

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

**JUNE 30, 2015**

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**CITY OF ELDRIDGE, IOWA  
OFFICIALS  
June 30, 2015**

<b><u>Name</u></b>	<b><u>Title</u></b>	<b><u>Term Expires</u></b>
Marty O'Boyle	Mayor	January 2018
Brian Dockery	Council Member	January 2018
Steve Mohr	Council Member	January 2020
Bernie Peeters	Council Member	January 2020
Steve Puls	Council Member	January 2018
Adrian Blackwell	Council Member	January 2020
Frank King	Council Member	January 2018
Lynnelle Anderson	Utility Board Trustee	February 2020
Michael E. Ripperger	Utility Board Trustee	February 2015
James Skadal	Utility Board Trustee	February 2021
Donald M. Stoltenberg	Utility Board Trustee	February 2017
Michael Anderson	Utility Board Trustee	February 2018
Brock Kroeger	Utility Board Trustee	February 2016
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, 2015, and the 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, 2015, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with U.S. generally accepted accounting principles.

### Emphasis of Matter

As discussed in Note 6 to the financial statements, City of Eldridge, Iowa adopted new accounting guidance related to the Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and

Financial Reporting for Pensions – an Amendment of GASB Statement No. 27. Our opinions are not modified with respect to this matter.

Other Matters

*Required Supplementary Information*

U.S. generally accepted accounting principles require Management's Discussion and Analysis and the Budgetary Comparison Information on pages 4 through 11 and 49 through 56 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 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 five years ended June 30, 2014 (which are not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the three years 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, is 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 January 12, 2016 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 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 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.

*Minor, Hilary : Made C/A PC*

Clinton, Iowa  
January 12, 2016

**CITY OF ELDRIDGE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

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, 2015. We encourage readers to consider this information in conjunction with the City's financial statements.

**2015 FINANCIAL HIGHLIGHTS**

- Revenues of the City's governmental program and activity revenues increased \$9,283 or .19 % over the prior fiscal year. Program expenses of the City's governmental activities decreased \$1,564,084 or 26.27% under the prior year.
- Revenues of the City's business type activities increased by \$33,214 or .47% over the prior year; and expenses decreased \$660,615 or 8.89% under the prior year.
- The City's total net position increased \$747,909 or 1.55% from June 30, 2014 to June 30, 2015. Of this amount, the net position after transfers of the governmental activities increased \$571,346 and the net position after transfers of the business type activities increased \$176,563.

**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.

Supplemental Information provides detailed information about the City's nonmajor governmental funds and special revenue funds.

**CITY OF ELDRIDGE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

**REPORTING THE CITY'S FINANCIAL ACTIVITIES**

1) Government-wide Financial Statement

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, 2015**

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

2) 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 balance. 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.



**CITY OF ELDRIDGE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

**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>	
		(Not restated)		(Not restated)		(Not Restated)
	June 30,	June 30,	June 30,	June 30,	June 30,	June 30,
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 5,548,847	\$ 5,503,578	\$ 7,808,499	\$ 7,036,651	\$13,357,346	\$12,540,229
Capital assets	<u>5,847,988</u>	<u>5,544,790</u>	<u>37,899,591</u>	<u>38,908,530</u>	<u>43,747,579</u>	<u>44,453,320</u>
Total assets	<u>11,396,835</u>	<u>11,048,368</u>	<u>45,708,090</u>	<u>45,945,181</u>	<u>57,104,925</u>	<u>56,993,549</u>
Deferred outflows						
Of resources	<u>207,847</u>	<u>-</u>	<u>133,923</u>	<u>-</u>	<u>341,770</u>	<u>-</u>
Other liabilities	508,679	249,074	213,385	253,350	722,064	502,424
Long-term liabilities	<u>3,720,088</u>	<u>3,781,721</u>	<u>1,640,293</u>	<u>1,625,419</u>	<u>5,360,381</u>	<u>5,407,140</u>
Total liabilities	<u>4,228,767</u>	<u>4,030,795</u>	<u>1,853,678</u>	<u>1,878,769</u>	<u>6,082,445</u>	<u>5,909,564</u>
Deferred inflows						
of resources	<u>2,246,527</u>	<u>1,960,202</u>	<u>200,514</u>	<u>-</u>	<u>2,447,041</u>	<u>1,960,202</u>
Net position:						
Invested in capital assets,						
net of related debt	2,685,843	1,980,426	36,729,591	37,408,530	39,415,434	39,388,956
Restricted	1,575,216	1,328,832	420,575	420,575	1,995,791	1,749,407
Unrestricted	<u>868,329</u>	<u>1,748,113</u>	<u>6,637,655</u>	<u>6,237,307</u>	<u>7,505,984</u>	<u>7,985,420</u>
Total net position	<u>\$ 5,129,388</u>	<u>\$ 5,057,371</u>	<u>\$43,787,821</u>	<u>\$44,066,412</u>	<u>\$48,917,209</u>	<u>\$49,123,783</u>

Net position of governmental activities increased \$571,346 or 12.53% over the prior year. Net position of business type activities increased \$176,563 or 4.05% 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. Restricted net position represent 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 \$7,505,984 at the end of this year, compared to \$7,985,420 in the prior year.

Revenues for governmental activities increased by \$9,283 over the prior year. This increase was attributable to increases in charges for services, and increases in property, franchise, road use, and local option sales taxes, despite decreases in TIF taxes. The cost of all governmental activities this year decreased by 26.27% or \$1,564,084, from under the prior. Decreases in public works expenditures were responsible for the majority of this decrease.

**CITY OF ELDRIDGE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

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

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	
	(Not restated)		(Not restated)		(Not restated)	
	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>	<u>June 30,</u>
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues:						
Charges for service	\$ 680,372	\$ 661,838	\$ 6,915,613	\$ 6,944,967	\$ 7,595,985	\$ 7,606,805
Capital grants and contributions	6,986	18,971	-	-	6,986	18,971
General revenues:						
Property tax levied for:						
General purpose	1,961,507	1,911,882	-	-	1,961,507	1,911,882
Debt service	40,716	39,899	-	-	40,716	39,899
Tax increment financing	621,419	714,147	-	-	621,419	714,147
Franchise tax	48,417	39,982	-	-	48,417	39,982
Road use tax	587,605	564,274	-	-	587,605	564,274
Local option sales tax	856,522	834,772	-	-	856,523	834,772
Assessments	1,453	1,537	-	-	1,453	1,537
Interest on investments	9,647	2,513	38,637	7,923	48,284	10,436
Miscellaneous	<u>78,001</u>	<u>93,547</u>	<u>63,907</u>	<u>32,053</u>	<u>141,908</u>	<u>125,600</u>
Total	<u>4,892,645</u>	<u>4,883,362</u>	<u>7,018,157</u>	<u>6,984,943</u>	<u>11,910,802</u>	<u>11,868,305</u>
Program expense						
Public safety	1,008,566	988,265	-	-	974,823	988,265
Public works	2,157,443	3,636,632	-	-	2,157,433	3,636,632
Culture and recreation	429,282	454,577	-	-	429,282	455,533
Community and economic development	211,971	283,119	-	-	211,971	283,119
General government	432,829	454,943	-	-	432,829	454,943
Interest on long-term debt	148,698	135,667	21,551	108,540	170,249	244,207
Electric	-	-	4,436,867	4,731,864	4,436,867	4,731,864
Water	-	-	740,847	804,065	740,847	804,065
Sewer	-	-	1,066,086	1,250,460	1,066,086	1,250,460
Community center	-	-	283,159	287,625	283,159	287,625
Fitness center	-	-	225,264	251,835	225,264	251,835
Loss on disposition of assets	-	-	-	-	-	-
Total	<u>4,389,119</u>	<u>5,953,203</u>	<u>6,773,774</u>	<u>7,434,389</u>	<u>11,162,893</u>	<u>13,387,592</u>
Changes in net position						
Before transfers	503,526	(1,069,841)	244,383	(449,446)	747,909	(1,519,287)
Transfers	67,820	42,200	(67,820)	(42,200)	-	-
Net position, beginning of year, as restated	<u>4,558,042</u>	<u>6,085,012</u>	<u>43,611,258</u>	<u>44,558,058</u>	<u>48,169,300</u>	<u>50,643,070</u>
Net position, end of year	<u>\$ 5,129,388</u>	<u>\$ 5,057,371</u>	<u>\$43,787,821</u>	<u>\$44,066,412</u>	<u>\$48,917,209</u>	<u>\$49,123,783</u>

**CITY OF ELDRIDGE, IOWA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2015**

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

Net position of business type activities increased by \$176,563 or 4.05% over the prior year. Charges for services remained fairly constant; however, decreases of operating expenses in all the funds accounted for the increase in net position of the business type activities.

The Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB No 27 was implemented during fiscal year 2015. The beginning net position for governmental activities and business-type activities were restated \$499,329 and \$455,154, respectively, to retroactively report the net pension liability as of June 30, 2013 and deferred outflows of resources related to contributions made after June 30, 2013 but prior to July 1, 2014. The financial statement amounts for fiscal year 2014 net pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources were not restated because the information was not available. In the past pension expense was the amount of the employer contribution. Current reporting provides a more comprehensive measure of pension expense which is more reflective of the amounts employees earned during the year.

**INDIVIDUAL MAJOR FUND ANALYSIS**

**Governmental fund Highlights**

As the City of Eldridge completed the year, its governmental funds reported a combined fund balance of \$3,013,617, which is 8.52% less than the \$3,294,302 total fund balance at June 30, 2014. 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 \$29,120 from the prior year to \$1,203,304. While revenues increased by \$83,171 or 3.10% to \$2,763,336, expenditures also increased by \$129,153 or 4.68% to \$2,889,136 over the prior year. Other financing sources also increased to \$154,920; compared to \$6,800 in the prior year.

The Special Revenue, Road Use Tax Fund that accounts for road construction and maintenance, had a decrease in fund balance of \$290,011 at June 30, 2015, attributable to increased capital project expenditures in the current year. The Road Use Tax Fund ended fiscal year 2015 with a \$131,142 fund balance compared to the prior year's ending fund balance of \$421,153.

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 \$339,415 in fund balance at June 30, 2015. Decreases in capital projects in comparison to the prior year accounted for this increase in fund balance. Net transfers out to operating funds increased by \$221,480 to total \$345,876 in the current year, as compared to \$124,396 for 2014.

**CITY OF ELDRIDGE, IOWA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2015**

**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 \$19,511,740 at June 30, 2015 compared to a restated net position of \$19,158,532 at June 30, 2014.

The Enterprise, Water Fund, which accounts for the operation and maintenance of the City's water system, had a net position of \$8,122,644 at June 30, 2015 compared to a restated net position of \$8,022,823 at June 30, 2014.

The Enterprise, Sewer Fund, which accounts for the operation and maintenance of the City's sewer system, had a net position of \$14,904,820 at June 30, 2015 compared to a restated net position of \$15,150,127 at June 30, 2014.

The Enterprise, Community Center Fund, which accounts for the operation of the City's Community Center, had a net position of \$699,892 at June 30, 2015 compared to a restated net position of \$714,590 at June 30, 2014.

The Enterprise, Fitness Center fund, which accounts for the operation of the City's Fitness Center, had a net position of \$548,725 at June 30, 2015 compared to a restated net position of \$565,186 at June 30, 2014.

**BUDGETARY HIGHLIGHTS**

On May 4, 2015, the City amended its budget to cover unplanned disbursements in public safety, public works, community and economic development, general government, capital projects, and business type activities. The City's receipts (before other financing sources) were \$10,146 less than amended budgeted receipts, an unfavorable variance of .09%. The most significant variance resulted from miscellaneous budgeted revenues. The budget also included investment income, miscellaneous income, and charges for services for the proprietary funds in addition to the governmental funds.

The City's disbursements were \$1,690,107 less than amended budgeted disbursements, a favorable variance of 13.08%. The largest variances were in public works, culture & recreation, and business type activities. The City did not exceed budgeted disbursements in any function area for the year ended June 30, 2015.

**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 \$5,847,988 net of accumulated depreciation, at June 30, 2015. Capital assets of business type activities totaled \$37,899,591, net of accumulated depreciation, at June 30, 2015, 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, 2015**

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

Long-Term Debt

At June 30, 2015, the City had \$3,235,000 in total long-term debt outstanding for governmental activities. The City issued \$2,715,000 in general obligation bonds on March 10, 2015 to advance refund \$2,620,000 of outstanding 2007 general obligation bonds. The City completed the advance refunding to reduce its future debt service payments. The City also had \$1,170,000 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 2015-2016 fiscal year are:

<u>Tax Levy Purpose</u>	<u>Estimated Levy Rate</u>
Regular General Levy	\$ 6.59
Tort Liability Levy	.10
Debt Service Levy	.14
Total Tax Levy	<u>\$ 6.83</u>
 Agricultural Land Levy	 <u>\$ 2.99</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, 2015**

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 3,211,058	\$ 5,832,312	\$ 9,043,370
Receivables:			
Property tax			
Current year	45,081	-	45,081
Succeeding year	2,027,150	-	2,027,150
Other tax	66,328	-	66,328
Customer accounts and unbilled usage	-	504,205	504,205
Other	29,694	-	29,694
Inventories	26,471	596,159	622,630
Prepaid insurance	70,210	65,043	135,253
Restricted cash and investments	-	810,780	810,780
Due from other funds	72,855	-	72,855
Capital assets, net of accumulated depreciation	<u>5,847,988</u>	<u>37,899,591</u>	<u>43,747,579</u>
Total assets	<u>11,396,835</u>	<u>45,708,090</u>	<u>57,104,925</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	146,920	133,923	280,843
Refunding bond related deferred outflows	<u>60,927</u>	<u>-</u>	<u>60,927</u>
Total outflows of resources	<u>207,847</u>	<u>133,923</u>	<u>341,770</u>
<b>LIABILITIES</b>			
Accounts payable	334,544	57,517	392,061
Accrued interest payable	11,876	1,336	13,212
Salaries and benefits payable	35,540	29,662	65,202
Accrued expenses	1,324	58,018	59,342
Due to other funds	72,855	-	72,855
Compensated absences	52,540	66,852	119,392
Long-term liabilities:			
Portion due or payable within one year:			
Customer deposits	-	53,869	53,869
Capital lease	28,505	-	28,505
General obligation bonds and notes	520,000	-	520,000
Revenue bonds	-	335,000	335,000
Portion due or payable after one year:			
General obligation bonds and notes	2,715,000	-	2,715,000
Revenue bonds	-	835,000	835,000
Net pension liability	376,936	343,590	720,526
Compensated absences	<u>79,647</u>	<u>72,834</u>	<u>152,481</u>
Total liabilities	<u>4,228,767</u>	<u>1,853,678</u>	<u>6,082,445</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues:			
Succeeding year property tax	2,026,551	-	2,026,551
Pension related deferred inflows	<u>219,976</u>	<u>200,514</u>	<u>420,490</u>
Total deferred inflows of resources	<u>2,246,527</u>	<u>200,514</u>	<u>2,447,041</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	2,685,843	36,729,591	39,415,434
Restricted for:			
Capital projects	1,300,182	-	1,300,182
Community programs and services	80,484	-	80,484
Debt service	40,426	-	40,426
Revenue bonds retirement	-	420,575	420,575
Urban renewal	154,124	-	154,124
Unrestricted	<u>868,329</u>	<u>6,637,655</u>	<u>7,505,984</u>
Total net position	<u>\$ 5,129,388</u>	<u>\$ 43,787,821</u>	<u>\$ 48,917,209</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, 2015**

