036	609,036	210,396
Community and economic development	85,398	-	85,398	107,043	132,043	46,645
General government	509,327	-	509,327	642,759	667,759	158,432
Debt service	300,761	-	300,761	279,140	304,140	3,379
Capital projects	418,096	-	418,096	2,142,000	2,142,000	1,723,904
Business type activities		13,867,446	13,867,446	13,297,438	16,298,438	2,430,992
Total disbursements	<u>4,015,080</u>	<u>13,867,446</u>	<u>17,882,526</u>	<u>19,558,109</u>	<u>22,729,109</u>	<u>4,846,583</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>1,453,488</u>	<u>(6,264,702)</u>	<u>(4,811,214)</u>	<u>(6,086,250)</u>	<u>(9,257,250)</u>	<u>4,446,036</u>
<b>OTHER FINANCING SOURCES (USES) NET</b>	<u>(215,781)</u>	<u>5,256,408</u>	<u>5,040,627</u>	<u>6,000,000</u>	<u>9,000,000</u>	<u>(3,959,373)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>1,237,707</u>	<u>(1,008,294)</u>	<u>229,413</u>	<u>(86,250)</u>	<u>(257,250)</u>	<u>486,663</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>4,177,627</u>	<u>42,129,895</u>	<u>46,307,522</u>	<u>10,948,562</u>	<u>11,834,923</u>	<u>34,472,599</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 5,415,334</u>	<u>\$ 41,121,601</u>	<u>\$ 46,536,935</u>	<u>\$ 10,862,312</u>	<u>\$ 11,577,673</u>	<u>\$ 34,959,262</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

CITY OF ELDRIDGE, IOWA  
 BUDGET TO GAAP RECONCILIATION  
 GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS  
 Year ended June 30, 2019

	Governmental Funds			Proprietary Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Receipts/revenues	\$ 5,468,568	\$ (127,203)	\$ 5,341,365	\$ 7,602,744	\$ (140,555)	\$ 7,462,189
Expenditures/expenses	4,015,080	(47,660)	3,967,420	13,867,446	(6,070,698)	7,796,748
Net	1,453,488	(79,543)	1,373,945	(6,264,702)	5,930,143	(334,559)
Other financing sources and transfer, net	(215,781)	-	(215,781)	5,256,408	-	5,256,408
Beginning fund balances/ Net position	4,177,627	-	4,177,627	42,129,895	1,000,000	43,129,895
Ending fund balances/ Net position	<u>\$ 5,415,334</u>	<u>\$ (79,543)</u>	<u>\$ 5,335,791</u>	<u>\$ 41,121,601</u>	<u>\$ 6,930,143</u>	<u>\$ 48,051,744</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –**  
**BUDGETARY REPORTING**  
**Year Ending June 30, 2019**

The budgetary comparison is presented as required supplementary information in accordance with Government Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the general fund and each major special revenue fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized in the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based on 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 projects, and business type activities. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, debt service funds, capital projects funds, and proprietary funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund or fund type. During the year, a budget amendment increased budgeted disbursements by \$3,197,000. This budget amendment is reflected in the final budgeted amounts.

**CITY OF ELDRIDGE, IOWA  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION  
LIABILITY**

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST FISCAL YEAR**

**REQUIRED SUPPLEMENTARY INFORMATION**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of net pension liability	0.0192434%	0.0210282%	0.0204653%	0.0189992%	0.0181680%
City's proportionate share of net pension liability	\$1,217,772	\$1,400,744	\$1,287,947	\$938,653	\$720,526
City's covered-employee payroll	\$2,081,918	\$2,042,256	\$2,050,003	\$1,867,067	\$ 1,774,408
City's proportionate share of the net Pension liability as a percentage of Its covered-employee payroll	58.49%	68.59%	62.83%	50.27%	40.61%
Plan fiduciary net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	84.61%

- In accordance with GASB Statements No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

**Note:** GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

See accompanying independent auditor's report.

