

City of Peosta

**Independent Auditor's Reports
Basic Financial Statements
Supplementary and Other Information
Schedule of Findings and Responses**

June 30, 2024

**City of Peosta
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**City of Peosta
Officials
June 30, 2024**

<u>Elected Officials</u>	<u>Title</u>	<u>Term Expires</u>
Russ Pfab	Mayor	December 31, 2025
Justin Lau	Council Member	December 31, 2025
John Kraft	Council Member	December 31, 2025
Alexis Lundgren Goedert	Council Member	December 31, 2025
Jeff Buxton	Council Member	December 31, 2028
Brian Schatz	Council Member	December 31, 2028
 <u>City Staff</u>		
Annette Ernst	City Administrator	Appointed
Marcie Winkelman	City Clerk	Appointed
Doug Herman	Attorney	Appointed

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Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Peosta
Peosta, Iowa

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, and each major fund of the City of Peosta, Iowa, as of and for the year ended June 30, 2024, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the basic financial statements present fairly, in all material respects, the respective cash basis financial position of the governmental activities, business-type activities and each major fund of City of Peosta as of June 30, 2024, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Peosta and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The management of the City of Peosta is responsible for the preparation and fair presentation of these financial statements in accordance with cash basis of accounting discussed in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- ◆ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ◆ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- ◆ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- ◆ Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- ◆ Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Basis of Accounting

As discussed in Note 1, these basic financial statements were prepared on the basis of cash receipts and disbursements, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. Other auditors audited, in accordance with the standards referred to in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of this report, the financial statements for the three years ended June 30, 2022 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting. The supplementary information included in Schedules 1 through 2, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 and 2 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The other information, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) and the Schedule of City Contributions as listed in the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2024, on our consideration of the City of Peosta's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BerganKDV, Ltd.

Minneapolis, Minnesota
December 5, 2024

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BASIC FINANCIAL STATEMENTS

City of Peosta
Cash Basis Statement of Activities and Net Position
Year Ended June 30, 2024

Functions/Programs	Disbursements	Program Receipts		
		Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 403,781	\$ 11,973	\$ 5,543	\$ -
Public safety	754,319	100,629	10,686	-
Public works	397,226	-	269,510	-
Culture and recreation	771,206	714,614	196,324	-
Community and economic development	292,583	-	-	-
Debt service	1,001,083	-	-	-
Capital projects	4,719,163	-	-	-
Total governmental activities	<u>8,339,361</u>	<u>827,216</u>	<u>482,063</u>	<u>-</u>
Business-type activities				
Water	556,700	671,167	-	-
Sewer	923,594	976,113	-	355,617
Solid waste	156,930	131,750	-	-
Total business-type activities	<u>1,637,224</u>	<u>1,779,030</u>	<u>-</u>	<u>355,617</u>
Total Primary Government	<u>\$ 9,976,585</u>	<u>\$ 2,606,246</u>	<u>\$ 482,063</u>	<u>\$ 355,617</u>

General receipts

- Property and other city tax levied for
 - General purposes
 - Debt service
- Other city taxes
- Commerical/industrial tax replacement
- Tax increment financing
- Local option sales tax
- Use of money and property
- Sale of capital assets
- Transfers
- Proceeds from long-term debt
- Total general receipts

Change in cash basis net position
 Cash basis net position beginning of year
 Cash basis net position end of year

Net (Disbursements) Receipts and
Changes in Cash Basis Net Position

Governmental Activities	Business-Type Activities	Total
\$ (386,265)	\$ -	\$ (386,265)
(643,004)	-	(643,004)
(127,716)	-	(127,716)
139,732	-	139,732
(292,583)	-	(292,583)
(1,001,083)	-	(1,001,083)
(4,719,163)	-	(4,719,163)
<u>(7,030,082)</u>	<u>-</u>	<u>(7,030,082)</u>
-	114,467	114,467
-	408,136	408,136
-	(25,180)	(25,180)
<u>-</u>	<u>497,423</u>	<u>497,423</u>
<u>(7,030,082)</u>	<u>497,423</u>	<u>(6,532,659)</u>
1,417,084	-	1,417,084
328,456	-	328,456
103,156	-	103,156
69,177	-	69,177
584,356	-	584,356
301,643	-	301,643
96,837	32,600	129,437
22,074	-	22,074
1,443,493	(1,443,493)	-
200,283	798,058	998,341
<u>4,566,559</u>	<u>(612,835)</u>	<u>3,953,724</u>
(2,463,523)	(115,412)	(2,578,935)
<u>5,022,998</u>	<u>1,649,035</u>	<u>6,672,033</u>
<u>\$ 2,559,475</u>	<u>\$ 1,533,623</u>	<u>\$ 4,093,098</u>

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City of Peosta
Cash Basis Statement of Activities and Net Position
Year Ended June 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Cash Basis Net Position			
Restricted			
Expendable			
Streets	\$ 201,423	\$ -	\$ 201,423
Capital projects	1,626,968	385,742	2,012,710
Tax increment financing	12,918	-	12,918
Community betterment	225,742	-	225,742
Debt service	93,342	3,511	96,853
Unrestricted	399,082	1,144,370	1,543,452
	<u>\$ 2,559,475</u>	<u>\$ 1,533,623</u>	<u>\$ 4,093,098</u>
Total cash basis net position			