FUNCTIONS/PROGRAMS	Expenses	Program Revenues	
		Charges for Services	Capital Grants and Contributions
Governmental activities:			
Public safety	\$ 1,008,566	\$ 134,691	\$ 4,425
Public works	2,157,773	293,972	-
Culture and recreation	429,282	101,555	-
Community and economic development	211,971	550	-
General government	432,829	149,604	2,561
Interest on long-term debt	148,698	-	-
Total governmental activities	<u>4,389,119</u>	<u>680,372</u>	<u>6,986</u>
Business type activities:			
Electric	4,436,867	4,732,949	-
Water	740,847	829,950	-
Sewer	1,066,086	895,882	-
Community center	283,159	264,561	-
Fitness center	225,264	192,271	-
Interest on long-term debt	21,551	-	-
Total business type activities	<u>6,773,774</u>	<u>6,915,613</u>	<u>-</u>
<b>TOTAL</b>	<u><u>\$ 11,162,893</u></u>	<u><u>\$ 7,595,985</u></u>	<u><u>\$ 6,986</u></u>

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

**CHANGES IN NET POSITION**

**NET POSITION, BEGINNING OF YEAR,**  
**AS RESTATED**  
**NET POSITION, END OF YEAR**



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

<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Total</b>
\$ (869,450)	-	\$ (869,450)
(1,863,801)	-	(1,863,801)
(327,727)	-	(327,727)
(211,421)	-	(211,421)
(280,664)	-	(280,664)
(148,698)	-	(148,698)
<u>(3,701,761)</u>	<u>-</u>	<u>(3,701,761)</u>
-	296,082	296,082
-	89,103	89,103
-	(170,204)	(170,204)
-	(18,598)	(18,598)
-	(32,993)	(32,993)
-	(21,551)	(21,551)
<u>-</u>	<u>141,839</u>	<u>141,839</u>
<u>\$ (3,701,761)</u>	<u>\$ 141,839</u>	<u>\$ (3,559,922)</u>
1,961,507	-	1,961,507
40,716	-	40,716
621,419	-	621,419
48,417	-	48,417
587,605	-	587,605
856,522	-	856,522
1,453	-	1,453
9,647	38,637	48,284
67,820	(67,820)	-
78,001	63,907	141,908
<u>4,273,107</u>	<u>34,724</u>	<u>4,307,831</u>
571,346	176,563	747,909
<u>4,558,042</u>	<u>43,611,258</u>	<u>48,169,300</u>
<u>\$ 5,129,388</u>	<u>\$ 43,787,821</u>	<u>\$ 48,917,209</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, 2015**

	<u>Special Revenue</u>			<u>Other</u>	
	<u>General</u>	<u>Road Use Tax</u>	<u>Sales Tax</u>	<u>Nonmajor</u>	<u>Total All</u>
	<u>Fund</u>	<u>Fund</u>	<u>Projects</u>	<u>Governmental</u>	<u>Funds</u>
			<u>Fund</u>	<u>Funds</u>	
<b>ASSETS</b>					
Cash and investments	\$ 1,207,160	\$ 361,287	\$ 1,275,102	\$ 367,509	\$ 3,211,058
Receivables:					
Property tax				-	
Current year	26,554	-	-	18,527	45,081
Succeeding year	1,982,064	-	-	45,086	2,027,150
Other tax	-	-	66,328	-	66,328
Other	29,694	-	-	-	29,694
Inventories	26,471	-	-	-	26,471
Prepaid insurance	70,210	-	-	-	70,210
Due from other funds	-	-	60,615	12,240	72,855
<b>TOTAL ASSETS</b>	<u>\$ 3,342,153</u>	<u>\$ 361,287</u>	<u>\$ 1,402,045</u>	<u>\$ 443,362</u>	<u>\$ 5,548,847</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 59,726	\$ 169,530	\$ 97,278	\$ 8,010	\$ 334,544
Accrued interest payable	-	-	-	11,876	11,876
Salaries and benefits payable	35,540	-	-	-	35,540
Accrued expenses	1,324	-	-	-	1,324
Due to other funds	7,655	60,615	4,585	-	72,855
Compensated absences	52,540	-	-	-	52,540
Total liabilities	<u>156,785</u>	<u>230,145</u>	<u>101,863</u>	<u>19,886</u>	<u>508,679</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues:					
Succeeding year property tax	<u>1,982,064</u>			<u>44,487</u>	<u>2,026,551</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Inventories and prepaid insurance	96,681	-	-	-	96,681
Restricted for:					
Capital projects	-	-	1,300,182	-	1,300,182
Community programs and services	-	-	-	80,484	80,484
Debt service	-	-	-	40,426	40,426
Urban renewal	-	-	-	154,124	154,124
Committed for:					
Capital projects	-	-	-	103,955	103,955
General equipment replacement	216,613	-	-	-	216,613
Unassigned	890,010	131,142	-	-	1,021,152
Total fund balances	<u>1,203,304</u>	<u>131,142</u>	<u>1,300,182</u>	<u>378,989</u>	<u>3,013,617</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 3,342,153</u>	<u>\$ 361,287</u>	<u>\$ 1,402,045</u>	<u>\$ 443,362</u>	<u>\$ 5,548,847</u>

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, 2015**

Total governmental fund balance (page 15) \$ 3,013,617

***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 \$30,789,114 and the accumulated depreciation is \$24,941,126.

5,847,988

For debt refunds resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred outflow of resource.

60,927

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	\$	146,920	
Deferred inflows of resources		<u>(219,976)</u>	(73,056)

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.

(3,720,088)

**Net position of governmental activities (page 12)** **\$ 5,129,388**

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, 2015**

	<u>Special Revenue</u>			<u>Other Nonmajor Governmental Funds</u>	<u>Total All Funds</u>
	<u>General Fund</u>	<u>Road Use Tax Fund</u>	<u>Sales Tax Projects Fund</u>		
<b>REVENUES</b>					
Property tax	\$ 1,961,507	\$ -	\$ -	\$ 40,716	\$ 2,002,223
Tax increment financing	-	-	-	621,419	621,419
Other taxes	48,417	-	817,380	40,595	906,392
Licenses and permits	116,975	-	-	-	116,975
Rent	54,850	-	-	-	54,850
Intergovernmental	1,118	587,605	-	-	588,723
Charges for services	563,397	-	-	-	563,397
Interest on investments	9,647	-	-	-	9,647
Miscellaneous	7,425	-	19,033	2,561	29,019
Total revenues	<u>2,763,336</u>	<u>587,605</u>	<u>836,413</u>	<u>705,291</u>	<u>4,892,645</u>
<b>EXPENDITURES</b>					
Operating:					
Public safety	972,776	-	-	-	972,776
Public works	828,488	77,676	-	-	906,164
Culture and recreation	396,129	-	-	23,082	419,211
Community and economic development	81,209	-	-	132,608	213,817
General government	421,227	-	-	-	421,227
Debt service	-	-	-	671,007	671,007
Capital projects	189,307	950,400	151,122	380,192	1,671,021
Total expenditures	<u>2,889,136</u>	<u>1,028,076</u>	<u>151,122</u>	<u>1,206,889</u>	<u>5,275,223</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>(125,800)</u>	<u>(440,471)</u>	<u>685,291</u>	<u>(501,598)</u>	<u>(382,578)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from sale of refunding bonds	-	-	-	2,670,067	2,670,067
Payment to refunded bond escrow agent	-	-	-	(2,635,994)	(2,635,994)
Operating transfers in	154,920	175,460	137,680	713,456	1,181,516
Operating transfers out	-	(25,000)	(483,556)	(605,140)	(1,113,696)
Total other financing sources (uses)	<u>154,920</u>	<u>150,460</u>	<u>(345,876)</u>	<u>142,389</u>	<u>101,893</u>
<b>NET CHANGE IN FUND BALANCE</b>	29,120	(290,011)	339,415	(359,209)	(280,685)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>1,174,184</u>	<u>421,153</u>	<u>960,767</u>	<u>738,198</u>	<u>3,294,302</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 1,203,304</u>	<u>\$ 131,142</u>	<u>\$ 1,300,182</u>	<u>\$ 378,989</u>	<u>\$ 3,013,617</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, 2015**

