

City of West Burlington, Iowa

Financial and Compliance Report
Year Ended June 30, 2024

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City of West Burlington, Iowa

City Officials
June 30, 2024

| | | Date of Elected Officials |
|-----------------|--------------------|----------------------------------|
| Ron Teater | Mayor | 2022 |
| Andy Crowner | City Council | 2020 |
| John Johnson | City Council | 2022 |
| Therese Lees | City Council | 1992 |
| Melanie Young | City Council | 2021 |
| Ringo Covert | City Council | 2024 |
| Gregg Mandsager | City Administrator | Appointed |
| Kelly Fry | City Clerk | Appointed |

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Independent Auditor's Report

To the Honorable Mayor
and Members of City Council
City of West Burlington, Iowa
West Burlington, Iowa

Report on the Audit of the Financial Statements

Opinions

We have audited the cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West Burlington, Iowa as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of West Burlington, Iowa's cash basis basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of West Burlington, Iowa, as of June 30, 2024, and the respective changes in cash basis financial position for the year then ended in accordance with the cash 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 the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of West Burlington, Iowa and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Burlington, Iowa's cash basis basic financial statements. The supplementary information as listed in the table of contents are presented for purposes of additional analysis and are 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 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The City's cash basis basic financial statements for the years ended June 30, 2015 through 2021, which are not presented herein, were audited by other auditors whose report thereon dated December 15, 2021, expressed unmodified opinions on the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information which were prepared on the basis of cash receipts and disbursements. Their report on the Schedule of Receipts by Source and Disbursements by Function-Cash Basis for the years ended June 30, 2015 through 2021 state that in their opinion such information was fairly stated, in all material respects, in relation to the basic financial statements as a whole for the years ended June 30, 2015 through 2021.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and management's discussion and analysis, the budgetary comparison schedule, the schedule of the City's proportionate share of the net pension liability and the schedule of City contributions, as listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2024, on our consideration of the City of West Burlington, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of West Burlington, Iowa's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of West Burlington, Iowa's internal control over financial reporting and compliance.

Bohnsack & Frommelt LLP

Moline, Illinois
October 17, 2024

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City of West Burlington, Iowa

Management's Discussion and Analysis

Year Ended June 30, 2024

It is an honor to present to you the financial picture of the City of West Burlington, Iowa. We offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of West Burlington, Iowa for the year ended June 30, 2024.

Financial Highlights

- Receipts of the City's governmental activities decreased 3.3%, or \$163,433 from fiscal year 2023 to fiscal year 2024.
- Disbursements of the City's governmental activities increased 21.7%, or \$1,102,164, in fiscal year 2024 from fiscal year 2023.
- The City's total cash basis net position decreased 30.9%, or \$1,987,243, from June 30, 2023 net position to June 30, 2024. Of this amount, the net position of the governmental activities decreased \$1,330,444 and the net position of the business-type activities decreased \$656,799.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of West Burlington, Iowa's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements – The government-wide financial statements consist of a Statement of Net Position- Cash Basis and a Statement of Activities- Cash Basis. These statements provide information about the activities of the City of West Burlington as a whole and present an overall view of the City's financials.

The government-wide financial statements reflect functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the City include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital outlay. The business-type activities of the City include water and sewer. The business-type activities are financed primarily by user charges.

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

Governmental 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: 1) The General Fund 2) the special revenue funds 3) The Debt Service Fund, and 4) The Capital Projects Fund. The governmental fund financial statements provide a detailed 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 statement for governmental funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

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

City of West Burlington, Iowa

Management's Discussion and Analysis

Year Ended June 30, 2024

Proprietary funds- Proprietary funds account for the City's enterprise funds and internal service fund. Enterprise funds are used to report business type activities. The City maintains five enterprise funds to provide separate information for the Water Service, Water Equipment Reserve, Sewer Service, and the Sewer Equipment Reserve considered to be major funds of the City. The City also has a nonmajor enterprise fund that accounts for escrows and water deposits.

The Internal Service Fund is used to accumulate and allocate costs internally among the City's various functions.

The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

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

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

Supplementary information- The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements.

Other information – The other information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions. The City adopts an annual appropriated budget. A budgetary comparison schedule has been provided to demonstrate compliance with the budget in the other information section.

Basis of Accounting

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, capital assets or other long-term assets, deferred outflows of resources, accounts payable, accrued items, long-term debt including leases and subscription-based information technology arrangements, and deferred inflows of resources. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

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City of West Burlington, Iowa

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

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of financial position. The City's cash balance decreased from a year ago, decreasing from \$6,442,966 to \$4,455,723 or 30.8%. The analysis that follows focuses on the changes in cash basis net position.

Table 1 - Statement of Cash Basis Net Position

| | Governmental Activities June 2024 | Governmental Activities June 2023 | Business-Type Activities June 2024 | Business-Type Activities June 2023 | Total June 2024 | Total June 2023 |
|---------------------------|--------------------------------------|--------------------------------------|---------------------------------------|---------------------------------------|---------------------|---------------------|
| Assets | | | | | | |
| Cash | \$ 3,733,193 | \$ 5,063,637 | \$ 722,530 | \$ 1,379,329 | \$ 4,455,723 | \$ 6,442,966 |
| Cash Basis Net Position | | | | | | |
| Restricted | 3,076,012 | 3,525,422 | 598,375 | 1,073,206 | 3,674,387 | 4,598,628 |
| Unrestricted | 657,181 | 1,538,215 | 124,155 | 306,123 | 781,336 | 1,844,338 |
| Total net position | \$ 3,733,193 | \$ 5,063,637 | \$ 722,530 | \$ 1,379,329 | \$ 4,455,723 | \$ 6,442,966 |

A restricted portion of the City's cash basis net position (82.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted cash basis net position, \$781,336 may be used to meet the City's ongoing obligation to creditors.

At the end of the current fiscal year, the City of West Burlington is able to report positive balances in total for both categories of net position.

Business-type activities cash basis net position decreased from \$1,379,329 to \$722,530 primarily due to planned spending from proceeds from water and sewer revenue bonds.

City of West Burlington, Iowa

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

Table 2 highlights the changes in cash basis net position and the City's receipts and disbursements for the fiscal year ended June 30, 2024 and June 30, 2023.

Table 2 - Changes in Cash Basis Net Position

| | Governmental Activities 2024 | Governmental Activities 2023 | Business-Type Activities 2024 | Business-Type Activities 2023 | Total 2024 | Total 2023 |
|---|---------------------------------|---------------------------------|----------------------------------|----------------------------------|---------------------|---------------------|
| Receipts: | | | | | | |
| Program Receipts: | | | | | | |
| Charges for services | \$ 664,977 | \$ 564,896 | \$ 3,294,279 | \$ 2,903,017 | \$ 3,959,256 | \$ 3,467,913 |
| Operating grants and contributions | 1,063,028 | 542,771 | - | - | 1,063,028 | 542,771 |
| Capital grants and contributions | - | 327,128 | - | - | - | 327,128 |
| General Receipts: | | | | | | |
| Property tax | 2,118,118 | 2,619,918 | | | 2,118,118 | 2,619,918 |
| Local option sales tax | 717,977 | 682,387 | - | - | 717,977 | 682,387 |
| Investment earnings | 16,219 | 18,200 | - | - | 16,219 | 18,200 |
| Other general receipts | 257,168 | 245,620 | 336,207 | 2,529,922 | 593,375 | 2,775,542 |
| Total receipts | 4,837,487 | 5,000,920 | 3,630,486 | 5,432,939 | 8,467,973 | 10,433,859 |
| Disbursements: | | | | | | |
| Public safety | 1,680,029 | 2,257,038 | - | - | 1,680,029 | 2,257,038 |
| Public works | 1,066,208 | 856,744 | - | - | 1,066,208 | 856,744 |
| Culture and recreation | 325,452 | 370,498 | - | - | 325,452 | 370,498 |
| Community and economic development | 108,820 | 91,772 | - | - | 108,820 | 91,772 |
| General government | 590,266 | 482,914 | - | - | 590,266 | 482,914 |
| Capital outlay | 1,720,271 | 325,780 | - | - | 1,720,271 | 325,780 |
| Debt service | 693,030 | 697,166 | - | - | 693,030 | 697,166 |
| Water | - | - | 2,250,015 | 2,446,805 | 2,250,015 | 2,446,805 |
| Sewer | - | - | 2,021,125 | 1,675,246 | 2,021,125 | 1,675,246 |
| Total disbursements | 6,184,076 | 5,081,912 | 4,271,140 | 4,122,051 | 10,455,216 | 9,203,963 |
| Excess (deficiency) before transfers | (1,346,589) | (80,992) | (640,654) | 1,310,888 | (1,987,243) | 1,229,896 |
| Transfers | | | | | | |
| Change in cash basis net position | 16,145 | (411,511) | (16,145) | 411,511 | - | - |
| | (1,330,444) | (492,503) | (656,799) | 1,722,399 | (1,987,243) | 1,229,896 |
| Cash basis net position, beginning | 5,063,637 | 5,556,140 | 1,379,329 | (343,070) | 6,442,966 | 5,213,070 |
| Cash basis net position, ending | \$ 3,733,193 | \$ 5,063,637 | \$ 722,530 | \$ 1,379,329 | \$ 4,455,723 | \$ 6,442,966 |

The City's total receipts for governmental activities decreased 3.3% or \$163,433 from the prior year. The decrease in receipts was primarily the result of \$327,128 capital grants and contributions received in the prior year.