City of Peosta
Statement of Cash Receipts, Disbursements, and
Changes in Cash Fund Balances -
Governmental Funds
Year Ended June 30, 2024

	General	Special Revenue		Special Revenue
		Road Use Tax (110-111)	Local Option Sales Tax (121)	Tax Increment Financing (125)
Receipts				
General property taxes	\$ 1,422,235	\$ -	\$ -	\$ -
Tax increment	-	-	-	584,356
Other city tax	96,716	269,510	301,643	-
Licenses and permits	96,672	-	-	-
Intergovernmental	61,190	-	-	-
Charges for services	585,740	-	-	-
Use of money and property	158,626	-	5,099	4,405
Miscellaneous	49,841	-	-	-
Total receipts	2,471,020	269,510	306,742	588,761
Disbursements				
Current				
General government	403,781	-	-	-
Public safety	754,319	-	-	-
Public works	-	397,226	-	-
Community and economic development	37,246	-	-	255,337
Culture and recreation	771,206	-	-	-
Debt service				
Principal and interest	28,458	-	-	-
Interest and fiscal charges	563	-	-	-
Capital outlay				
General government	30	-	-	-
Public safety	71,783	-	-	-
Public works	-	40,839	-	-
Culture and recreation	300,088	-	-	-
Total disbursements	2,367,474	438,065	-	255,337
Excess of receipts over (under) disbursements	103,546	(168,555)	306,742	333,424
Other Financing Sources (Uses)				
Sale of capital asset	22,074	-	-	-
Bond issuance	-	-	-	-
Lease issuance	35,563	-	-	-
Transfers in	230,000	291,370	-	-
Transfers out	(713,962)	-	(330,000)	(387,464)
Total other financing sources (uses)	(426,325)	291,370	(330,000)	(387,464)
Net change in cash fund balances	(322,779)	122,815	(23,258)	(54,040)
Cash Fund Balances				
Beginning of year	1,991,646	78,608	249,000	66,958
End of year	\$ 1,668,867	\$ 201,423	\$ 225,742	\$ 12,918

See notes to basic financial statements.

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Debt Service (200)	Capital Projects (317-329)	Total Governmental Funds
\$ 329,745	\$ -	\$ 1,751,980
-	-	584,356
-	-	667,869
-	-	96,672
11,732	75,622	148,544
-	-	585,740
4,094	52,362	224,586
-	100,400	150,241
<u>345,571</u>	<u>228,384</u>	<u>4,209,988</u>
-	-	403,781
-	-	754,319
-	-	397,226
-	-	292,583
-	-	771,206
689,000	-	717,458
283,062	-	283,625
-	-	30
-	-	71,783
-	2,243,818	2,284,657
-	2,062,605	2,362,693
<u>972,062</u>	<u>4,306,423</u>	<u>8,339,361</u>
(626,491)	(4,078,039)	(4,129,373)
-	-	22,074
-	164,720	164,720
-	-	35,563
645,576	1,707,973	2,874,919
-	-	(1,431,426)
<u>645,576</u>	<u>1,872,693</u>	<u>1,665,850</u>
19,085	(2,205,346)	(2,463,523)
74,257	2,562,529	5,022,998
<u>\$ 93,342</u>	<u>\$ 357,183</u>	<u>\$ 2,559,475</u>

City of Peosta
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances
Governmental Funds
Year Ended June 30, 2024

	Special Revenue		
	General Fund	Road Use Tax (110-111)	Local Option Sales Tax (121)
Cash Basis Fund Balances			
Restricted for			
Streets	\$ -	\$ 201,423	\$ -
Capital projects	-	-	-
Tax increment financing	-	-	-
Debt service	-	-	-
Community betterment	-	-	225,742
Assigned for			
Building	103,190	-	-
Community center	262,869	-	-
Fire department	10,000	-	-
Police	26,178	-	-
Unassigned	1,266,630	-	-
Total cash fund balances	\$ 1,668,867	\$ 201,423	\$ 225,742

<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
Tax Increment Financing (125)	Debt Service (200)	Capital Projects (317-329)	Total Governmental Funds
\$ -	\$ -	\$ -	\$ 201,423
-	-	1,626,968	1,626,968
12,918	-	-	12,918
-	93,342	-	93,342
-	-	-	225,742
-	-	-	103,190
-	-	-	262,869
-	-	-	10,000
-	-	-	26,178
-	-	(1,269,785)	(3,155)
<u>\$ 12,918</u>	<u>\$ 93,342</u>	<u>\$ 357,183</u>	<u>\$ 2,559,475</u>

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City of Peosta
Statement of Cash Receipts, Disbursements,
and Changes in Cash Balances
Proprietary Funds
Year Ended June 30, 2024