Net change in fund balances - total governmental funds (page 17) \$ (280,685)

*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	(278,621)	
Expenditures for capital assets	581,820	
	581,820	303,199

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		86,259
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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. Current year repayments, as follows:

Proceeds from sale of refunding bonds	(2,670,067)	
Payment to refunded bond escrow agent	2,635,994	
Bond principal	495,000	
Lease payment	27,309	
Pension expense	(36,922)	
Compensated absences	11,259	
	11,259	462,573

Changes in net position of governmental activities (page 14)		\$ 571,346
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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, 2015**

	<u>Electric Fund</u>	<u>Water Fund</u>
<b>ASSETS</b>		
Cash and investments	\$ 3,896,821	\$ 946,680
Receivables:		
Customer accounts and unbilled usage	338,538	78,903
Inventories	367,783	14,413
Prepaid insurance	25,348	8,449
Restricted assets:		
Cash and investments	618,653	192,127
Capital assets, net of accumulated depreciation	<u>15,642,807</u>	<u>7,188,649</u>
Total assets	<u>20,889,950</u>	<u>8,429,221</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related deferred outflows	44,289	20,704
<b>LIABILITIES</b>		
Accounts payable	46,527	2,137
Salaries and benefits payable	9,752	4,401
Accrued expenses	58,018	-
Payable from restricted assets:		
Customer deposits	37,795	16,074
Revenue bonds	230,000	105,000
Accrued interest payable	783	553
Note payable	-	-
Compensated absences	66,852	-
Long-term liabilities:		
Revenue bonds	720,000	115,000
Net pension liability	113,627	53,117
Compensated absences	<u>72,834</u>	<u>-</u>
Total liabilities	<u>1,356,188</u>	<u>296,282</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related deferred inflows	66,311	30,999
<b>NET POSITION</b>		
Invested in capital assets, net of related debt	14,692,807	6,968,649
Restricted for:		
Revenue bonds retirement	350,075	70,500
Unrestricted:		
Designated for:		
Equipment replacement	340,309	314,217
Capital projects	100,000	-
Undesignated	<u>4,028,549</u>	<u>769,278</u>
Total net position	<u>\$ 19,511,740</u>	<u>\$ 8,122,644</u>

<b>Sewer Fund</b>	<b>Community Center Fund</b>	<b>Fitness Center Fund</b>	<b>Total All Funds</b>
\$ 914,885	\$ 38,920	\$ 35,006	\$ 5,832,312
86,764	-	-	504,205
207,505	4,910	1,548	596,159
19,810	6,234	5,202	65,043
-	-	-	810,780
13,795,519	711,457	561,159	37,899,591
15,024,483	761,521	602,915	45,708,090
33,996	19,221	15,713	133,923
8,832	21	-	57,517
6,707	2,738	6,064	29,662
-	-	-	58,018
-	-	-	53,869
-	-	-	335,000
-	-	-	1,336
-	-	-	-
-	-	-	66,852
-	-	-	835,000
87,220	49,313	40,313	343,590
-	-	-	72,834
102,759	52,072	46,377	1,853,678
50,900	28,778	23,526	200,514
13,795,519	711,457	520,846	36,689,278
-	-	-	420,575
222,552	-	-	877,078
-	-	-	100,000
886,749	(11,565)	27,879	5,700,890
\$ 14,904,820	\$ 699,892	\$ 548,725	\$ 43,787,821

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, 2015**

	<u>Electric Fund</u>	<u>Water Fund</u>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 4,732,949	\$ 829,950
Miscellaneous	<u>35,625</u>	<u>24,779</u>
Total operating revenues	<u>4,768,574</u>	<u>854,729</u>
<b>OPERATING EXPENSES</b>		
Business type activities:		
Cost of sales and services	3,923,702	471,759
Depreciation	<u>513,165</u>	<u>269,088</u>
Total operating expenses	<u>4,436,867</u>	<u>740,847</u>
<b>NET INCOME (LOSS) FROM OPERATIONS</b>	<u>331,707</u>	<u>113,882</u>
<b>OTHER INCOME (EXPENSE)</b>		
Interest on investments	26,092	2,899
Interest expense	<u>(11,791)</u>	<u>(9,760)</u>
Total other revenues (expenses)	<u>14,301</u>	<u>(6,861)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Operating transfer in	7,200	-
Operating transfer out	<u>-</u>	<u>(7,200)</u>
Total other financing sources (uses)	<u>7,200</u>	<u>(7,200)</u>
<b>NET INCOME (LOSS)</b>	353,208	99,821
<b>NET POSITION, BEGINNING OF YEAR, AS RESTATED</b>	<u>19,158,532</u>	<u>8,022,823</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 19,511,740</u></u>	<u><u>\$ 8,122,644</u></u>



<b>Sewer Fund</b>	<b>Community Center Fund</b>	<b>Fitness Center Fund</b>	<b>Total All Funds</b>
\$ 895,882	\$ 264,561	\$ 192,271	\$ 6,915,613
-	1,971	1,532	63,907
895,882	266,532	193,803	6,979,520
614,491	253,224	205,068	5,468,244
451,595	29,935	20,196	1,283,979
1,066,086	283,159	225,264	6,752,223
(170,204)	(16,627)	(31,461)	227,297
7,717	1,929	-	38,637
-	-	-	(21,551)
7,717	1,929	-	17,086
-	-	15,000	22,200
(82,820)	-	-	(90,020)
(82,820)	-	15,000	(67,820)
(245,307)	(14,698)	(16,461)	176,563
15,150,127	714,590	565,186	43,611,258
\$ 14,904,820	\$ 699,892	\$ 548,725	\$ 43,787,821

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, 2015**

	<u>Electric Fund</u>	<u>Water Fund</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers and users	\$ 4,717,629	\$ 838,328
Cash received from other revenues	35,625	24,779
Cash paid for personal services	(406,216)	(189,749)
Cash paid to suppliers	(3,462,446)	(298,394)
Net cash provided (used) by operating activities	<u>884,592</u>	<u>374,964</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Advances from other funds, net of advance repayments	<u>7,200</u>	<u>(7,200)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES</b>		
Acquisition of capital assets	(232,235)	-
Principal paid on revenue bonds and capital leases	(230,000)	(105,000)
Interest paid on revenue bonds and capital leases	(12,040)	(10,020)
Net cash provided (used) by capital and related financing activities	<u>(474,275)</u>	<u>(115,020)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	<u>26,092</u>	<u>2,899</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	443,609	255,643
<b>CASH AND INVESTMENTS, BEGINNING OF YEAR</b>	<u>4,071,865</u>	<u>883,164</u>
<b>CASH AND INVESTMENTS, END OF YEAR</b>	<u>\$ 4,515,474</u>	<u>\$ 1,138,807</u>

<b>Sewer Fund</b>	<b>Community Center Fund</b>	<b>Fitness Center Fund</b>	<b>Total All Funds</b>
\$ 885,713	\$ 264,561	\$ 192,271	\$ 6,898,502
-	1,971	1,532	63,907
(311,995)	(150,142)	(132,818)	(1,190,920)
(354,245)	(110,410)	(79,094)	(4,304,589)
<u>219,473</u>	<u>5,980</u>	<u>(18,109)</u>	<u>1,466,900</u>
 (82,820)	 -	 15,000	 (67,820)
 (68,425)	 -	 -	 (300,660)
 -	 -	 -	 (335,000)
 -	 -	 -	 (22,060)
<u>(68,425)</u>	<u>-</u>	<u>-</u>	<u>(657,720)</u>
 7,717	 1,929	 -	 38,637
75,945	7,909	(3,109)	779,997
<u>838,940</u>	<u>31,011</u>	<u>38,115</u>	<u>5,863,095</u>
<u>\$ 914,885</u>	<u>\$ 38,920</u>	<u>\$ 35,006</u>	<u>\$ 6,643,092</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, 2015**