Total disbursements for governmental activities increased \$1,102,164 or 21.7% primarily due to planned spending on capital outlay of approximately \$1.1 million for the Gear Avenue Trail.

Total business-type activities receipts for the fiscal year were \$3,630,486 compared to \$5,432,939 last year. In 2023, the City had \$2,529,922 of proceeds from water revenue bonds. In 2024, the City had \$331,207 of proceeds from water revenue bonds. The cash balance decreased \$656,799 from the prior year. Total disbursements for the fiscal year increased 3.6% to \$4,271,140.

City of West Burlington, Iowa

Management's Discussion and Analysis

Year Ended June 30, 2024

Table 3 below discloses cost of services for governmental activities.

The total cost of services column contains all costs related to the programs and the net cost column shows how much of the total amount is not covered by program receipts. Succinctly put, net costs are costs that must be covered by local taxes or other general receipt or transfers.

Table 3 - Governmental Activities

| Programs | Total Cost of Services 2024 | Total Cost of Services 2023 | Net Cost of Services 2024 | Net Cost of Services 2023 |
|------------------------------------|--|--------------------------------|--------------------------------------|------------------------------|
| Public safety | \$ 1,680,029 | \$ 2,257,038 | \$ (1,453,450) | \$ (2,105,830) |
| Public works | 1,066,208 | 856,744 | (343,770) | (179,852) |
| Culture and recreation | 325,452 | 370,498 | (208,318) | (147,370) |
| Community and economic development | 108,820 | 91,772 | (107,520) | (91,682) |
| General government | 590,266 | 482,914 | 70,288 | (99,437) |
| Capital outlay | 1,720,271 | 325,780 | (1,720,271) | (325,780) |
| Debt service | 693,030 | 697,166 | (693,030) | (697,166) |
| Total | \$ 6,184,076 | \$ 5,081,912 | \$ (4,456,071) | \$ (3,647,117) |

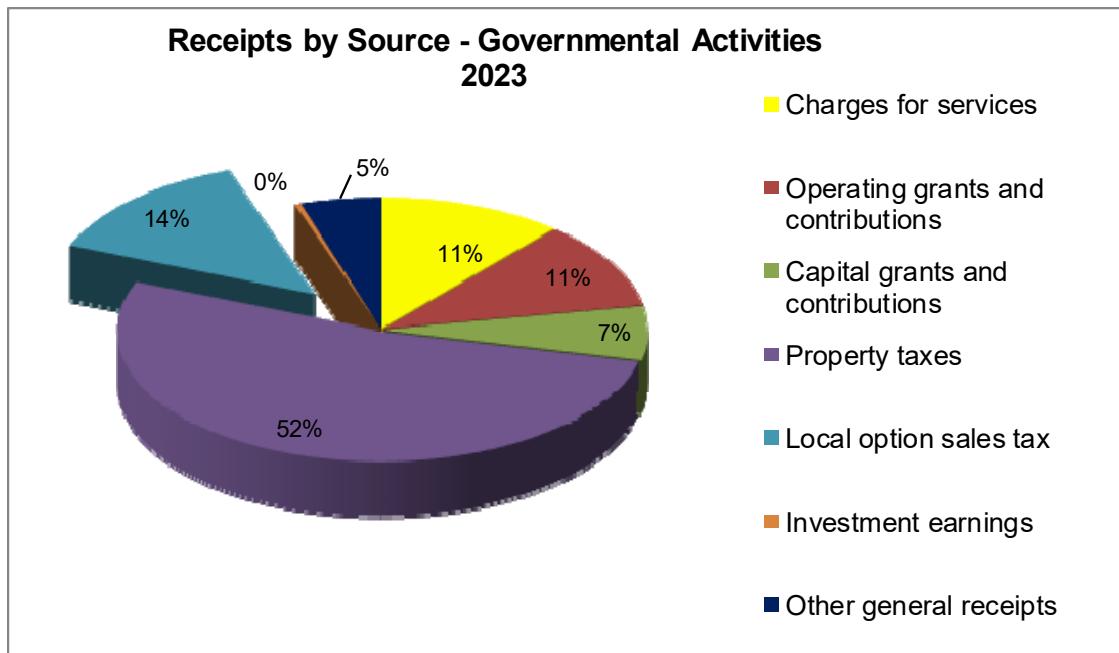
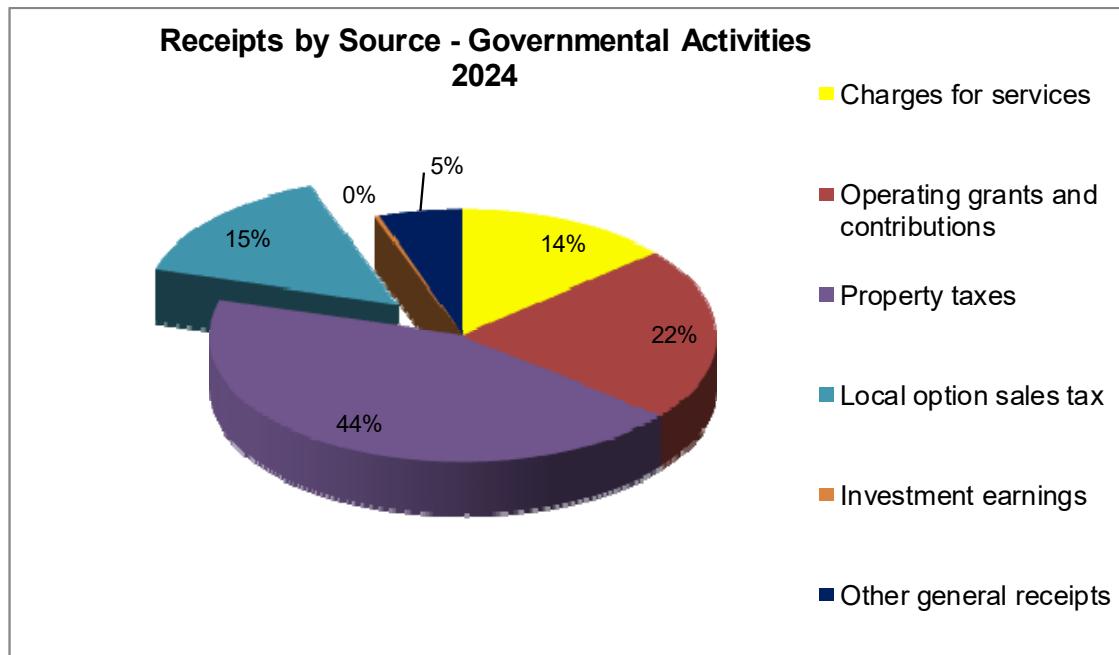
Net cost of services is 72.1 percent of total cost of services for the year ended June 30, 2024 and 71.8 percent for the year ended June 30, 2023. As expected, this reflects a continued reliance on taxes and other general receipt sources to fund the cost of services.