	Enterprise Funds			Total
	Water (600-609)	Sewer (610-619)	Solid Waste (670)	
Operating Receipts				
Charges for services	\$ 669,708	\$ 976,113	\$ 131,750	\$ 1,777,571
Miscellaneous	1,459	-	-	1,459
Total operating receipts	<u>671,167</u>	<u>976,113</u>	<u>131,750</u>	<u>1,779,030</u>
Operating Disbursements				
Business type activities	<u>416,430</u>	<u>477,185</u>	<u>144,709</u>	<u>1,038,324</u>
Excess of operating receipts over operating disbursements	254,737	498,928	(12,959)	740,706
Nonoperating Receipts (Disbursements)				
Use of money and property	8,220	24,334	46	32,600
Capital contributions	-	355,617	-	355,617
Debt service	-	(399,208)	-	(399,208)
Capital projects	(140,270)	(47,201)	(12,221)	(199,692)
Total nonoperating receipts (disbursements)	<u>(132,050)</u>	<u>(66,458)</u>	<u>(12,175)</u>	<u>(210,683)</u>
Excess of receipts over (under) disbursements	122,687	432,470	(25,134)	530,023
Other Financing Sources (Uses)				
Bond issuance	-	798,058	-	798,058
Transfers in	162,130	93,835	70,000	325,965
Transfers out	(247,779)	(1,521,679)	-	(1,769,458)
Total other financing sources (uses)	<u>(85,649)</u>	<u>(629,786)</u>	<u>70,000</u>	<u>(645,435)</u>
Change in cash balances	37,038	(197,316)	44,866	(115,412)
Cash Balances				
Beginning of year	<u>587,061</u>	<u>1,088,776</u>	<u>(26,802)</u>	<u>1,649,035</u>
End of year	<u>\$ 624,099</u>	<u>\$ 891,460</u>	<u>\$ 18,064</u>	<u>\$ 1,533,623</u>
Cash Basis Fund Balances				
Restricted for				
Debt service	\$ -	\$ 3,511	\$ -	\$ 3,511
Capital projects	100,000	285,742	-	385,742
Unrestricted	<u>524,099</u>	<u>602,207</u>	<u>18,064</u>	<u>1,144,370</u>
Total cash basis fund balances	<u>\$ 624,099</u>	<u>\$ 891,460</u>	<u>\$ 18,064</u>	<u>\$ 1,533,623</u>

See notes to basic financial statements.

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City of Peosta
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Peosta is a political subdivision of the State of Iowa located in Dubuque County. It was first incorporated in 1933 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a nonpartisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development, water utilities, sewer utilities, solid waste utilities and general government services.

A. Reporting Entity and Jointly Governed Organizations

For financial reporting purposes, the City of Peosta 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 basic 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 or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations for which the City is not financially accountable or the nature and significance of the relationship with the City are such that exclusion does not cause the City's basic financial statements to be misleading or incomplete. City officials are members of the following boards and commissions: Dubuque County Joint E911 Service Board and DMATS Policy Committee.

B. Basis of Presentation

Government-Wide Financial Statement - The Cash Basis Statement of Activities and Net Position reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for services.

The Cash Basis Statement of Activities and Net Position presents the City's nonfiduciary net position. Net position is reported in the following categories/components:

Expendable Restricted Net Position - results when constraints placed on the use of cash balances is either externally imposed or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - consists of cash balances not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

City of Peosta
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Presentation (Continued)

The Cash Basis Statement of Activities and Net Position demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions, and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements - Separate basic financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

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

The Road Use Tax Special Revenue Fund - This fund is used to account for road use tax and related activity.

The Local Option Sales Tax Special Revenue Fund - This fund is utilized to account for sales tax collections related to property tax relief, capital projects and major equipment purchases.

The Tax Increment Financing Special Revenue Fund - This fund is utilized to account for tax increment financing revenue and the related expenditures.

The Debt Service Fund - This fund is utilized to account for property tax and other receipts to be used for the payment of interest and principal on the City's general long-term debt.

The Capital Projects Fund - This fund is used to account for all resources used in the acquisition and construction of capital facilities.

The City reports the following major proprietary funds:

The Enterprise, Water Fund - This fund accounts for the operation and maintenance of the City's water system.

The Enterprise, Sewer Fund - This fund accounts for the operation and maintenance of the City's wastewater treatment and sanitary sewer system.

The Enterprise, Solid Waste Fund - This fund accounts for the operation and maintenance of the City's solid waste.

City of Peosta
Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus and Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the basic financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the basic financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis 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 receipts.

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

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Governmental Cash Basis Fund Balances

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

Nonspendable - Amounts which cannot be spent 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 the City Council commits for a specific purpose by resolution.

Assigned - Amounts which the City Council intends to use for a specific purpose.

Unassigned - All amounts not included in the preceding classifications.

The City's fund balance policy goal for the minimum unassigned General Fund balance is 25% of annual budgeted revenue.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2024, disbursements exceeded budgeted amounts in the debt service and community and economic development functions.