	<u>Electric Fund</u>	<u>Water Fund</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 331,707	\$ 113,882
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	513,165	269,088
(Gain)loss on sale of assets	-	-
(Increase) decrease in customer accounts and unbilled usage receivable	(15,320)	8,378
(Increase) decrease in inventories	31,619	5,326
(Increase) decrease in prepaid insurance	(773)	(258)
Increase (decrease) in accounts payable	32,138	(12,371)
Increase (decrease) in accrued wages	2,963	974
Increase (decrease) in accrued expenses	(713)	(260)
Increase (decrease) in customer deposits	(3,231)	(2,843)
Increase (decrease) in compensated absences	7,911	-
Increase (decrease) in pension liability	(62,859)	(29,385)
Increase (decrease) in deferred inflows of resources	47,985	22,433
	<u>47,985</u>	<u>22,433</u>
Net cash provided (used) by operating activities	<u>\$ 884,592</u>	<u>\$ 374,964</u>
Reconciliation of cash and investments at year end to specific assets included in the statement of net position:		
Current assets:		
Cash and investments	3,896,821	946,680
Restricted assets:		
Cash and investments:		
Revenue bonds retirement	580,858	176,053
Customer deposits	37,795	16,074
	<u>37,795</u>	<u>16,074</u>
Cash and investments, end of year	<u>\$ 4,515,474</u>	<u>\$ 1,138,807</u>

<b>Sewer Fund</b>	<b>Community Center Fund</b>	<b>Fitness Center Fund</b>	<b>Total All Funds</b>
\$ (170,204)	\$ (16,627)	\$ (31,461)	\$ 227,297
451,595	29,935	20,196	1,283,979
25,620	-	-	25,620
(7,903)	-	-	(14,845)
(4,016)	(218)	(172)	32,539
(2,080)	(581)	(529)	(4,221)
(63,111)	21	(3)	(43,326)
988	(95)	(863)	3,967
-	-	-	(973)
-	-	-	(6,074)
-	-	-	7,911
(48,250)	(27,280)	(22,302.00)	(190,076)
36,834	20,825	17,025	145,102
<u>\$ 219,473</u>	<u>\$ 5,980</u>	<u>\$ (18,109)</u>	<u>\$ 1,466,900</u>
914,885	38,920	35,006	5,832,312
-	-	-	756,911
-	-	-	53,869
<u>\$ 914,885</u>	<u>\$ 38,920</u>	<u>\$ 35,006</u>	<u>\$ 6,643,092</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, 2015**

**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 and liabilities, with the difference reported as net position. Net position is reported in the following categories.

*Invested 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 asset 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, 2015**

**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, 2015**

**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 and claims and judgments 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, 2015**

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

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.

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.

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, 2014 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, 2013 assessed property valuations, are for the tax accrual period July 1, 2014 through June 30, 2015 and reflect tax asking contained in the budget certified to the County Board of Supervisors in March 2015.

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

Customer Accounts and Unbilled Usage

Customer accounts receivable are recorded in proprietary 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, 2015, 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 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, 2015**

**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 employer after the measurement date but before the end of the employer'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 hours 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 hours 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, 2015. 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.

Deferred Inflows of Resources

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 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 consist of delinquent property tax receivable and other receivables not collected within sixty days after year end. 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 pension plan investments.

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

Fund Equity

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, 2015, disbursements did exceed the amount budgeted in the debt service function line item.

**NOTE 2 - CASH AND INVESTMENTS**

Deposit Accounts

The City's cash and investments at June 30, 2015 consist of the following:

Petty cash fund on hand	\$ 830
Checking accounts	1,457,847
Money market accounts	<u>8,395,473</u>
Total	<u>\$ 9,854,150</u>

At June 30, 2015, the carrying amount of the City's deposits was \$9,854,150 and the related bank balance was \$9,948,904.

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

The City's deposits in banks at June 30, 2015 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, 2015 was as follows:

	<b>Balance June 30, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2015</b>
<b>Governmental activities</b>				
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ -	\$ -	\$ -	\$ -
Land	1,995,417	-	-	1,995,417
Total	1,995,417	-	-	1,995,417
<i>Capital assets being depreciated:</i>				
Buildings	1,607,833	-	-	1,607,833
Equipment and vehicles	1,635,783	168,911	27,000	1,777,694
Infrastructure, road network	24,995,261	412,909	-	25,408,170
Total	28,238,877	581,820	27,000	28,793,697
Less accumulated depreciation	24,689,505	278,621	27,000	24,941,126
Net	3,549,372	303,199	-	3,852,571
<b>Governmental activities capital assets, net</b>	<b>\$ 5,544,789</b>	<b>\$ 303,199</b>	<b>\$ -</b>	<b>\$ 5,847,988</b>

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
<b>Business type activities</b>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 570,994	-	-	\$ 570,994
<i>Capital assets being depreciated:</i>				
Buildings	35,583,749	-	-	35,583,749
Equipment and vehicles	1,539,110	300,660	30,500	1,809,270
Infrastructure	<u>17,493,307</u>	<u>-</u>	<u>-</u>	<u>17,493,307</u>
Total	54,616,166	300,660	30,500	54,886,326
Less accumulated depreciation	<u>16,278,630</u>	<u>1,283,979</u>	<u>4,880</u>	<u>17,557,729</u>
Net	<u>38,337,536</u>	<u>(983,319)</u>	<u>25,620</u>	<u>37,328,597</u>
<b>Business type activities capital assets, net</b>	<u><b>\$ 38,908,530</b></u>	<u><b>\$ (983,319)</b></u>	<u><b>\$ 25,620</b></u>	<u><b>\$ 37,899,591</b></u>

Depreciation expense for the year ended June 30, 2015 was charged to functions of the City as follows:

Governmental activities:	
Public safety	\$ 27,982
Public works	156,509
General government	6,970
Culture and recreation	87,160
Total governmental activities	<u>\$ 278,621</u>
Business type activities:	
Electric	\$ 513,165
Water	269,088
Sewer	451,595
Community center	29,935
Fitness center	20,196
Total business type activities	<u>\$ 1,283,979</u>

**CITY OF ELDRIDGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 4 - LONG-TERM LIABILITIES**

A summary of transactions that occurred regarding bond and note obligations for the year ended June 30, 2015 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	<u>\$3,635,000</u>	<u>\$2,715,000</u>	<u>\$3,115,000</u>	<u>\$3,235,000</u>	<u>\$ 520,000</u>
<b>Business type activities:</b>					
Revenue bonds	<u>\$1,500,000</u>	<u>\$ -</u>	<u>\$ 330,000</u>	<u>\$1,170,000</u>	<u>\$ 335,000</u>

General Obligation Bonds

The general obligation bonds outstanding at June 30, 2015 of \$3,235,000 bear interest rates ranging from 1.932% to 4.40% and mature in varying annual amounts from \$95,000 to \$520,000 with the final maturities due in the year ending June 30, 2027.

Current Year Debt Issuance

On March 10, 2015, the City issued \$2,715,00 in series 2015 general obligation refunding bonds with a average interest rate of 1.932% to advance refund \$2,620,000 of outstanding 2007 series general obligation public improvement bonds with an average interest rate of 4.016%. The net proceeds of \$2,670,067 (after payment of \$44,933 in issuance costs) were used to purchase government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 2007 series general obligation public improvement bonds. As a result, \$2,715,000 of the 2007 series general obligation public improvement bonds are considered to be defeased and the liability for those bonds has been removed from the general statement of net position and the government-wide statement of net position. The City completed the advance refunding to reduce its total debt service payments by \$274,638 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$243,849.