**CITY OF ELDRIDGE, IOWA  
SCHEDULE OF CITY CONTRIBUTIONS**

**IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
LAST 10 FISCAL YEARS**

**REQUIRED SUPPLEMENTARY INFORMATION**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contributions	\$ 200,710	\$ 187,238	\$ 187,728	\$ 170,694
Contributions in relation to the statutorily required contributions	<u>(200,710)</u>	<u>(187,238)</u>	<u>(187,728)</u>	<u>(170,694)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,081,918	\$ 2,042,256	\$ 2,050,003	\$ 1,867,067
Contributions as a percentage of covered-employee payroll	9.64%	9.17%	9.16%	9.14%

See accompanying independent auditor's report.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 164,889	\$ 164,644	\$ 150,254	\$ 134,536	\$ 116,852	\$ 105,751
<u>(164,889)</u>	<u>(164,644)</u>	<u>(150,254)</u>	<u>(134,536)</u>	<u>(116,852)</u>	<u>(105,751)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,774,408	\$ 1,785,266	\$ 1,654,633	\$ 1,571,530	\$ 1,525,415	\$ 1,469,084
9.29%	9.22%	9.08%	8.56%	7.66%	7.20%

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY**  
**IOWA PUBLIC EMPLOYEE RETIREMENT SYSTEM**  
**Year ended June 30, 2019**

Changes of benefit terms:

Legislation passed in 2010 modified benefit terms for current Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3 percent per year measured from the member's first unreduced retirement age to a 6 percent reduction for each year of retirement before age 65.

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

The 2014 valuation implemented the following refinements as a result of a 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**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY**  
**IOWA PUBLIC EMPLOYEE RETIREMENT SYSTEM**  
**Year ended June 30, 2019**

*Changes of assumptions: (continued)*

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.



**SUPPLEMENTARY INFORMATION**

**CITY OF ELDRIDGE, IOWA  
COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2019**

	<b>Special Revenue</b>	
	<b>Hotel Tax Fund</b>	<b>Eldridge Unified TIF District Fund</b>
<b>ASSETS</b>		
Cash and investments	\$ 70,020	\$ 1,142
Receivables:		
Property tax		
Current year	-	-
Succeeding year	-	-
Due from other funds	4,585	5,436
 Total assets	 \$ 74,605	 \$ 6,578
<b>LIABILITIES, DEFERRED INFLOWS OF AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accrued interest payable	-	-
 Total liabilities	 -	 -
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenues:		
Succeeding year property tax	-	-
<b>FUND BALANCES</b>		
Restricted for:		
Community programs and services	74,605	-
Debt service	-	-
Urban renewal	-	6,578
Committed for:		
Capital improvements	-	-
Total fund balances	74,605	6,578
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	 \$ 74,605	 \$ 6,578

Schedule 1

<u>Capital Projects</u>			
<u>Capital Improvement Fund</u>	<u>Street Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
\$ 103,094	\$ 133,407	\$ 36,542	\$ 344,205
-	-	112	112
-	-	50,000	50,000
-	-	2,219	12,240
<u>\$ 103,094</u>	<u>\$ 133,407</u>	<u>\$ 88,873</u>	<u>\$ 406,557</u>
-	-	12,095	12,095
-	-	12,095	12,095
-	-	50,000	50,000
-	-	-	74,605
-	-	26,778	26,778
-	-	-	6,578
103,094	133,407	-	236,501
<u>103,094</u>	<u>133,407</u>	<u>26,778</u>	<u>344,462</u>
<u>\$ 103,094</u>	<u>\$ 133,407</u>	<u>\$ 88,873</u>	<u>\$ 406,557</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**CITY OF ELDRIDGE, IOWA**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Year Ended June 30, 2019**

	Special Revenue	
	Hotel Tax Fund	Eldridge Unified TIF District Fund
<b>REVENUES</b>		
Property tax	\$ -	\$ -
Tax increment financing	-	346,353
Other taxes	25,863	-
Miscellaneous	-	-
Total revenues	25,863	346,353
<b>EXPENDITURES</b>		
Operating:		
Culture and recreation	9,308	-
Community and economic development	-	2,271.00
Debt service	-	-
Capital projects	10,867	-
Total expenditures	20,175	2,271.00
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	5,688	344,082
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating transfers in	-	-
Operating transfers out	-	(347,171)
Total other financing sources (uses)	-	(347,171)
<b>NET CHANGES IN FUND BALANCES</b>	5,688	(3,089)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	68,917	9,667
<b>FUND BALANCES, END OF YEAR</b>	\$ 74,605	\$ 6,578