City of Peosta
Notes to Basic Financial Statements

NOTE 2 - CASH AND POOLED INVESTMENTS

Custodial Credit Risk - Deposits: This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a policy to only make deposits in the State of Iowa where deposits are covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the *Code of Iowa*. The City's deposits in banks at June 30, 2024, were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the *Code of Iowa*. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by 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 investments trusts; and warrants or improvement certificates of a drainage district.

The City had no investments during the year ended June 30, 2024.

NOTE 3 - LONG-TERM DEBT

	Balance Beginning of Year	Additions	Reductions	Balance End of Year	Due Within One Year
Governmental activities					
General obligation bonds	\$ 9,795,000	\$ -	\$ 600,000	\$ 9,195,000	\$ 975,000
Direct borrowings					4
Lease agreement	22,524	35,563	28,458	29,629	11,454
Total	<u>\$ 9,817,524</u>	<u>\$ 35,563</u>	<u>\$ 628,458</u>	<u>\$ 9,224,629</u>	<u>\$ 986,458</u>
Business-type activities					
Direct borrowings					
General obligation	\$ 89,000	\$ -	\$ 89,000	\$ -	\$ -
Sewer revenue	5,785,657	965,543	279,000	6,472,200	285,000
Total	<u>\$ 5,874,657</u>	<u>\$ 965,543</u>	<u>\$ 368,000</u>	<u>\$ 6,472,200</u>	<u>\$ 285,000</u>

City of Peosta
Notes to Basic Financial Statements

NOTE 3 - LONG-TERM DEBT (CONTINUED)

Annual debt service requirements to maturity for general obligation bonds and direct borrowings and placements of the City are as follows.

Year Ending June 30,	Governmental Activities		Business-Type Activities		Total	
	G.O. Bonds		Sewer Revenue		Principal	Interest
	Principal	Interest	Principal	Interest		
2025	\$ 975,000	\$ 267,645	\$ 285,000	\$ 124,660	\$ 975,000	\$ 392,305
2026	815,000	238,055	316,000	118,960	1,131,000	357,015
2027	845,000	211,855	321,000	112,640	1,166,000	324,495
2028	875,000	184,405	328,000	106,220	1,203,000	290,625
2029	705,000	155,855	334,000	99,660	1,039,000	255,515
2030-2034	3,860,000	440,103	1,776,000	395,280	5,636,000	835,383
2035-2039	1,120,000	40,033	1,961,000	210,420	3,081,000	250,453
Total	<u>\$ 9,195,000</u>	<u>\$ 1,537,951</u>	<u>\$ 6,233,000</u>	<u>\$ 1,198,140</u>	<u>\$ 15,143,000</u>	<u>\$ 2,736,091</u>

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$6,500,000 of a sewer revenue bond issued October 2020, \$600,000 of a sewer revenue bond issued in April 2023 and \$553,000 of a sewer revenue bond issued in October 2023. Proceeds from the bonds provided financing for the construction of the Wastewater Treatment Facility and other sewer projects. The bonds are payable solely from sewer customer net receipts and the final payment is due 2043. A sewer rate covenant is in effect for the City in which net revenues of the Sewer Fund will need to exceed 110% of the debt service requirements of the fund. For the current year, principal and interest paid and due and total customer net receipts were \$399,208 and \$498,928, respectively. At June 30, 2024, the City has drawn \$239,200 of the bond issued in October 2023. The amortization schedules shown do not include this bond as amortization schedules have not been finalized. The City expects to draw down the remaining balances of this loan during the year ended June 30, 2025.

A. Lease Agreement

On January 1, 2024, the City entered into a noncancelable lease agreement for library space. An initial lease liability was recorded in the amount of \$35,563. The agreement requires quarterly payments of \$3,150 over 3 years, with an implicit interest rate of 1.75% and a final payment on December 30, 2026.

NOTE 4 - PENSION PLAN

A. 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 P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

City of Peosta
Notes to Basic Financial Statements

NOTE 4 - PENSION PLAN (CONTINUED)

A. Plan Description (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.

B. Pension Benefits

A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a regular member's monthly IPERS benefit includes:

- ◆ A multiplier based on years of service.
- ◆ The member's highest five-year average salary, except members with service before June 30, 2012, will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Protection occupation members may retire at normal retirement age, which is generally age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate protection occupation member's monthly IPERS benefits include:

- ◆ 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 no more than 30 years of services.
- ◆ 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% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

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

C. Disability and Death Benefits

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

City of Peosta
Notes to Basic Financial Statements

NOTE 4 - PENSION PLAN (CONTINUED)

D. Contributions

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

In fiscal year 2024, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.21% of covered payroll and the City contributed 9.31% of covered payroll, for a total rate of 15.52%.

The City's contributions to IPERS for the year ended June 30, 2024, were \$108,439.

E. Net Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the City reported a liability of \$344,747 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2023, the City's proportion was 0.008567%, which was an increase of 0.000398% from its proportion measured as of June 30, 2022. At June 30, 2023, the City's Protection Occupations proportion was 0.065765%, which was an increase of 0.0018158% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$48,537, \$129,201 and \$15,026, respectively.