Details of the general obligation bonds payable at June 30, 2015 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, 2015</u>
GP Bonds, Series 2007	Nov. 15, 2007	4.00- 4.25%	June 1, 2027	95,000 to 520,000	4,685,000	\$ 520,000
GP Bonds, Series 2015	March 10, 2015	.07- 2.60%	June 1, 2027	215,000 to 260,000	2,715,000	<u>2,715,000</u>
Total						<u>\$3,235,000</u>

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

**CITY OF ELDRIDGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 520,000	\$ 56,567	\$ 576,567
2017	215,000	46,178	261,178
2018	215,000	44,673	259,673
2019	235,000	42,738	277,738
2020	240,000	40,153	280,153
2021-2025	1,275,000	143,077	1,418,077
2026-2027	<u>535,000</u>	<u>20,120</u>	<u>555,120</u>
Totals	<u>\$ 3,235,000</u>	<u>\$ 393,506</u>	<u>\$3,628,506</u>

Capital Lease Payable

A summary of capital lease obligation at June 30, 2015 is as follows:

Capital lease payable to General Electric Credit Corp., due in annual installments of \$29,753, including interest at 4.38%, through July 2015, secured by truck	\$ 28,505
Less current portion	<u>28,505</u>
Lease payable, net of current portion	<u>\$ -</u>

Annual maturities of capital lease obligations for each of the years subsequent to June 30, 2015 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 28,505	\$ 1,249	\$ 29,754

Revenue Bonds

Water revenue series 2010 and an Electric revenue refunding series 2014, totaling \$1,170,000 were outstanding at June 30, 2015. These bonds bear interest at rates ranging from .50% to 3.40% and mature in varying annual amounts from \$95,000 to \$245,000, with the final maturities due in the year ending June 30, 2019.



**CITY OF ELDRIDGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

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, 2015, the City was in compliance with the revenue bond provisions.

Details of the revenue bonds payable at June 30, 2015 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, 2015</u>
Water Revenue Bonds, Series 2010	May 27, 2010	1.50- 3.40%	June 1, 2017	\$ 95,000- 115,000	\$ 705,000	\$ 220,000
Electric Revenue Bonds, Series 2014	May 12, 2014	.50% - 1.50%	June 1, 2019	\$ 230,000- 245,000	\$1,180,000	<u>\$ 950,000</u>
Total						<u>\$ 1,170,000</u>

**CITY OF ELDRIDGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

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>
2016	\$ 335,000	\$ 17,110	\$ 352,110
2017	350,000	12,580	362,580
2018	240,000	6,555	246,555
2019	<u>245,000</u>	<u>3,675</u>	<u>248,675</u>
Totals	<u>\$ 1,170,000</u>	<u>\$ 39,920</u>	<u>\$1,209,920</u>

**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, 2015, interfund advances were as follows:

<u>Due From</u>	<u>Due To</u>	<u>Amount</u>
Road Use Tax Fund	Sales Tax Project fund	\$ 60,615
General Fund	Eldridge Unified TIF Area Fund	7,655
Sales Tax Project	Hotel Tax	<u>4,585</u>
		<u>\$ 72,855</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, 2015 is as follows:

**CITY OF ELDRIDGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 5 - INTERFUND LOANS/ADVANCES/TRANSFERS (CONTINUED)**

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Propriety Fund: Sewer	\$ 34,420
	Special Revenue-Sales Tax Projects	<u>122,500</u>
		<u>154,920</u>
Special Revenue:	Special Revenue:	
Sales Tax Projects	Eldridge Unified TIF District	137,860
Road Use Tax		<u>175,460</u>
		<u>313,320</u>
Capital Projects:	Special Revenue:	
Street Projects	Road Use Tax	25,000
	Sales Tax Projects	<u>25,000</u>
		<u>50,000</u>
Capital Projects:	Special Revenue:	
Capital Improvement	Sales Tax Projects	60,000
Debit Service	Special Revenue:	
	Sales Tax Projects	261,056
	Eldridge Unified TIF District	292,000
	Proprietary Fund: Sewer	<u>50,400</u>
		<u>603,456</u>
Proprietary Fund: Electric	Proprietary Fund: Water	7,200
Proprietary Fund: Fitness	Special Revenue:	
	Sales Tax Projects	<u>15,000</u>
Total		<u>\$1,203,896</u>

**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).

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

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

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. 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.

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

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

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

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

Contributions - Effective July 1, 2012, as a result of a 2010 law change, the 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 2015, pursuant to the required rate, Regular members contributed 5.95 percent of pay and the City contributed 8.93 percent for a total rate of 14.88 percent. Protective occupation members contributed 6.76 percent of pay and the City contributed 10.14 percent for a total rate of 16.80 percent.

The City's total contributions to IPERS for the year ended June 30, 2015 were \$164,889.

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

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

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2015, the City reported a liability of \$720,526 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2014, the City's collective proportion was 0.0181680 percent which was a decrease of 0.0013233 percent from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the City recognized pension expense of \$70,578. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,918	\$ 9,011
Changes of assumptions	36,213	215
Net difference between projected and actual earnings on pension plan investments	-	411,265
Changes in proportion and differences between City contributions and proportionate share of contributions	70,825	-
City contributions subsequent to the measurement date	164,889	-
Total	<u>\$ 280,845</u>	<u>\$ 420,491</u>

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

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

\$164,889 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, 2016. 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
2016	\$ (76,133)
2017	(76,134)
2018	(76,134)
2019	(76,134)
2020	-
	<u>\$ (304,535)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum
Rate of salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term Investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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

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

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	23%	6.31
Non US Equity	15	6.76
Private Equity	13	11.34
Real Estate	8	3.52
Core Plus Fixed Income	28	2.06
Credit Opportunities	5	3.67
TIPS	5	1.92
Other Real Assets	2	6.27
Cash	1	(0.69)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability:	\$ 1,655,895	\$ 720,526	\$ (68,722)

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, 2015, 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, 2015 is as follows:

<u>Type of Benefit</u>	<u>Governmental Funds</u>	<u>Enterprise Funds</u>	<u>Total</u>
Personal	\$ 15,872	\$ 18,887	\$ 34,759
Vacation	29,867	43,538	73,405
Compensatory Time	6,801	4,427	11,228
Sick Leave	79,647	72,834	152,481
Totals	<u>\$ 132,187</u>	<u>\$ 139,686</u>	<u>\$ 271,873</u>

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**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 – ACCOUNTING CHANGE/RESTATEMENT**

Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27 was implemented during fiscal year 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, GASB No. 68 requires a state or local government employer to recognize a net pension liability and changes in the net pension liability, deferred outflows of resources and deferred inflows of resources which arise from other types of events related to pensions. During the transition year, as permitted, beginning balances for deferred outflows of resources and deferred inflows of resources will not be reported, except for deferred outflows of resources related to contributions made after the measurement date of the beginning net pension liability which is required to be reported by Governmental Accounting Standards Board Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Beginning net position for governmental and business type activities were restated to retroactively report the beginning net pension liability and deferred outflows of resources related to contributions made after the measurement date, as follows:

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 9 – ACCOUNTING CHANGE/RESTATEMENT (CONTINUED)**

	Governmental Activities	Business Type Activities					Total
		Electric Fund	Water Fund	Sewer Fund	Community Center Fund	Fitness Center Fund	
Net Position June 30, 2014, as previously reported	\$ 5,057,371	\$ 19,309,054	\$ 8,093,187	\$ 15,265,667	\$ 779,915	\$ 618,589	\$ 44,066,412
Net pension liability at June 30, 2014	(585,461)	(176,486)	(82,502)	(135,470)	(76,593)	(62,615)	(533,666)
Change in outflows of resources related to contributions made after the June 30, 2013 measurement date	86,132	25,964	12,138	19,930	11,268	9,212	78,512
Net Position July 1, 2014, as restated	\$ 4,558,042	\$ 19,158,532	\$ 8,022,823	\$ 15,150,127	\$ 714,590	\$ 565,186	\$ 43,611,258

**NOTE 10 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through January 12, 2016, the date the financial statements were available for issuance.