City of West Burlington, Iowa

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

Governmental Activities

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



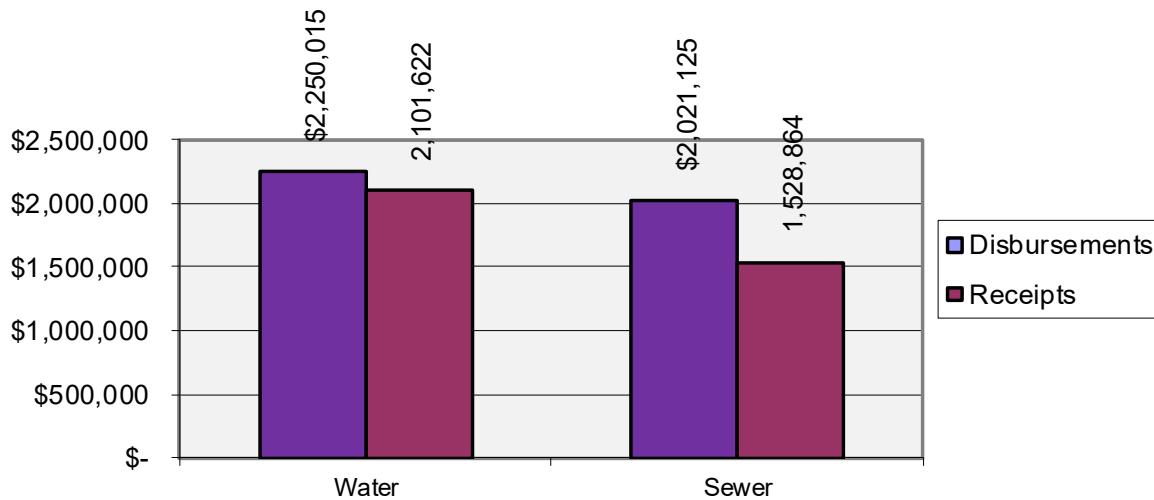
City of West Burlington, Iowa

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

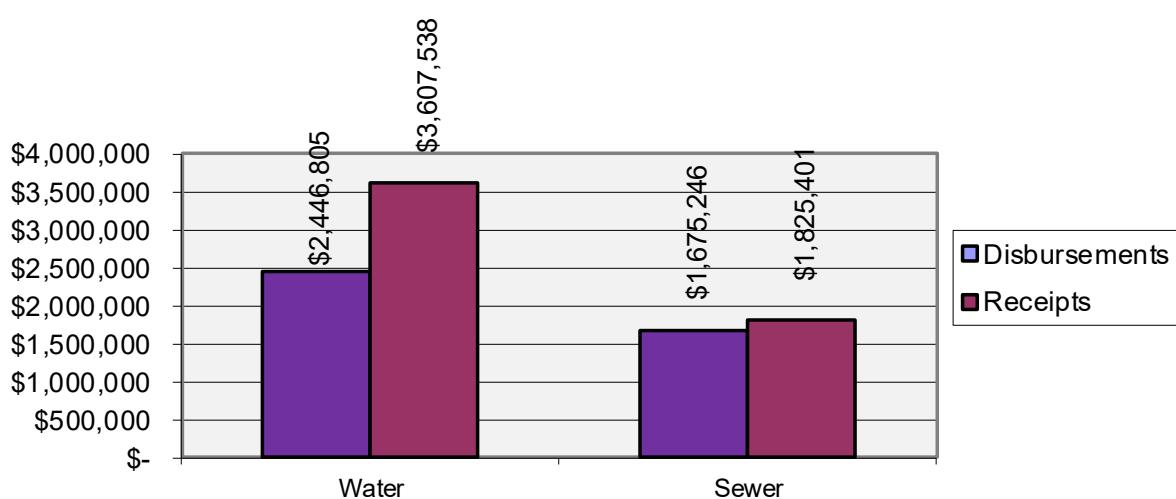
Business-type activities: For the year ended June 30, 2024, business-type activities decreased the City of West Burlington's cash basis net position by \$656,799.

Total business-type activities' receipts for the fiscal year were \$3,630,486. \$3,294,279 of this was generated for specific business-type activity. Other general receipts include \$336,207 of proceeds from revenue bonds. The graph below shows a comparison between the business-type activity disbursements and receipts for 2024 and 2023.

**Receipts and Disbursements- Business-Type Activities
2024**



**Receipts and Disbursements- Business-Type Activities
2023**



City of West Burlington, Iowa

Management's Discussion and Analysis

Year Ended June 30, 2024

Financial Analysis of the Government's Funds

Governmental funds:

As the City of West Burlington completed the year, the governmental funds reported a combined cash balance of \$3,766,427, a decrease of \$1,307,877 from last year's total of \$5,074,304. The following are the major reasons for the changes in cash balances of the major funds from the prior year.

- The General Fund cash balance increased \$12,296 over the prior year to \$1,028,859 primarily due to a decrease in public safety expenditures. In the prior year public safety disbursements included the purchase of a fire truck and fire equipment and police vehicles and police equipment.
- The Special Revenue, Road Use Tax Fund cash balance increased \$4,300 to \$154,436. Road use tax revenue was \$451,623, an increase of \$11,680 from prior year \$439,943.
- The Special Revenue, Local Option Sales Tax Fund cash balance decreased \$73,671 to \$849,963. Sales tax revenue was \$717,977, an increase of \$35,590 from prior year \$682,387.
- The Special Revenue, Urban Renewal Tax Increment Fund cash balance decreased \$352,292 to \$1,529,839. TIF property taxes were \$394,293, a decrease of \$452,389 from prior year of \$846,682.
- The Debt Service Fund cash balance decreased \$30,959 to a deficit \$29,687. Debt service expenditures totaled \$693,030 which was funded primarily from transfers of \$632,260 and property taxes of \$28,932.
- The Capital Projects Fund cash balance decreased \$1,002,848 to a deficit \$107,154 primarily due to planned spending on capital projects and transfers out.

Proprietary funds:

- The Water Service Fund cash balance decreased \$185,204 to \$172,532.
- The Water Equipment Reserve Fund cash balance decreased \$411,602 to \$66,546.
- The Sewer Service Fund cash balance decreased \$47,712 to \$151,419.
- The Sewer Equipment Reserve Fund cash balance remained the same at \$90,920.

For the enterprise funds in total, operating receipts exceeded operating disbursements by \$1,328,944 however, debt service was \$1,453,466.

Budgetary Highlights

Over the course of the year, the City amended its budget two times. The amendments resulted in an increase in operating disbursements of \$1,657,810. The City's receipts were \$676,910 less than budgeted, a variance of 7.4% due to less than expected TIF revenues and intergovernmental revenues.

Total disbursements were \$754,973 less than the amended budget due to all categories except debt service being less than anticipated.

The City overexpended budgeted Debt Service by \$670.

City of West Burlington, Iowa

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

Debt Administration

Debt - As of June 30, 2024, the City of West Burlington, Iowa had general obligation bonds, water revenue bonds and sewer revenue bonds. The City paid \$1,842,640 principal, and \$267,425 interest expense in the year ended June 30, 2024.

Table 4 - Outstanding Debt

| | 2024 | 2023 |
|----------------------------------|----------------------|----------------------|
| Governmental activities: | | |
| General obligation bonds | \$ 2,200,000 | \$ 2,813,000 |
| Business-type activities: | | |
| Water revenue bonds | 4,148,000 | 4,467,433 |
| Sewer revenue bonds | 8,996,000 | 9,570,000 |
| Total | 13,144,000 | 14,037,433 |
| | \$ 15,344,000 | \$ 16,850,433 |

Additional information about the City's long-term debt can be found in Note 3 to the basic financial statements.

Economic Factors and Next Year's Budgets and Rates

- Real property assessed values increased with January 1, 2023 valuation of \$387,747,471 for fiscal year 2025 taxes.
- The General Fund has a significant percent funded by property taxes and other taxes, the City continues to encourage new development that supports these receipt sources.

Requests for Information

These financial statements and discussions are designed to provide our citizens, taxpayers, investors and creditors with a complete disclosure of the City's finances and to demonstrate a high degree of accountability for the public dollars entrusted to us. If you have questions about this report or need additional information, please contact the Finance Manager at 122 Broadway Street, West Burlington, Iowa 52655.