There were no non-employer contributing entities to IPERS.

City of Peosta
Notes to Basic Financial Statements

NOTE 4 - PENSION PLAN (CONTINUED)

F. Actuarial Assumptions

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

Rate of inflation (effective June 30, 2017)	2.60% per annum
Rate of salary increase (effective June 30, 2017)	3.25 to 16.25% average, including inflation. Rates vary by membership group
Long-term investment rate of return (effective June 30, 2017)	7.00% compounded annually, net of investment expense, including inflation
Wage Growth (effective June 30, 2017)	3.25% per annum, based on 2.6% inflation and 0.65% real wage inflation

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of a quadrennial experience study covering the period of July 1, 2017 through June 30, 2021.

Mortality rates used in the 2023 valuation were based on the PubG-2010 mortality tables with future mortality improvements modeled using Scale MP-2021.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	21.0 %	4.56 %
International equity	16.5	6.22
Global smart beta equity	5.0	5.22
Core plus fixed income	23.0	2.69
Public credit	3.0	4.38
Cash	1.0	1.59
Private equity	17.0	10.44
Private real assets	9.0	3.88
Private credit	4.5	4.60
	<hr/>	
Total	100.0 %	

City of Peosta
Notes to Basic Financial Statements

NOTE 4 - PENSION PLAN (CONTINUED)

G. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the City will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

H. Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease in Discount Rate (6.0%)	Current Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's proportionate share of the net pension liability/asset	\$ 968,477	\$ 344,747	\$ (178,025)

I. IPERS Fiduciary Net Position

Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

NOTE 5 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. Plan Description

The City provides a fully insured single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and the plan members range from \$785 for single coverage to \$2,001 for family coverage. For the year ended June 30, 2024, the City contributed approximately \$309,000 and the plan members eligible for benefits contributed approximately \$10,000 to the plan. At June 30, 2024, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

B. OPEB Benefits

Individuals who are employed by the City and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium or the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

City of Peosta
Notes to Basic Financial Statements

NOTE 5 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (CONTINUED)

B. OPEB Benefits (Continued)

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of service.

NOTE 6 - INTERFUND TRANSFERS

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

Transfers Out	Transfers In							Total
	General	Road Use Tax	Debt Service	Capital Project	Water	Sewer	Solid Waste	
General	\$ -	\$ 291,370	\$ 57,524	\$ 182,938	\$ 112,130	\$ -	\$ 70,000	\$ 713,962
Local option sales tax	230,000	-	-	100,000	-	-	-	330,000
Tax increment financing	-	-	243,629	-	50,000	93,835	-	387,464
Water	-	-	247,779	-	-	-	-	247,779
Sewer	-	-	96,644	1,425,035	-	-	-	1,521,679
Total	<u>\$ 230,000</u>	<u>\$ 291,370</u>	<u>\$ 645,576</u>	<u>\$ 1,707,973</u>	<u>\$ 162,130</u>	<u>\$ 93,835</u>	<u>\$ 70,000</u>	<u>\$ 3,200,884</u>

Transfers above move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

NOTE 7 - 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 8 - COMMITMENTS

The City entered into construction contracts that were unfinished at June 30, 2024. At June 30, 2024, the City had remaining construction commitments of \$315,550.

NOTE 9 - TAX ABATEMENTS

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

A. City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the *Code of Iowa*. For these types of projects, the City enters into agreements to rebate a portion of the property tax collected. No other commitments were made by the City as part of these agreements.

City of Peosta
Notes to Basic Financial Statements

NOTE 9 - TAX ABATEMENTS

A. City Tax Abatements (Continued)

For the year ended June 30, 2024, the City abated \$251,477 of property tax collected under the urban renewal and economic development agreements.

NOTE 10 - COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation and compensatory hours for subsequent use or for payment upon retirement, termination or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory time payments payable to employees at June 30, 2024, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Compensatory time	\$ 26,650
Sick leave	45,123
Vacation	<u>29,311</u>
Total	<u><u>\$ 101,084</u></u>

This liability has been computed based on rates of pay as of June 30, 2024. Sick leave is payable when used. Upon termination, a percentage of unused sick pay is paid out to the employee.

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OTHER INFORMATION

City of Peosta
Budgetary Comparison Schedule
of Receipts, Disbursements, and Changes in Balances-
Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds
Year Ended June 30, 2024