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, 2015**

	<b>Governmental Funds Actual</b>	<b>Proprietary Funds Actual</b>	<b>Total Actual</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Budget to Actual Variance</b>
<b>RECEIPTS</b>						
Property tax	\$ 1,983,520	\$ -	\$ 1,983,520	\$ 1,960,202	\$ 1,960,202	\$ 23,318
Tax increment financing	604,243	-	604,243	628,000	628,000	(23,757)
Other taxes	903,171	-	903,171	823,498	823,498	79,673
Licenses and permits	116,975	-	116,975	118,100	118,100	(1,125)
Use of money and property	83,869	38,637	122,506	40,000	40,000	82,506
Intergovernmental	588,723	-	588,723	574,607	574,607	14,116
Charges for services	563,397	6,898,502	7,461,899	7,527,226	7,527,226	(65,327)
Miscellaneous	9,647	63,907	73,554	193,104	193,104	(119,550)
Total receipts	<u>4,853,545</u>	<u>7,001,046</u>	<u>11,854,591</u>	<u>11,864,737</u>	<u>11,864,737</u>	<u>(10,146)</u>
<b>DISBURSEMENTS</b>						
Public safety	968,486	-	968,486	1,113,464	1,113,464	144,978
Public works	805,219	-	805,219	1,020,929	1,111,929	306,710
Culture and recreation	409,898	-	409,898	635,301	635,351	225,453
Community and economic development	213,292	-	213,292	201,777	241,777	28,485
General government	383,272	-	383,272	363,863	457,063	73,791
Debt service	642,017	-	642,017	644,170	659,170	17,153
Capital projects	1,590,720	-	1,590,720	1,167,080	1,667,080	76,360
Business type activities		6,221,049	6,221,049	7,008,226	7,038,226	817,177
Total disbursements	<u>5,012,904</u>	<u>6,221,049</u>	<u>11,233,953</u>	<u>12,154,810</u>	<u>12,924,060</u>	<u>1,690,107</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>(159,359)</u>	<u>779,997</u>	<u>620,638</u>	<u>(290,073)</u>	<u>(1,059,323)</u>	<u>1,679,961</u>
<b>OTHER FINANCING SOURCES (USES) NET</b>	<u>101,893</u>	<u>(67,820)</u>	<u>34,073</u>	<u>-</u>	<u>-</u>	<u>34,073</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(57,466)</u>	<u>712,177</u>	<u>654,711</u>	<u>(290,073)</u>	<u>(1,059,323)</u>	<u>1,714,034</u>
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>3,026,137</u>	<u>4,972,848</u>	<u>7,998,985</u>	<u>9,096,681</u>	<u>9,096,681</u>	<u>(1,097,696)</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 2,968,671</u>	<u>\$ 5,685,025</u>	<u>\$ 8,653,696</u>	<u>\$ 8,806,608</u>	<u>\$ 8,037,358</u>	<u>\$ 616,338</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, 2015**

	<u>Governmental Funds</u>			<u>Proprietary Funds</u>		
	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>	<u>Cash Basis</u>	<u>Accrual Adjustments</u>	<u>Modified Accrual Basis</u>
Receipts/revenues	\$ 4,853,545	\$ 39,100	\$ 4,892,645	\$ 7,001,046	\$ 17,111	\$ 7,018,157
Expenditures/expenses	<u>5,012,904</u>	<u>262,319</u>	<u>5,275,223</u>	<u>6,221,049</u>	<u>552,725</u>	<u>6,773,774</u>
Net	(159,359)	(223,219)	(382,578)	779,997	(535,614)	244,383
Other financing sources and transfer, net	101,893	-	101,893	(67,820)	-	(67,820)
Beginning fund balances/ Net position	<u>3,026,137</u>	<u>268,165</u>	<u>3,294,302</u>	<u>4,972,848</u>	<u>38,638,410</u>	<u>43,611,258</u>
Ending fund balances/ Net position	<u>\$ 2,968,671</u>	<u>\$ 44,946</u>	<u>\$ 3,013,617</u>	<u>\$ 5,685,025</u>	<u>\$ 38,102,796</u>	<u>\$ 43,787,821</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, 2015**

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 \$769,250. 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>2015</u>
City's proportion of the net pension liability (asset)	0.0181680%
City's proportionate share of the net pension liability	\$ 720,526
City's covered-employee payroll	\$ 1,774,408
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	40.61%
Plan fiduciary net position as a percentage of the total pension liability	87.61%

\* The amounts presented for each fiscal year were determined as of June 30.

See accompanying independent auditor's report.

**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.



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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Statutorily required contributions	\$ 164,889	\$ 164,644	\$ 150,254	\$ 134,536
Contributions in relation to the statutorily required contributions	<u>(164,889)</u>	<u>(164,644)</u>	<u>(150,254)</u>	<u>(134,536)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 1,776,831	\$ 1,785,266	\$ 1,654,633	\$ 1,571,530
Contributions as a percentage of covered-employee payroll	9.28%	9.22%	9.08%	8.56%

See accompanying independent auditor's report.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 116,852	\$ 105,751	\$ 97,329	\$ 88,144	\$ 76,850	\$ 78,030
<u>(116,852)</u>	<u>(105,751)</u>	<u>(97,329)</u>	<u>(88,144)</u>	<u>(76,850)</u>	<u>(78,030)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,525,415	\$ 1,469,084	\$ 1,423,736	\$ 1,316,553	\$ 1,148,840	\$ 1,074,746
7.66%	7.20%	6.84%	6.70%	6.69%	7.26%

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY**  
**IOWA PUBLIC EMPLOYEE RETIREMENT SYSTEM**  
**Year ended June 30, 2015**

*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.

In 2008, legislative action transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Benefit provisions for sheriffs and deputies were changed in the 2004 legislative session. The eligibility for unreduced retirement benefits was lowered from age 55 by one year each July 1 (beginning in 2004) until it reached age 50 on July 1, 2008. The years of service requirement remained at 22 or more. Their contribution rates were also changed to be shared 50-50 by the employee and employer, instead of the previous 40-60 split.

*Changes of assumptions:*

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.

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.

**CITY OF ELDRIDGE, IOWA**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION LIABILITY**  
**IOWA PUBLIC EMPLOYEE RETIREMENT SYSTEM**  
**Year ended June 30, 2015**

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included in the calculation of the UAL amortization payments the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate.

The 2006 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted salary increase assumptions to service based assumptions.
- Decreased the assumed interest rate credited on employee contributions from 4.25 percent to 4.00 percent.
- Lowered the inflation assumption from 3.50 percent to 3.25 percent.
- Lowered disability rates for sheriffs and deputies and protection occupation members.

## **SUPPLEMENTARY INFORMATION**

**CITY OF ELDRIDGE, IOWA  
COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS  
June 30, 2015**

	<u>Special Revenue</u>	
	<u>Hotel Tax Fund</u>	<u>Eldridge Unified TIF District Fund</u>
<b>ASSETS</b>		
Cash and investments	\$ 83,909	\$ 130,161
Receivables:		
Property tax		
Current year	-	18,527
Succeeding year	-	-
Due from other funds	<u>4,585</u>	<u>5,436</u>
Total assets	<u>\$ 88,494</u>	<u>\$ 154,124</u>
<b>LIABILITIES, DEFERRED INFLOWS OF AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 8,010	\$ -
Accrued interest payable	-	-
Due to other funds	<u>-</u>	<u>-</u>
Total liabilities	<u>8,010</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenues:		
Succeeding year property tax	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>		
Restricted for:		
Community programs and services	80,484	-
Debt service	-	-
Urban renewal	-	154,124
Committed for:		
Capital improvements	<u>-</u>	<u>-</u>
Total fund balances	<u>80,484</u>	<u>154,124</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 88,494</u>	<u>\$ 154,124</u>