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City of West Burlington, Iowa

Statement of Net Position- Cash Basis
June 30, 2024

| | Primary Government | | | <hr/> | |
|--------------------------------------|-------------------------|--------------------------|---------------------|-------|--|
| | Governmental Activities | Business-Type Activities | Total | | |
| | | | | | |
| Assets | | | | | |
| Cash | \$ 3,733,193 | \$ 722,530 | \$ 4,455,723 | <hr/> | |
| Cash basis net position | | | | | |
| Restricted | 3,076,012 | 598,375 | 3,674,387 | | |
| Unrestricted | 657,181 | 124,155 | 781,336 | | |
| Total cash basis net position | \$ 3,733,193 | \$ 722,530 | \$ 4,455,723 | <hr/> | |

See Notes to Basic Financial Statements.

City of West Burlington, Iowa

Statement of Activities- Cash Basis

Year Ended June 30, 2024

| | Disbursements | Program Receipts | | | |
|---------------------------------------|----------------------|--------------------------------|------------------------------------|----------------------------------|--|
| | | Charges for Sales and Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary Government | | | | | |
| Governmental activities: | | | | | |
| Public safety | \$ 1,680,029 | \$ 200,741 | \$ 25,838 | \$ - | |
| Public works | 1,066,208 | 270,815 | 451,623 | - | |
| Culture and recreation | 325,452 | 117,134 | - | - | |
| Community and economic development | 108,820 | 1,300 | - | - | |
| General government | 590,266 | 74,987 | 585,567 | - | |
| Capital outlay | 1,720,271 | - | - | - | |
| Debt service | 693,030 | - | - | - | |
| Total governmental activities | 6,184,076 | 664,977 | 1,063,028 | - | |
| Business-type activities: | | | | | |
| Water | 2,250,015 | 1,770,415 | - | - | |
| Sewer | 2,021,125 | 1,523,864 | - | - | |
| Total business-type activities | 4,271,140 | 3,294,279 | - | - | |
| Total primary government | \$ 10,455,216 | \$ 3,959,256 | \$ 1,063,028 | \$ - | |

General Receipts

Property taxes levied for:

- General purposes
- Tax increment financing
- Local option sales tax
- Other city tax
- Unrestricted interest on investments
- Bond proceeds

Transfers

Total general receipts and transfers

Change in cash basis net position

Cash basis net position, beginning of year

Cash basis net position, end of year

See Notes to Basic Financial Statements.

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

| Primary Government | | |
|-------------------------|--------------------------|---------------------|
| Governmental Activities | Business-Type Activities | Total |
| \$ (1,453,450) | \$ (1,453,450) | |
| (343,770) | (343,770) | |
| (208,318) | (208,318) | |
| (107,520) | (107,520) | |
| 70,288 | 70,288 | |
| (1,720,271) | (1,720,271) | |
| (693,030) | (693,030) | |
| <u>(4,456,071)</u> | <u>(4,456,071)</u> | |
| | | |
| - (479,600) | (479,600) | |
| - (497,261) | (497,261) | |
| - (976,861) | (976,861) | |
| <u>(4,456,071)</u> | <u>(976,861)</u> | <u>(5,432,932)</u> |
| | | |
| 1,723,825 | - 1,723,825 | |
| 394,293 | - 394,293 | |
| 717,977 | - 717,977 | |
| 257,168 | - 257,168 | |
| 16,219 | - 16,219 | |
| - 336,207 | 336,207 | |
| <u>16,145</u> | <u>(16,145)</u> | <u>-</u> |
| <u>3,125,627</u> | <u>320,062</u> | <u>3,445,689</u> |
| | | |
| (1,330,444) | (656,799) | (1,987,243) |
| 5,063,637 | 1,379,329 | 6,442,966 |
| <u>\$ 3,733,193</u> | <u>\$ 722,530</u> | <u>\$ 4,455,723</u> |

City of West Burlington, Iowa

Statement of Cash Receipts, Disbursements and Changes in Cash Balances

Governmental Funds

Year Ended June 30, 2024

| | General | Road Use Tax | Special Revenue |
|---|---------------------|-------------------|-------------------|
| | | Sales Tax | |
| Receipts: | | | |
| Property taxes | \$ 1,474,121 | \$ - | \$ - |
| Tax increment financing | - | - | - |
| Other city tax | 177,323 | - | 717,977 |
| Use of money and property | 23,706 | - | - |
| License and permits | 169,179 | - | - |
| Intergovernmental | 105,868 | 451,623 | - |
| Charges for services | 309,178 | - | - |
| Miscellaneous | 139,331 | 10,370 | - |
| Total receipts | 2,398,706 | 461,993 | 717,977 |
| Disbursements: | | | |
| Operating: | | | |
| Public safety | 1,653,186 | - | 20,776 |
| Public works | 452,511 | 582,297 | 22,540 |
| Culture and recreation | 285,311 | - | - |
| Community and economic development | 35,957 | - | 23,617 |
| General government | 527,493 | - | - |
| Capital outlay | - | 103,396 | 143 |
| Debt service: | | | |
| Principal | - | - | - |
| Interest, issuance costs and fiscal charges | - | - | - |
| Total disbursements | 2,954,458 | 685,693 | 67,076 |
| Excess (deficiency) of receipts over (under) disbursements | (555,752) | (223,700) | 650,901 |
| Other financing sources (uses): | | | |
| Transfers in | 651,965 | 253,000 | 23,620 |
| Transfers out | (83,917) | (25,000) | (748,192) |
| Total other financing sources (uses) | 568,048 | 228,000 | (724,572) |
| Change in cash balances (deficit) | 12,296 | 4,300 | (73,671) |
| Cash balances, beginning of year | 1,016,563 | 150,136 | 923,634 |
| Cash balances (deficit), end of year | \$ 1,028,859 | \$ 154,436 | \$ 849,963 |
| Cash basis fund balances | | | |
| Restricted | \$ - | \$ 154,436 | \$ 849,963 |
| Unassigned | 1,028,859 | - | - |
| Total cash basis fund balance | \$ 1,028,859 | \$ 154,436 | \$ 849,963 |

See Notes to Basic Financial Statements.

| TIF | Debt Service | Capital Projects | Nonmajor Governmental Funds | Total |
|--------------|--------------|------------------|-----------------------------|--------------|
| \$ - | \$ 28,932 | \$ - | \$ 220,772 | \$ 1,723,825 |
| 394,293 | - | - | - | 394,293 |
| - | 879 | - | 78,966 | 975,145 |
| 5,971 | - | 15 | - | 29,692 |
| - | - | - | - | 169,179 |
| - | - | 505,537 | - | 1,063,028 |
| - | - | - | - | 309,178 |
| - | - | - | 23,446 | 173,147 |
| 400,264 | 29,811 | 505,552 | 323,184 | 4,837,487 |
| <hr/> | | | | |
| - | - | - | - | 1,673,962 |
| - | - | - | - | 1,057,348 |
| - | - | - | 40,141 | 325,452 |
| 49,246 | - | - | - | 108,820 |
| - | - | - | 55,133 | 582,626 |
| - | - | 1,616,732 | - | 1,720,271 |
| - | 613,000 | - | - | 613,000 |
| - | 80,030 | - | - | 80,030 |
| 49,246 | 693,030 | 1,616,732 | 95,274 | 6,161,509 |
| 351,018 | (663,219) | (1,111,180) | 227,910 | (1,324,022) |
| - | 632,260 | 368,453 | 39,250 | 1,968,548 |
| (703,310) | - | (260,121) | (131,863) | (1,952,403) |
| (703,310) | 632,260 | 108,332 | (92,613) | 16,145 |
| (352,292) | (30,959) | (1,002,848) | 135,297 | (1,307,877) |
| 1,882,131 | 1,272 | 895,694 | 204,874 | 5,074,304 |
| \$ 1,529,839 | \$ (29,687) | \$ (107,154) | \$ 340,171 | \$ 3,766,427 |
| <hr/> | | | | |
| \$ 1,529,839 | \$ - | \$ 201,603 | \$ 340,171 | \$ 3,076,012 |
| - | (29,687) | (308,757) | - | 690,415 |
| \$ 1,529,839 | \$ (29,687) | \$ (107,154) | \$ 340,171 | \$ 3,766,427 |

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City of West Burlington, Iowa

**Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances of
Governmental Funds to the Statement of Activities
Year Ended June 30, 2024**

Total governmental funds cash balances \$ 3,766,427

Amounts reported for governmental activities in the Cash Basis Statement of Activities and Net Position are different because:

The Internal Service Fund is used by management to charge the costs of partial self funding of the City's health insurance benefit plan to individual funds. A portion of the cash balances of the Internal Service Fund is included in governmental activities in the Cash Basis Statement of Activities and Net Position.