Schedule 2

<u>Capital Projects</u>			
<u>Capital Improvement Fund</u>	<u>Street Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
\$ -	\$ -	\$ 49,895	\$ 49,895
-	-	-	346,353
-	1,113	-	26,976
40	-	1,674	1,714
<u>40</u>	<u>1,113</u>	<u>51,569</u>	<u>424,938</u>
-	-	-	9,308
-	-	-	2,271.00
-	-	309,295	309,295
4,750	-	-	15,617
<u>4,750</u>	<u>-</u>	<u>309,295</u>	<u>336,491</u>
<u>(4,710)</u>	<u>1,113</u>	<u>(257,726)</u>	<u>88,447</u>
75,000	25,000	254,990	354,990
-	-	-	(347,171)
<u>75,000</u>	<u>25,000</u>	<u>254,990</u>	<u>7,819</u>
70,290	26,113	(2,736)	96,266
32,804	107,294	29,514	248,196
<u>\$ 103,094</u>	<u>\$ 133,407</u>	<u>\$ 26,778</u>	<u>\$ 344,462</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**CITY OF ELDRIDGE, IOWA**  
**SCHEDULE OF REVENUES BY SOURCES AND EXPENDITURES BY FUNCTION -**  
**ALL GOVERNMENTAL FUNDS FOR THE LAST TEN YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>REVENUES</b>					
Property tax	\$ 2,580,095	\$ 2,397,055	\$ 2,385,897	\$ 2,063,545	\$ 2,002,223
Tax increment financing	346,353	255,812	308	740,379	621,419
Other taxes	835,593	896,347	1,036,374	893,643	906,392
Licenses and permits	82,941	108,112	147,215	124,835	116,975
Use of money and property	64,838	61,377	66,400	67,038	64,497
Intergovernmental	866,200	936,247	948,404	761,218	588,723
Charges for services	539,975	534,680	546,415	548,377	563,397
Miscellaneous	25,370	80,392	273,886	11,867	29,019
Total	<u>\$ 5,341,365</u>	<u>\$ 5,270,022</u>	<u>\$ 5,404,899</u>	<u>\$ 5,210,902</u>	<u>\$ 4,892,645</u>
<b>EXPENDITURES</b>					
Operating:					
Public safety	\$ 1,165,985	\$ 1,090,815	\$ 1,062,153	\$ 1,007,579	\$ 972,776
Public works	1,060,591	1,265,471	1,038,394	931,154	906,164
Culture and recreation	389,200	382,573	455,794	392,167	419,211
Community/economic development	85,398	85,795	94,103	236,136	213,817
General government	527,283	619,659	550,942	427,368	421,227
Debt service	309,295	260,011	252,565	650,866	671,007
Capital projects	429,668	2,593,707	1,173,947	1,049,910	1,671,021
Total	<u>\$ 3,967,420</u>	<u>\$ 6,298,031</u>	<u>\$ 4,627,898</u>	<u>\$ 4,695,180</u>	<u>\$ 5,275,223</u>

Note: The City of Eldridge, Iowa implemented Governmental Accounting Standards Board (GASB) Statement No. 34 in the year ended June 30, 2003.

Schedule 3

	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$	1,951,781	\$ 1,869,454	\$ 1,772,193	\$ 1,720,593	\$ 1,616,973
	714,147	790,596	789,653	544,048	456,173
	876,291	853,710	837,367	729,757	699,409
	116,525	124,631	99,127	114,398	106,688
	57,458	50,042	47,595	47,499	49,529
	568,874	563,124	1,096,587	623,767	446,256
	545,313	527,952	515,767	435,785	417,246
	52,976	59,659	100,199	31,009	95,473
	<u>\$ 4,883,365</u>	<u>\$ 4,839,168</u>	<u>\$ 5,258,488</u>	<u>\$ 4,246,856</u>	<u>\$ 3,887,747</u>
\$	959,439	\$ 961,658	\$ 904,303	\$ 822,089	\$ 703,596
	943,512	804,455	790,725	781,744	784,182
	396,983	375,264	338,282	307,703	283,197
	283,119	173,309	241,889	248,406	200,039
	436,879	333,673	329,062	350,137	274,182
	541,830	513,574	426,651	549,917	665,977
	1,438,964	1,398,325	1,580,138	1,368,181	1,541,288
	<u>\$ 5,000,726</u>	<u>\$ 4,560,258</u>	<u>\$ 4,611,050</u>	<u>\$ 4,428,177</u>	<u>\$ 4,452,461</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

**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***

The Honorable Mayor and  
Members of the City Council  
City of Eldridge, Iowa:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental 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 City of Eldridge, Iowa, as of and for the year ended June 30, 2019, and the related notes to financial statements, which collectively comprise the City of Eldridge, Iowa's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 12, 2019.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the Part II of the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.



## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Eldridge, Iowa's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Comments involving statutory and other legal matters about the City of Eldridge, Iowa's operations for the year ended June 30, 2019, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements. 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 of Eldridge, Iowa's Responses to Findings

The City of Eldridge, Iowa's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The City of Eldridge, Iowa's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## 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 result of that testing and not to provide an opinion on the effectiveness of the City of Eldridge, Iowa's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Eldridge, Iowa's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Eldridge, Iowa during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

*Mayor, City of Eldridge*

Clinton, Iowa  
December 12, 2019

**CITY OF ELDRIDGE, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2019**

**Part II: Findings Related to the Financial Statements**

**INTERNAL CONTROL DEFICIENCIES**

**II-A-19 Segregation of Duties**

Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps to detect and correct misstatements due to error or fraud on a timely basis.

Condition - The City has limited number of employees responsible for posting, updating, and maintaining the general ledger and subsidiary ledgers.

Cause - The City has limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect - Inadequate segregation of duties could adversely affect the City's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation - We realize segregation of duties is difficult with the limited number and capabilities of office personnel. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing available staff, including elected officials.

Response - The City will continue to review operating procedures and rotate duties among available personnel as feasible. Additionally, cross-training will continue to take place.

Conclusion: Response accepted.

**CITY OF ELDRIDGE, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2019**

**Part II: Findings Related to the Financial Statements** (continued)

II-B-19 Preparation of Financial Statements

Criteria - Management is responsible for establishing and maintaining internal control, which includes the preparation and fair presentation of the financial statements and the accompanying disclosures in accordance with U.S. generally accepted accounting principles and the standards applicable to financial audits contained in Government Auditing Standards, as issued by the Comptroller General of the United States.

Condition - The City, as part of the audit, engages Miner, Gilroy and Meade CPA PC to assist in preparing its financial statements the accompanying disclosures in accordance with U.S. generally accepted accounting principles and the standards applicable to financial audits contained in Government Auditing Standards, as issued by the Comptroller General of the United States.

Cause - The City, due to time and cost constraints, relies on the auditor to draft the financial statements and the accompanying disclosures.

Effect - As independent auditors, Miner, Gilroy and Meade CPA, PC, cannot be considered part of the City's internal control system.

Recommendation - The City should implement a comprehensive review procedure to ensure that the financial statements, including the disclosures, are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of generally accepted accounting principles and governmental accounting standards.

Response - The City will continue to review and monitor procedures currently in place, and explore options to educate and train staff to help mitigate the risks associated with the preparation of the annual financial statements.

Conclusion: Response accepted.

**INSTANCES OF NON-COMPLIANCE**

No matters were noted.

**CITY OF ELDRIDGE, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2019**

**Part III: Other Findings Related to Required Statutory Reporting**

III-A-19 Certified Budget

Finding: Disbursements during the year ended June 30, 2019 did not exceed budgeted amounts in any service function. Chapter 384.20 of the Code of Iowa, which states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation”.

III-B-19 Questionable Expenditures

Finding: No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.

III-C-19 Travel Expenses

Finding: No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

III-D-19 Business Transactions.

Finding: No business transactions between the City and City officials or employees were noted.

III-E-19 Bond Coverage

Finding: 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 coverage is adequate for current operations.

III-F-19 City Council Minutes

Finding: No transactions were found that we believe should have been approved in the Council or Utility Boards minutes but were not.

III-G-19 Deposits and Investments

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

III-H-19 Revenue Bonds

Finding: The City has established the sinking reserve funds as required by revenue bonds provisions. No instances of non-compliance with the revenue bonds provisions were noted.

III-I-19 Annual Urban Renewal Report

Finding: The annual urban renewal report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.