	Governmental Funds Actual	Proprietary Funds Actual	Total
Receipts			
Property tax	\$ 1,751,980	\$ -	\$ 1,751,980
Tax increment financing	584,356	-	584,356
Other city tax	667,869	-	667,869
Licenses and permits	96,672	-	96,672
Use of money and property	224,586	32,600	257,186
Intergovernmental	148,544	355,617	504,161
Charges for services	585,740	1,777,571	2,363,311
Miscellaneous	172,315	1,459	173,774
Total receipts	<u>4,232,062</u>	<u>2,167,247</u>	<u>6,399,309</u>
Disbursements			
Public safety	754,319	-	754,319
Public works	397,226	-	397,226
Culture and recreation	800,227	-	800,227
Community and economic development	292,583	-	292,583
General government	403,781	-	403,781
Debt service	972,062	399,208	1,371,270
Capital outlay	4,719,163	199,692	4,918,855
Business type activities	-	1,038,324	1,038,324
Total disbursements	<u>8,339,361</u>	<u>1,637,224</u>	<u>9,976,585</u>
Excess (deficiency) of receipts over (under) disbursements	(4,107,299)	530,023	(3,577,276)
Debt issuance and other financing sources (uses), net	<u>1,643,776</u>	<u>(645,435)</u>	<u>998,341</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(2,463,523)	(115,412)	(2,578,935)
Balances beginning of year	<u>5,022,998</u>	<u>1,649,035</u>	<u>6,672,033</u>
Balances end of year	<u>\$ 2,559,475</u>	<u>\$ 1,533,623</u>	<u>\$ 4,093,098</u>

Budgeted Amounts		Final to
Original	Final	Total
		Variance
\$ 1,746,460	\$ 1,746,460	\$ 5,520
567,424	567,424	16,932
382,930	382,930	284,939
120,860	120,860	(24,188)
34,950	34,950	222,236
722,870	722,870	(218,709)
2,602,188	2,602,188	(238,877)
582	582	173,192
<u>6,178,264</u>	<u>6,178,264</u>	<u>221,045</u>
771,976	844,275	(89,956)
480,494	553,894	(156,668)
1,086,526	1,313,364	(513,137)
237,026	252,576	40,007
358,858	465,183	(61,402)
942,816	1,369,759	1,511
5,925,000	6,842,624	(1,923,769)
2,108,532	1,417,989	(379,665)
<u>11,911,228</u>	<u>13,059,664</u>	<u>(3,083,079)</u>
(5,732,964)	(6,881,400)	3,304,124
<u>4,400,000</u>	<u>4,400,000</u>	<u>(3,401,659)</u>
(1,332,964)	(2,481,400)	(97,535)
<u>5,150,900</u>	<u>5,150,900</u>	<u>1,521,133</u>
<u>\$ 3,817,936</u>	<u>\$ 2,669,500</u>	<u>\$ 1,423,598</u>

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City of Peosta
Notes to Other Information - Budgetary Reporting

The budgetary comparison is presented in accordance with Governmental 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 except the Internal Service Fund. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon eight major classes of disbursements known as functions, not by fund. The eight functions are: public safety, public works, 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, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, budget amendments increased budgeted disbursements, and other financing uses by \$1,148,436. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2024, disbursements exceeded budgeted amounts in the debt service and community and economic development functions.

City of Peosta
Schedule of the City's Proportionate Share
of the Net Pension Liability (Asset)
Iowa Public Employees' Retirement System
For the Last Ten Years*
(In Thousands)
Other Information

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
City's Proportion of the net pension liability (asset)				
Regular	0.008567 %	0.008169 %	0.007674 %	0.007322 %
Protective occupation	0.065765 %	0.047607 %	0.045448 %	0.041554 %
City's Proportionate share of the net pension liability (asset)				
Regular	\$ 395	\$ 324	\$ 11	\$ 511
Protective occupation	(51)	(66)	(157)	14
City's Covered employee payroll				
Regular	\$ 797	\$ 769	\$ 691	\$ 577
Protective occupation	357	301	198	164
Proportionate share of the net pension liability (asset) as a percentage of covered payroll				
Regular	49.56 %	42.13 %	1.59 %	88.56 %
Protective occupation	-14.30 %	-21.96 %	-79.17 %	8.54 %
Plan fiduciary net position as a percentage of the total pension liability	90.31 %	91.41 %	100.80 %	82.90 %

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

	2020	2019	2018	2017	2016	2015
	0.007672 %	0.006857 %	0.006404 %	0.006555 %	0.006402 %	0.006147 %
	0.044205 %	0.047632 %	0.044886 %	0.048850 %	0.047671 %	0.044880 %
\$	447	\$ 434	\$ 423	\$ 409	\$ 318	249
	16	(1)	8	10	(21)	(35)
\$	588	\$ 487	\$ 448	\$ 466	\$ 441	\$ 410
	166	161	157	164	161	143
	76.05 %	89.04 %	94.39 %	87.74 %	72.05 %	60.66 %
	9.61 %	-0.62 %	5.09 %	6.11 %	-13.07 %	-24.39 %
	85.45 %	83.62 %	82.21 %	81.82 %	85.19 %	87.61 %

City of Peosta
Schedule of the Primary Government's Contributions
Iowa Public Employees' Retirement System
Last Ten Fiscal Years
Other Information