(33,234)

Cash basis net position of governmental activities \$ 3,733,193

Change in cash balances \$ (1,307,877)

Amounts reported for governmental activities in the Cash Basis Statement of Activities and Net Position are different because:

The Internal Service Fund is used by management to charge the costs of partial self funding of the City's health insurance benefit plan to the individual funds. A portion of the change in the cash balance of the Internal Service Fund is reported with governmental activities in the Cash Basis Statement of Activities and Net Position.

(22,567)

Change in cash basis net position of governmental activities \$ (1,330,444)

See Notes to Basic Financial Statements.

City of West Burlington, Iowa

Statement of Cash Receipts, Disbursements and Changes in Cash Balances

Proprietary Funds

Year Ended June 30, 2024

| | Enterprise Funds | | |
|---|-------------------------|--------------------------------|----------------------|
| | Water Service | Water Equipment Reserve | Sewer Service |
| Operating receipts: | | | |
| Charges for services | \$ 1,687,080 | \$ - | \$ 1,468,897 |
| Miscellaneous | 61,705 | - | 54,967 |
| Total operating receipts | 1,748,785 | - | 1,523,864 |
| Operating disbursements: | | | |
| Governmental activities: | | | |
| General government | - | - | - |
| Public safety | - | - | - |
| Public works | - | - | - |
| Business-type activities | 1,153,764 | - | 778,534 |
| Total operating disbursements | 1,153,764 | - | 778,534 |
| Excess (deficiency) of operating receipts over (under) operating disbursements | 595,021 | - | 745,330 |
| Nonoperating receipts (disbursements): | | | |
| Debt proceeds | 331,207 | - | 5,000 |
| Capital outlay | (325,378) | - | (526,087) |
| Debt service: | | | |
| Principal | (650,640) | - | (579,000) |
| Interest, issuance costs, and fiscal charges | (88,754) | - | (135,072) |
| Total nonoperating receipts (disbursements) | (733,565) | - | (1,235,159) |
| (Deficiency) of receipts (under) disbursements before transfers | (138,544) | - | (489,829) |
| Transfers in | 823,641 | - | 1,223,631 |
| Transfers (out) | (870,301) | (411,602) | (781,514) |
| Total transfers | (46,660) | (411,602) | 442,117 |
| Change in cash balances (deficits) | (185,204) | (411,602) | (47,712) |
| Cash balances, beginning of year | 357,736 | 478,148 | 199,131 |
| Cash balances (deficits), end of year | \$ 172,532 | \$ 66,546 | \$ 151,419 |
| Cash basis fund balances: | | | |
| Restricted for debt service | \$ 111,616 | \$ - | \$ 106,264 |
| Restricted for other purposes | - | 66,546 | - |
| Unrestricted | 60,916 | - | 45,155 |
| Total cash basis fund balances | \$ 172,532 | \$ 66,546 | \$ 151,419 |

See Notes to Basic Financial Statements.

| Enterprise Funds | | | Internal Service | |
|-------------------------|--------------------------|--------------------|--------------------|--|
| Sewer Equipment Reserve | Nonmajor Enterprise Fund | Total | Employee Health | |
| \$ - | \$ - | \$ 3,155,977 | \$ - | |
| - | 21,630 | 138,302 | 90,695 | |
| <u>-</u> | <u>21,630</u> | <u>3,294,279</u> | <u>90,695</u> | |
| | | | | |
| - | - | - | 12,939 | |
| - | - | - | 41,636 | |
| - | - | - | 25,711 | |
| - | 33,037 | 1,965,335 | 33,850 | |
| <u>-</u> | <u>33,037</u> | <u>1,965,335</u> | <u>33,850</u> | |
| | | | | |
| <u>-</u> | <u>(11,407)</u> | <u>1,328,944</u> | <u>(23,441)</u> | |
| | | | | |
| - | - | 336,207 | - | |
| - | - | (851,465) | - | |
| - | - | (1,229,640) | - | |
| - | - | (223,826) | - | |
| <u>-</u> | <u>-</u> | <u>(1,968,724)</u> | <u>-</u> | |
| | | | | |
| <u>-</u> | <u>(11,407)</u> | <u>(639,780)</u> | <u>(23,441)</u> | |
| | | | | |
| - | - | 2,047,272 | - | |
| - | - | (2,063,417) | - | |
| <u>-</u> | <u>-</u> | <u>(16,145)</u> | <u>-</u> | |
| | | | | |
| <u>-</u> | <u>(11,407)</u> | <u>(655,925)</u> | <u>(23,441)</u> | |
| | | | | |
| 90,920 | 234,436 | 1,360,371 | 8,291 | |
| <u>\$ 90,920</u> | <u>\$ 223,029</u> | <u>\$ 704,446</u> | <u>\$ (15,150)</u> | |
| | | | | |
| \$ - | \$ - | \$ 217,880 | \$ - | |
| 90,920 | 223,029 | 380,495 | - | |
| <u>-</u> | <u>-</u> | <u>106,071</u> | <u>(15,150)</u> | |
| <u>\$ 90,920</u> | <u>\$ 223,029</u> | <u>\$ 704,446</u> | <u>\$ (15,150)</u> | |

City of West Burlington, Iowa

**Reconciliation of the Statement of Cash Receipts, Disbursements and Changes in Cash Balances of
Proprietary Funds to the Statement of Activities
Year Ended June 30, 2024**

| | |
|--------------------------------------|------------|
| Total enterprise funds cash balances | \$ 704,446 |
|--------------------------------------|------------|

Amounts reported for business type activities in the Cash Basis Statement of Activities and Net Position are different because:

The Internal Service Fund is used by management to charge the costs of partial self funding of the City's health insurance benefit plan to individual funds. A portion of the cash balances of the Internal Service Fund is included in business type activities in the Cash Basis Statement of Activities and Net Position.

18,084

| | |
|--|-------------------|
| Cash basis net position of business type activities | \$ 722,530 |
|--|-------------------|

| | |
|-------------------------|--------------|
| Change in cash balances | \$ (655,925) |
|-------------------------|--------------|

Amounts reported for business type activities in the Cash Basis Statement of Activities and Net Position are different because:

The Internal Service Fund is used by management to charge the costs of partial self funding of the City's health insurance benefit plan to the individual funds. A portion of the change in the cash balance of the Internal Service Fund is reported with business type activities in the Cash Basis Statement of Activities and Net Position.

(874)

| | |
|--|---------------------|
| Change in cash basis net position of business type activities | \$ (656,799) |
|--|---------------------|

See Notes to Basic Financial Statements.

City of West Burlington, Iowa

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

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

Nature of operations:

The City of West Burlington, Iowa (City) is a political subdivision of the State of Iowa located in Des Moines County. It was first incorporated in 1884 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 non-partisan basis. The City of West Burlington, Iowa provides numerous services to citizens, including public safety, public works, culture and recreation, community and economic development and general government services. It also provides water and sewer utilities.

Reporting entity:

Accounting principles generally accepted in the United States of America require the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The City is governed by City Council, which is elected by the public and has the exclusive responsibility and accountability for the decisions it makes. The City has the statutory authority to adopt its own budget, to levy taxes and to issue bonded debt without the approval of another government. It has the right to sue and be sued, and has the right to buy, sell, lease or mortgage property in its own name. Based on these criteria, the City is considered a primary government.

For financial reporting purposes, the City of West Burlington, Iowa's basic financial statements have included all funds, organizations, agencies, boards, commissions and authorities for which the City is financially accountable. The City has also considered all potential 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 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. The City has no component units which meet the GASB criteria.

Jointly Governed Organizations: The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Des Moines County Regional Solid Waste Commission and Southeast Iowa Regional Airport Authority board. See Note 11 for details. Both of these organizations have financial statements available at City Hall.

City officials are also members of the following: 28E purchasing arrangements, regional planning commission, E911 joint services boards, Southeast Iowa area safety support organizations, the drug task force, and mutual aid fire protection.

City of West Burlington, Iowa

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

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

Basis of presentation:

The City's basic cash basis financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements which provides a more detailed level of financial information.