**Schedule 1**

<b>Capital Projects</b>			
<b>Capital Improvement Fund</b>	<b>Street Projects Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
\$ 87,948	\$ 16,007	\$ 49,484	\$ 367,509
-	-	-	18,527
-	-	45,086	45,086
-	-	2,219	12,240
<u>\$ 87,948</u>	<u>\$ 16,007</u>	<u>\$ 96,789</u>	<u>\$ 443,362</u>
\$ -	\$ -	\$ -	\$ 8,010
-	-	11,876	11,876
-	-	-	-
<u>-</u>	<u>-</u>	<u>11,876</u>	<u>19,886</u>
-	-	44,487	44,487
-	-	-	80,484
-	-	40,426	40,426
-	-	-	154,124
<u>87,948</u>	<u>16,007</u>	<u>-</u>	<u>103,955</u>
<u>87,948</u>	<u>16,007</u>	<u>40,426</u>	<u>378,989</u>
<u>\$ 87,948</u>	<u>\$ 16,007</u>	<u>\$ 96,789</u>	<u>\$ 443,362</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, 2015**

	<b>Special Revenue</b>	
	<b>Hotel Tax Fund</b>	<b>Eldridge Unified TIF District Fund</b>
<b>REVENUES</b>		
Property tax	\$ -	\$ -
Tax increment financing	-	621,419
Other taxes	39,142	-
Miscellaneous	-	-
Total revenues	<u>39,142</u>	<u>621,419</u>
<b>EXPENDITURES</b>		
Operating:		
Public safety	-	-
Culture and recreation	23,082	-
Community and economic development	-	132,608
Debt service	-	-
Capital projects	-	-
Total expenditures	<u>23,082</u>	<u>132,608</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>16,060</u>	<u>488,811</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Proceeds from sale of refunding bonds	-	-
Payment to refunded bond escrow agent	-	-
Operating transfers in	-	-
Operating transfers out	-	(605,140)
Total other financing sources (uses)	<u>-</u>	<u>(605,140)</u>
<b>NET CHANGES IN FUND BALANCES</b>	16,060	(116,329)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<u>64,424</u>	<u>270,453</u>
<b>FUND BALANCES, END OF YEAR</b>	<u>\$ 80,484</u>	<u>\$ 154,124</u>



**Schedule 2**

<b>Capital Projects</b>			
<b>Capital Improvement Fund</b>	<b>Street Projects Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
\$ -	\$ -	\$ 40,716	\$ 40,716
-	-	-	621,419
-	1,453	-	40,595
2,561	-	-	2,561
<u>2,561</u>	<u>1,453</u>	<u>40,716</u>	<u>705,291</u>
-	-	-	-
-	-	-	23,082
-	-	-	132,608
-	-	671,007	671,007
78,394	301,798	-	380,192
<u>78,394</u>	<u>301,798</u>	<u>671,007</u>	<u>1,206,889</u>
(75,833)	(300,345)	(630,291)	(501,598)
-	-	2,670,067	2,670,067
-	-	(2,635,994)	(2,635,994)
60,000	50,000	603,456	713,456
-	-	-	(605,140)
<u>60,000</u>	<u>50,000</u>	<u>637,529</u>	<u>142,389</u>
(15,833)	(250,345)	7,238	(359,209)
103,781	266,352	33,188	738,198
<u>\$ 87,948</u>	<u>\$ 16,007</u>	<u>\$ 40,426</u>	<u>\$ 378,989</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 EIGHT YEARS**

	<b>Modified Accrual Basis</b>		
	<u><b>2015</b></u>	<u><b>2014</b></u>	<u><b>2013</b></u>
<b>REVENUES</b>			
Property tax	\$ 2,002,223	\$ 1,951,781	\$ 1,869,454
Tax increment financing	621,419	714,147	790,596
Other taxes	906,392	876,291	853,710
Licenses and permits	116,975	116,525	124,631
Use of money and property	64,497	57,458	50,042
Intergovernmental	588,723	568,874	563,124
Charges for services	563,397	545,313	527,952
Miscellaneous	29,019	52,976	59,659
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u><u>\$ 4,892,645</u></u>	<u><u>\$ 4,883,365</u></u>	<u><u>\$ 4,839,168</u></u>
<b>EXPENDITURES</b>			
Operating:			
Public safety	\$ 972,776	\$ 959,439	\$ 961,658
Public works	906,164	943,512	804,455
Culture and recreation	419,211	396,983	375,264
Community and economic development	213,817	283,119	173,309
General government	421,227	436,879	333,673
Debt service	671,007	541,830	513,574
Capital projects	1,671,021	1,438,964	1,398,325
	<u>          </u>	<u>          </u>	<u>          </u>
Total	<u><u>\$ 5,275,223</u></u>	<u><u>\$ 5,000,726</u></u>	<u><u>\$ 4,560,258</u></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**

<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
\$ 1,772,193	\$ 1,720,593	\$ 1,616,973	\$ 1,518,513	\$ 1,424,081
789,653	544,048	456,173	504,799	256,816
837,367	729,757	699,409	723,006	756,938
99,127	114,398	106,688	114,074	107,579
47,595	47,499	49,529	75,566	148,125
1,096,587	623,767	446,256	403,566	415,278
515,767	435,785	417,246	383,686	379,301
100,199	31,009	95,473	151,690	287,603
<u>\$ 5,258,488</u>	<u>\$ 4,246,856</u>	<u>\$ 3,887,747</u>	<u>\$ 3,874,900</u>	<u>\$ 3,775,721</u>
\$ 904,303	\$ 822,089	\$ 703,596	\$ 778,645	\$ 711,247
790,725	781,744	784,182	849,129	1,208,859
338,282	307,703	283,197	328,886	356,669
241,889	248,406	200,039	140,135	68,820
329,062	350,137	274,182	279,087	500,616
426,651	549,917	665,977	662,043	432,333
1,580,138	1,368,181	1,541,288	1,206,862	813,190
-				
<u>\$ 4,611,050</u>	<u>\$ 4,428,177</u>	<u>\$ 4,452,461</u>	<u>\$ 4,244,787</u>	<u>\$ 4,091,734</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, 2015, 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 January 12, 2016.

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, 2015, 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.

*Mina, Hilary : Mike CPA PC*

Clinton, Iowa  
January 12, 2016

**CITY OF ELDRIDGE, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2015**

**Part I: Summary of Auditor's Results**

- (a) An unqualified opinion was issued on the financial statements.
- (b) Material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements
- (d) The City of Eldridge, Iowa was not required to have an audit in accordance with the Office of Management and Budget Circular A-133.

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

**INTERNAL CONTROL DEFICIENCIES**

**II-A-15 Segregation of Duties**

**Finding:** The City of Eldridge, Iowa has a limited number of employees responsible for posting, updating, and maintain the general ledger and subsidiary ledgers. From a control standpoint, this combination of responsibilities does not effectively segregate duties to prevent, or detect and correct misstatements on a timely basis.

**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. In addition, close supervision and review of financial information by the City Administrator, Council Members, and Board Trustees can help mitigate this condition.

**Response and Corrective Action Planned:** Certain duties will continue to be rotated among available personnel as feasible. Additionally, cross-training will continue to take place.

**Conclusion:** Response accepted.

**II-B-15 Preparation of Financial Statements**

**Finding:** The City of Eldridge, Iowa does not have an internal control system designed to provide for preparation of the financial statements. Therefore, as auditors, we were requested to draft the financial statements and accompanying notes to the financial statements. This circumstance is not unusual for a governmental entity similar in population and staff size to the City of Eldridge. It is the responsibility of management and those charged with governance to make the decision to accept the degree of risk associated with this condition.

**Recommendation:** We realize that obtaining the expertise necessary to preparing financial statements, including all necessary disclosures, can be considered costly and ineffective. However, the City's management and those in charge with governance should decide whether to accept the degree of risk associated with this condition.

**Response and Corrective Action Planned:** 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.

**CITY OF ELDRIDGE, IOWA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2015**

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

**III-A-15 Certified Budget**

**Finding:** Disbursements during the year ended June 30, 2015 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-15 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-15 Travel Expenses**

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

**III-D-15 Business Transactions.**

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

**III-E-15 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-15 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-15 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-15 Revenue Bonds**

**Finding:** The City has established the sinking reserve funds as required by revenue bonds provisions.