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Statutorily required contribution	\$ 108,439	\$ 100,584	\$ 83,713	\$ 76,300	\$ 70,219
Contributions in relation to the Statutorily required contribution	<u>(108,439)</u>	<u>(100,584)</u>	<u>(83,713)</u>	<u>(76,300)</u>	<u>(70,219)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	<u>\$ 1,153,628</u>	<u>\$ 1,069,647</u>	<u>\$ 889,677</u>	<u>\$ 805,006</u>	<u>\$ 735,936</u>
Contributions as a percentage of covered employee payroll	9.40%	9.40%	9.41%	9.48%	9.54%

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 71,988	\$ 62,439	\$ 57,782	\$ 57,733	\$ 55,220
<u>(71,988)</u>	<u>(62,439)</u>	<u>(57,782)</u>	<u>(57,733)</u>	<u>(55,220)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 749,404</u>	<u>\$ 682,191</u>	<u>\$ 631,028</u>	<u>\$ 629,827</u>	<u>\$ 597,240</u>
9.61%	9.15%	9.16%	9.17%	9.25%

City of Peosta
Notes to Other Information - Pension Liability

Changes of Benefit Terms

- ◆ There are no significant changes in benefit terms.

Changes of Assumptions

The 2022 valuation incorporated the following refinements after a quadrennial experience study:

- ◆ Changed mortality assumptions to the PubG-2010 mortality tables with mortality improvements modeled using Scale MP-2021.
- ◆ Adjusted retirement rates for Regular members.
- ◆ Lowered disability rates for Regular members.
- ◆ Adjusted termination rates for all membership groups.

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- ◆ Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- ◆ Adjusted retirement rates.
- ◆ Lowered disability rates.
- ◆ Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- ◆ Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- ◆ Decreased the inflation assumption from 3.00% to 2.60%.
- ◆ Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- ◆ Decreased the discount rate from 7.50% to 7.00%.
- ◆ Decreased the wage growth assumption from 4.00% to 3.25%.
- ◆ Decreased the payroll growth assumption from 4.00% to 3.25%.

SUPPLEMENTARY INFORMATION

City of Peosta
Schedule 1
Schedule of Indebtedness
Year Ended June 30, 2024

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation			
2013 G.O. Street Bond	April 15, 2013	2.00%-2.30%	775,000
2015 G.O. Water Bond	November 19, 2015	2.250%	700,000
2017 G.O. Water, Sewer, Street	November 29, 2017	3.000%	1,795,000
2021 G.O. Water, Sewer, Street, Storm, Park	Febraury 9, 2021	1.45%-2.00%	5,170,000
2032A Corporate Purposes	May 05, 2023	5.00-4.00%	3,530,000
Total			
Revenue Bonds			
2020 Sewer Revenue Bond - WWTF	June 6, 2014	1.75%	6,500,000
SRF Loan D0653P	April 4, 2023	0.00%	600,000
2023 Sewer Revenue Bond - WWTF	October 6, 2023	7.75%	553,000
Total			
Other Debt			
Lease agreement	January 12, 2021	1.75%	110,680
Total			

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
\$ 360,000	\$ -	\$ 180,000	\$ 180,000	\$ 8,010
89,000	-	89,000	-	2,003
895,000	-	165,000	730,000	26,850
5,010,000	-	255,000	4,755,000	84,305
3,530,000	-	-	3,530,000	159,693
<u>9,884,000</u>	<u>-</u>	<u>689,000</u>	<u>9,195,000</u>	<u>280,861</u>
5,711,177	247,823	278,000	5,681,000	116,137
74,480	164,720	-	239,200	-
-	553,000	1,000	552,000	4,071
<u>5,785,657</u>	<u>965,543</u>	<u>279,000</u>	<u>6,472,200</u>	<u>120,208</u>
22,524	35,563	28,458	29,629	563
<u>\$ 15,692,181</u>	<u>\$ 1,001,106</u>	<u>\$ 996,458</u>	<u>\$ 15,696,829</u>	<u>\$ 401,632</u>

City of Peosta
Schedule 2
Schedule of Receipts by Source
and Disbursements by Function - All Governmental Funds
For the Last Ten Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Receipts					
Property tax	\$ 1,751,980	\$ 1,379,817	\$ 1,261,899	\$ 1,284,500	\$ 1,242,164
Tax increment financing	584,356	591,401	592,779	301,748	152,305
Other city tax	667,869	664,018	358,751	265,266	233,909
Licenses and permits	96,672	72,126	72,071	62,917	39,608
Use of money and property	224,586	157,144	47,372	35,011	28,026
Intergovernmental	148,544	199,413	589,688	394,146	253,812
Charges for services	585,740	571,490	672,546	580,490	573,678
Miscellaneous	150,241	40,030	53,289	24,604	14,634
	<u>\$ 4,209,988</u>	<u>\$ 3,675,439</u>	<u>\$ 3,648,395</u>	<u>\$ 2,948,682</u>	<u>\$ 2,538,136</u>
Disbursements					
Operating					
Public safety	\$ 754,319	\$ 676,827	\$ 548,307	\$ 462,452	\$ 406,433
Public works	397,226	272,387	372,199	505,823	281,430
Health and social services	-	-	-	42	-
Culture and recreation	771,206	819,166	971,882	862,163	826,787
Community and economic development	292,583	310,095	407,670	293,677	185,717
General government	403,781	325,160	496,215	498,894	381,177
Debt service	1,001,083	823,375	352,184	276,751	323,284
Capital projects	4,719,163	2,237,587	698,230	631,147	342,217
	<u>\$ 8,339,361</u>	<u>\$ 5,464,597</u>	<u>\$ 3,846,687</u>	<u>\$ 3,530,949</u>	<u>\$ 2,747,045</u>