Government-wide financial statements: The statement of net position- cash basis and statement of activities- cash basis report information on all of the nonfiduciary activities of the City within the limitation of cash basis accounting. Governmental activities, which are supported by tax and intergovernmental receipts, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The statement of activities 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. The comparison of direct disbursements with program receipts identifies the extent to which each function is self-financing or draws from the general receipts of the City.

Fund financial statements: During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental fund and enterprise fund financial statements is on major funds. Major funds are presented in separate columns. Nonmajor funds are aggregated and presented in a single column.

Governmental fund types: Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the City's major governmental funds:

General Fund: The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue:

Road Use Tax Fund: The Road Use Tax fund is used to account for the road use tax allocation from the State of Iowa to be used for road construction and maintenance.

Local Option Sales Tax Fund The Local Option Sales Tax Fund is used to account for the revenues from the tax authorized by referendum to be used for capital improvements, equipment and community programs and services.

Urban Renewal Tax Increment Fund (TIF): The Urban Renewal Tax Increment Fund is used to account for tax increment financing collections and the repayment of tax increment financing indebtedness

Debt Service Fund: The Debt Service 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.

City of West Burlington, Iowa

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

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

Capital Projects Fund: The Capital Projects Fund is utilized to account for resources used in the acquisition and construction of capital facilities and other capital assets with the exception of those financed through Enterprise Funds.

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

Special Revenue Funds: Are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

Fourth of July Celebration: Accounts for the revenues and expenses of the fourth of July celebration.

Medical Insurance: Accounts for the expenses of the City's portion of health benefits.

Hotel/Motel Tax: Accounts for the revenue from hotel/motel tax and the related expenditures.

Employee Benefits: Accounts for the revenue received for employee benefits.

Proprietary fund types: Proprietary fund types are used to account for a government's ongoing organizations and activities which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

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

The City reports the following major enterprise funds:

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

The Water Equipment Reserve Fund accounts for funds set aside for major equipment purchases for the water department.

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

The Sewer Equipment Reserve Fund is used to account for funds set aside for major equipment purchases for the sewer department.

The City also has a nonmajor enterprise fund that accounts for escrows and water deposits.

The City also reports the following additional proprietary fund:

An internal service fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments on a cost reimbursement basis.

City of West Burlington, Iowa

Notes to Basic Financial Statements Year Ended June 30, 2024

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

Measurement focus and basis of accounting:

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Accordingly, revenue is recognized and recorded in the account when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. The cash basis of accounting does not give effect to accounts receivable, capital assets or other long-term assets, deferred outflows of resources, accounts payable, accrued items, long-term debt including leases and subscription-based information technology arrangements, and deferred inflows of resources.

Under 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.

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.

Summary of significant accounting policies:

The significant accounting policies followed by the City include the following:

Cash: The City considers all certificates of deposit and money market deposits to be cash equivalents. Earnings from pooled accounts are allocated to the respective funds based on the average balance of each fund.

Property taxes: Property tax revenues recognized in these funds become due and collectible in September and March of the current fiscal year with a 1 ½ % per month penalty for delinquent payments; is based on January 1, 2022 assessed property valuations; is for the tax accrual period July 1, 2023 through June 30, 2024 and reflects tax asking contained in the budget certified to the City Council in May 2023.

Cash Basis Fund Balances: In the governmental fund financial statements, cash basis fund balances are classified as follows:

Restricted: Amounts restricted to specific purposes when constraints place 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 determined pursuant to constraints formally imposed by the City Council through resolution approved prior to year-end.

Assigned: Amounts which contain self-imposed constraints of the City to be used for a particular 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.

City of West Burlington, Iowa

Notes to Basic Financial Statements Year Ended June 30, 2024

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

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 the less-restrictive unassigned fund balance classification.

Net Position: In the statement of net position- cash basis net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted through enabling legislation is as follows:

| | Governmental Activities | Business-Type Activities | Total |
|------------------------|-------------------------|--------------------------|---------------------|
| Restricted: | | | |
| Public works | \$ 154,436 | \$ - | \$ 154,436 |
| Urban renewal projects | 1,529,839 | - | 1,529,839 |
| Debt service | - | 217,880 | 217,880 |
| Employee benefits | 150,848 | - | 150,848 |
| Culture and recreation | 19,377 | - | 19,377 |
| Capital improvements | 1,051,566 | 157,466 | 1,209,032 |
| Customer deposits | - | 223,029 | 223,029 |
| Other | 169,946 | - | 169,946 |
| Total | \$ 3,076,012 | \$ 598,375 | \$ 3,674,387 |

The City first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Budgetary and legal appropriation and amendment policies: The City Council annually adopts a budget on or before March 31 of each year, which becomes effective July 1 and constitutes the City's appropriation for each program and purpose specified therein until amended. City budgets may be amended for specified purposes and budget amendments must be prepared and adopted in the same manner as the original budgets. The legal level of control (the level on which expenditures may not legally exceed appropriations) is the program level. The City amended the budget by \$1,657,810 for increases in payroll and capital projects. Appropriations, as adopted and amended, lapse at the end of the fiscal year. During the year ended June 30, 2024, disbursements exceeded budgeted amounts in the debt service function by \$670.

Deficit fund balance: As of June 30, 2024, the City has deficit cash basis fund balances in the Debt Service Fund (\$29,687) and the Capital Projects Fund (\$107,154). Both deficits will be eliminated through future transfers. The internal service fund, Employee Health, also had a deficit cash basis fund balance (\$15,150).

Note 2. Deposits and Investments

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 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.

City of West Burlington, Iowa

Notes to Basic Financial Statements Year Ended June 30, 2024

Note 2. Deposits and Investments (Continued)

The City had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Note 3. Long-Term Debt

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

| Governmental Activities | Balance, Beginning | Additions | Redeemed/ Matured | Balance, Ending | Due Within One Year |
|---------------------------------------|----------------------|-------------------|---------------------|----------------------|---------------------|
| General obligation bonds: | | | | | |
| SRF General Obligation Bond | \$ 123,000 | \$ - | \$ 23,000 | \$ 100,000 | \$ 24,000 |
| General Obligation Bond, Series 2017 | 2,210,000 | - | 540,000 | 1,670,000 | 540,000 |
| General Obligation Bond, Series 2022 | 480,000 | - | 50,000 | 430,000 | 50,000 |
| Total governmental activities | 2,813,000 | - | 613,000 | 2,200,000 | 614,000 |
| Business-type activities | | | | | |
| Water revenue bonds: | | | | | |
| Water revenue, SRF Loan Program | 113,000 | - | 21,000 | 92,000 | 22,000 |
| Water Revenue, Series 2021 | 4,354,433 | 331,207 | 629,640 | 4,056,000 | 222,000 |
| Sewer revenue bonds: | | | | | |
| Sewer Revenue, SRF Series 2020 | 1,031,000 | 5,000 | 52,000 | 984,000 | 53,000 |
| Sewer Revenue, Series 2017 | 8,539,000 | - | 527,000 | 8,012,000 | 534,000 |
| Total business-type activities | 14,037,433 | 336,207 | 1,229,640 | 13,144,000 | 831,000 |
| Total | \$ 16,850,433 | \$ 336,207 | \$ 1,842,640 | \$ 15,344,000 | \$ 1,445,000 |

General Obligation Bonds/Notes:

On August 27, 2008, the City issued \$400,000 of general obligation bonds with an interest rate of 1.75% per annum. The bonds were issued to pay for improvements to the City's water distribution system. During the year ended June 30, 2024, the City paid \$23,000 of principal and \$2,153 of interest on the bonds.

On April 19, 2017, the City issued \$3,780,000 of general obligation bonds with an interest rate of 1.70-3.00% per annum. The bonds were issued for the purpose of paying the costs of constructing street, curb and gutter, sidewalk and storm water drainage improvements. During the year ended June 30, 2024, the City paid \$540,000 principal and \$66,300 of interest on the bonds.

On March 31, 2022, the City issued \$525,000 of general obligation bonds with an interest rate of 2.00% per annum. The bonds were issued to pay for improvements to the City's streets, water, and sewer systems. During the year ended June 30, 2024, the City paid \$50,000 principal and \$10,170 of interest on the bonds.