* Unaudited

2019*	2018*	2017*	2016*	2015*
\$ 1,181,794	\$ 1,082,304	\$ 1,021,016	\$ 959,344	\$ 945,590
156,002	245,968	228,171	294,535	348,722
223,129	211,025	195,370	177,660	162,040
47,689	47,478	45,220	26,484	23,959
26,070	28,709	15,992	8,204	1,023
261,534	251,015	244,281	249,882	183,041
670,490	660,335	630,630	602,012	561,897
23,391	22,993	27,235	8,284	11,409
<u>\$ 2,590,099</u>	<u>\$ 2,549,827</u>	<u>\$ 2,407,915</u>	<u>\$ 2,326,405</u>	<u>\$ 2,237,681</u>

\$ 447,694	\$ 407,531	\$ 349,578	\$ 367,449	\$ 351,001
230,118	305,093	316,121	165,907	155,372
560	550	550	550	550
797,192	742,052	688,512	681,825	655,844
158,821	135,912	155,710	149,394	172,034
323,500	212,870	196,558	196,322	193,752
501,290	550,598	405,330	457,143	402,655
487,840	957,894	82,251	-	20,576
<u>\$ 2,947,015</u>	<u>\$ 3,312,500</u>	<u>\$ 2,194,610</u>	<u>\$ 2,018,590</u>	<u>\$ 1,951,784</u>

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**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Basic Financial Statements Performed in Accordance with
*Government Auditing Standards***

Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Peosta
Peosta, Iowa

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the basic financial statements of the governmental activities, the business-type activities, and each major fund of the City of Peosta as of and for the year ended June 30, 2024, and the related notes to basic financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 5, 2024. Our report expressed unmodified opinions on the governmental activities, the business-type activities, and each major fund, which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. general accepted accounting principles.

Report on Internal Control over Financial Reporting

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

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

Report on Internal Control over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control described in the accompanying Schedule of Findings and Responses to be a material weaknesses, Audit Finding 2024-001.

Report on Compliance and Other Matters

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

City's Response to Findings

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

Bergan KDV, Ltd.

Minneapolis, Minnesota
December 5, 2024

**City of Peosta
Schedule of Findings and Responses**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

2024-001 Lack of Segregation of Accounting Duties

Criteria:

An effective internal control system provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. The segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial information.

Condition:

The City has a lack of segregation of accounting duties due to a limited number of office employees. The lack of adequate segregation of accounting duties could adversely affect the City's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. This lack of segregation can be demonstrated in the following areas, which is not intended to be an all-inclusive list:

- ◆ The Clerk, who is able to handle receipts and disbursements, also receives the bank statements and completes the bank reconciliation.
- ◆ The Clerk has access to all areas of the accounting system.
- ◆ Several employees are able to make Utility Billing Adjustments without review.
- ◆ The Clerk is able to record journal entries without review.

This finding impacts the internal control for all significant accounting functions.

Cause:

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

Effect or Potential Effect:

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

Recommendation:

The City should segregate accounting duties to the extent possible.

Views of Responsible Officials and Planned Corrective Action:

The City continues to improve where we can in the area of segregation of duties. With limited staff available, it makes it hard to be efficient as well as consistent with our accounting functions.

Conclusion:

Response accepted.

City of Peosta
Schedule of Findings and Responses

Other Findings Related to Statutory Reporting:

1. Certified Budget

Certified Budget - Disbursements in the Community and Economic Development and Debt Service functional areas exceeded amounts budgeted during the year.

Auditor's Recommendation - The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

City's Response - The budget will be amended in the future prior to exceeding it.

Auditor's Conclusion - Response accepted.

2. Questionable Disbursements

We noted no material expenditures which did not appear to meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

3. Travel Expense

No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

4. Business Transactions

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

5. Bond Coverage

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

6. Council Minutes

No transactions were found that we believe should have been approved in the Council minutes but were not.

7. Deposits and Investments

No instances of noncompliance with the deposit and investment provision of Chapter 12B and 12C of the *Code of Iowa* and the City's investment policy were noted.

8. Revenue Bonds and Notes

No instances of non-compliance with the revenue bond and note resolutions were noted.

9. Tax Increment Financing

The Special Revenue, Tax Increment Financing (TIF) Fund properly disbursed payments for TIF loans and rebates. Also, the City of Peosta properly completed the Tax Increment Debt Certificate Forms to request TIF property taxes.

10. Annual Urban Renewal Report

The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 as required by Chapter 384.22(2)(a) of the *Code of Iowa* and no exceptions were noted.