City of West Burlington, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2024

Note 3. Long-Term Debt (Continued)

A summary of the City's June 30, 2024 general obligation bonds is as follows:

| General Obligation Bonds | | | | | | | | | |
|--|-------------------------------|-------------------|------------------|-------------------|----------|------------------------------|-------------------|---------------------|--|
| Year ending | Water Improvement | | | | | Street Improvements | | | |
| | Issued August 27, 2008 | | | | | Issued April 19, 2017 | | | |
| | Interest | Principal | Interest | Total | Interest | Principal | Interest | Total | |
| June 30: | | | | | | | | | |
| 2025 | 1.75 | \$ 24,000 | \$ 1,750 | \$ 25,750 | 3.00 | \$ 540,000 | \$ 50,100 | \$ 590,100 | |
| 2026 | 1.75 | 25,000 | 1,330 | 26,330 | 3.00 | 555,000 | 33,900 | 588,900 | |
| 2027 | 1.75 | 25,000 | 893 | 25,893 | 3.00 | 575,000 | 17,250 | 592,250 | |
| 2028 | 1.75 | 26,000 | 455 | 26,455 | - | - | - | - | |
| Total | | \$ 100,000 | \$ 4,428 | \$ 104,428 | | \$ 1,670,000 | \$ 101,250 | \$ 1,771,250 | |
| Street, Water, Sewer Improvements | | | | | | | | | |
| Year ending | Issued March 31, 2022 | | | | | Total | | | |
| | Interest | Principal | Interest | Total | | Principal | Interest | Total | |
| June 30: | | | | | | | | | |
| 2025 | 2.00 | \$ 50,000 | \$ 9,170 | \$ 59,170 | | \$ 614,000 | \$ 61,020 | \$ 675,020 | |
| 2026 | 2.00 | 50,000 | 8,170 | 58,170 | | 630,000 | 43,400 | 673,400 | |
| 2027 | 2.00 | 50,000 | 7,170 | 57,170 | | 650,000 | 25,313 | 675,313 | |
| 2028 | 2.00 | 55,000 | 6,170 | 61,170 | | 81,000 | 6,625 | 87,625 | |
| 2029 | 2.00 | 55,000 | 5,070 | 60,070 | | 55,000 | 5,070 | 60,070 | |
| 2030-2032 | 2.00 | 170,000 | 8,060 | 178,060 | | 170,000 | 8,060 | 178,060 | |
| Total | | \$ 430,000 | \$ 43,810 | \$ 473,810 | | \$ 2,200,000 | \$ 149,488 | \$ 2,349,488 | |

City of West Burlington, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2024

Note 3. Long-Term Debt (Continued)

Revenue Bonds:

A summary of the City's June 30, 2024 revenue bonds is as follows:

| Year ending | Water Revenue | | | | | Sewer Revenue | | | | |
|--------------|------------------------|------------------|-----------------|------------------|----------|----------------------|-------------------|---------------------|--|--|
| | Issued August 20, 2008 | | | | Interest | Issued July 21, 2017 | | | | |
| June 30: | Interest | Principal | Interest | Total | | Principal | Interest | Total | | |
| 2025 | 1.75 | \$ 22,000 | \$ 1,610 | \$ 23,610 | 1.09 | \$ 534,000 | \$ 87,331 | \$ 621,331 | | |
| 2026 | 1.75 | 23,000 | 1,225 | 24,225 | 1.09 | 540,000 | 81,510 | 621,510 | | |
| 2027 | 1.75 | 23,000 | 823 | 23,823 | 1.09 | 546,000 | 75,624 | 621,624 | | |
| 2028 | 1.75 | 24,000 | 420 | 24,420 | 1.09 | 552,000 | 69,673 | 621,673 | | |
| 2029 | | - | - | - | 1.09 | 557,000 | 63,656 | 620,656 | | |
| 2030-2034 | | - | - | - | 1.09 | 2,876,000 | 225,881 | 3,101,881 | | |
| 2035-2038 | | - | - | - | 1.09 | 2,407,000 | 65,847 | 2,472,847 | | |
| Total | | \$ 92,000 | \$ 4,078 | \$ 96,078 | | \$ 8,012,000 | \$ 669,522 | \$ 8,681,522 | | |

| Year ending | Sewer Revenue | | | | | Water Revenue | | | | |
|--------------|-------------------------|-------------------|-------------------|---------------------|----------|------------------------|-------------------|---------------------|--|--|
| | Issued October 23, 2020 | | | | Interest | Issued January 8, 2021 | | | | |
| June 30: | Interest | Principal | Interest | Total | | Principal | Interest | Total | | |
| 2025 | 1.75 | \$ 53,000 | \$ 17,220 | \$ 70,220 | 1.75 | \$ 222,000 | \$ 70,980 | \$ 292,980 | | |
| 2026 | 1.75 | 54,000 | 16,293 | 70,293 | 1.75 | 226,000 | 67,095 | 293,095 | | |
| 2027 | 1.75 | 55,000 | 15,348 | 70,348 | 1.75 | 230,000 | 63,140 | 293,140 | | |
| 2028 | 1.75 | 56,000 | 14,385 | 70,385 | 1.75 | 234,000 | 59,115 | 293,115 | | |
| 2029 | 1.75 | 57,000 | 13,405 | 70,405 | 1.75 | 238,000 | 55,020 | 293,020 | | |
| 2030-2034 | 1.75 | 304,000 | 51,608 | 355,608 | 1.75 | 1,252,000 | 211,208 | 1,463,208 | | |
| 2035-2039 | 1.75 | 335,000 | 23,888 | 358,888 | 1.75 | 1,366,000 | 97,755 | 1,463,755 | | |
| 2040 | 1.75 | 70,000 | 1,225 | 71,225 | 1.75 | 288,000 | 5,040 | 293,040 | | |
| Total | | \$ 984,000 | \$ 153,372 | \$ 1,137,372 | | \$ 4,056,000 | \$ 629,353 | \$ 4,685,353 | | |

| Year ending | Total | | |
|--------------|----------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| June 30: | | | |
| 2025 | \$ 831,000 | \$ 177,141 | \$ 1,008,141 |
| 2026 | 843,000 | 166,123 | 1,009,123 |
| 2027 | 854,000 | 154,935 | 1,008,935 |
| 2028 | 866,000 | 143,593 | 1,009,593 |
| 2029 | 852,000 | 132,081 | 984,081 |
| 2030-2034 | 4,432,000 | 488,697 | 4,920,697 |
| 2035-2039 | 4,108,000 | 187,490 | 4,295,490 |
| 2040 | 358,000 | 6,265 | 364,265 |
| Total | \$ 13,144,000 | \$ 1,456,325 | \$ 14,600,325 |

City of West Burlington, Iowa

Notes to Basic Financial Statements
Year Ended June 30, 2024

Note 3. Long-Term Debt (Continued)

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$330,000 of water revenue bonds and \$5,977,000 of water revenue bonds issued in August 2008 and January 2021, respectively. Proceeds from the bonds provided financing for the construction of several water system projects. The bonds are payable solely from water customer net receipts and are payable through 2040. Annual principal and interest payments on the notes are expected to require approximately 24% of receipts. The total principal and interest remaining to be paid on the bonds is \$4,781,431. For the current year, principal and interest paid and total customer receipts were \$728,300 and \$1,748,785 respectively.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$10,985,000 of sewer revenue notes and \$1,189,000 of sewer revenue notes issued in July 2017 and October 2020, respectively. Proceeds from the bonds provided financing for the planning, design, and construction of improvements and extensions to the sewer system. The bonds are payable solely from sewer customer net receipts and are payable through 2040. Annual principal and interest payments on the notes are expected to require approximately 48% of receipts. The total principal and interest to be paid on the bonds is \$9,818,894. For the current year, principal and interest paid and total customer receipts were \$690,143 and \$1,523,864, respectively.

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

- a) The bonds shall be payable solely from the net revenues of the utility and the utility's respective sinking fund.
- b) Monthly transfers to the designated sinking fund must be equal to a sum of one-twelfth of the principal installment coming due on the next principal payment date and one-sixth of the interest coming due on the next interest payment date.
- c) User charges for the utility must be established at a level which produces and maintains net revenues equal to at least 110% of the principal and interest requirements due in the same fiscal year.

The City has not maintained sewer user charges at a level which produces and maintains net revenues equal to at least 110% of principal and interest requirements due in the same fiscal year as required by the sewer revenue bond agreement.

City of West Burlington, Iowa

Notes to Basic Financial Statements Year Ended June 30, 2024

Note 4. Interfund Transfers

The detail of interfund transfers as of June 30, 2024 is as follows:

| | Total | |
|----------------------------------|---------------------|-----------------------|
| | Transfers In | Transfers Out |
| Governmental activities: | | |
| General fund | \$ 651,965 | \$ (83,917) |
| Road use tax fund | 253,000 | (25,000) |
| Sales tax fund | 23,620 | (748,192) |
| TIF fund | - | (703,310) |
| Debt service fund | 632,260 | - |
| Capital projects fund | 368,453 | (260,121) |
| Nonmajor governmental | 39,250 | (131,863) |
| Business-type activities: | | |
| Water service fund | 823,641 | (870,301) |
| Water reserve fund | - | (411,602) |
| Sewer service fund | 1,223,631 | (781,514) |
| Total | \$ 4,015,820 | \$ (4,015,820) |

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

Note 5. Pension and Retirement Systems

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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

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

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

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

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

City of West Burlington, Iowa

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

Note 5. Pension and Retirement Systems (Continued)

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

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

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

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

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

The City's contributions to IPERS for the year ended June 30, 2024 were \$170,053.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2024, the City reported a liability of \$375,340 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2023, the City's collective proportion was 0.0083160 percent which was a increase of 0.003565 percent from its proportion measured as of June 30, 2022.

City of West Burlington, Iowa**Notes to Basic Financial Statements**
Year Ended June 30, 2024**Note 5. Pension and Retirement Systems (Continued)**

For the year ended June 30, 2024, the City's pension expense is \$84,354. At June 30, 2024, the City has 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 | \$ 151,498 | \$ 2,060 |
| Changes of assumptions | - | 33,324 |
| Net difference between projected and actual earnings on pension plan investments | 84,421 | - |
| Changes in proportion and differences between City contributions and proportionate share of contributions | 39,335 | 33,736 |
| City contributions subsequent to the measurement date | 170,053 | - |
| Total | \$ 445,307 | \$ 69,120 |

Deferred outflows of resources of \$170,053 related to pensions resulting from the City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | \$ | (6,155) |
|---------------------|-------------------|----------|
| 2025 | \$ (56,979) | (56,979) |
| 2026 | 214,624 | 214,624 |
| 2027 | 44,698 | 44,698 |
| 2028 | 9,946 | 9,946 |
| Total | \$ 206,134 | |

There were no non-employer contributing entities at IPERS.

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

| | |
|--|--|
| Rate of Inflation (effective June 30, 2017) | 2.60 percent per annum |
| Salary Increases (effective June 30, 2017) | 3.25 percent to 16.25 percent average, including inflation. Rates vary by membership group. |
| Investment rate of return (effective June 30, 2017) | 7.00 percent per annum, compounded annually, net of investment expense, including inflation |
| Wage growth (effective June 30, 2017) | 3.25 percent per annum, based on 2.60 percent inflation and 0.65 percent real wage inflation |

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

City of West Burlington, Iowa

Notes to Basic Financial Statements Year Ended June 30, 2024

Note 5. Pension and Retirement Systems (Continued)

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

| Asset Class | Asset Allocation | Long-Term Expected Real Rate of Return |
|--------------------------|------------------|--|
| Domestic equity | 21.0% | 4.56% |
| International equity | 16.5% | 6.22% |
| Global smart beta equity | 5.0% | 5.22% |
| Core plus fixed income | 23.0% | 2.69% |
| Public credit | 3.0% | 4.38% |
| Cash | 1.0% | 1.59% |
| Private equity | 17.0% | 10.44% |
| Private real assets | 9.0% | 3.88% |
| Private credit | 4.5% | 4.60% |
| Total | 100% | |

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate.

| | 1% Decrease (6.0%) | Discount Rate (7.0%) | 1% Increase (8.0%) |
|---|--------------------------|----------------------------|--------------------------|
| City's proportionate share of the net pension liability (asset) | \$ 1,383,733 | \$ 375,340 | \$ (469,902) |

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.

City of West Burlington, Iowa

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

Note 6. Compensated Absences

City employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation payable to employees at June 30, 2024, primarily relating to the General Fund, is \$110,980. This liability has been computed based on rates of pay in effect at July 1, 2024.

Note 7. Other Postemployment Benefits (OPEB)

Plan Description: The City operates a 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. For the year ended June 30, 2024, the City contributed \$471,675 and plan members eligible for benefits contributed \$32,903 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.

OPEB Benefits: Individuals who are employed by the City of West Burlington 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 for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement, with exception of special service participants who must be age 50 with 22 years of services. At June 30, 2024, the following employees were covered by the benefit terms:

| | |
|--|-------------------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 1 |
| Active employees | 24 |
| | <hr/> <hr/> <hr/> <hr/> |

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.

Workers compensation:

The City is a member of the Iowa Municipalities Workers' Compensation Association (IMWCA). IMWCA is a local government risk-sharing pool whose members include various governmental entities throughout the State of Iowa. IMWCA provides coverage and protection for workers' compensation. There were no reductions in insurance coverage from prior years during the year ended June 30, 2024.

Member premiums paid to IMWCA are based on the rates approved annually by the Iowa Insurance Commissioner and fund all administrative expenses, claims, claims expenses, and reinsurance expenses. IMWCA's Board of Trustees approves a rating plan each year that applies discounts or surcharges to each member's premium based on its past loss experience. These discounts or surcharges are in addition to each member's experience modification factor. The membership agreement includes the provision that each member will be responsible for its pro rata share of any workers' compensation or related employer liability claims which exceed IMWCA's resources available to pay such claims. Members have never been assessed by IMWCA, and IMWCA's fund balance is in excess of all expenses funded by premiums as well as reserves for future known and unknown claims.

City of West Burlington, Iowa

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

Note 8. Risk Management (Continued)

Self-insured health benefits:

The City of West Burlington has agreed to provide certain health benefits to its employees. The City pays 100% of the single-coverage health insurance premium for all full-time union employees and 90% of the premium for non-union full-time employees. Full-time union employees pay 14% of the actuarial premium cost of family coverage and non-union employees pay 10% of the actuarial premium cost of family coverage. The City reimburses employees for their deductible after the employees have reached their out-of-pocket maximum of \$750 per individual and \$1,450 per family. Assuming in-network health care providers are utilized, the total maximum reimbursement liability to be paid by the City is \$240,800. The City's cost related to this reimbursement for the year ended June 30, 2024 was \$114,136.

Note 9. Contract with Burlington Municipal Waterworks

On August 16, 1995, the City of West Burlington entered into an agreement with Burlington Municipal Waterworks to provide for the sale of water to the City of West Burlington. The contract provides an initial term of twenty years, with four additional terms of five years each, unless cancelled by either party after the initial term expires. Water usage began on January 1, 1996 and expenses of \$437,322 were recorded for the year ended June 30, 2024.

Note 10. Cash Basis Fund Balances

The detail of the governmental fund cash basis fund balances for the year ended June 30, 2024 are as follows:

| | General | Road Use Tax | Sales Tax | TIF | Debt Service | Capital Projects | Other Nonmajor Governmenal | Total |
|-----------------------------------|---------------------|-------------------|-------------------|---------------------|--------------------|---------------------|----------------------------------|---------------------|
| Restricted for: | | | | | | | | |
| Road use purposes | \$ - | \$ 154,436 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 154,436 |
| Urban renewal projects | - | - | - | 1,529,839 | - | - | - | 1,529,839 |
| Capital projects | - | - | 849,963 | - | - | 201,603 | - | 1,051,566 |
| Other special revenue purposes | - | - | - | - | - | - | 340,171 | 340,171 |
| Unassigned | 1,028,859 | - | - | - | (29,687) | (308,757) | - | 690,415 |
| Total | \$ 1,028,859 | \$ 154,436 | \$ 849,963 | \$ 1,529,839 | \$ (29,687) | \$ (107,154) | \$ 340,171 | \$ 3,766,427 |

Note 11. Jointly Governed Organizations

The City is a participant in the Des Moines County Regional Solid Waste Commission, a political subdivision pursuant to the Code of Iowa Chapter 28E. The purpose of the agreement is to provide area governments with solid waste disposal sources. The City currently provides one member to the ten member board. The City paid \$57,421 in recycling fees in fiscal year 2024.

The City also participates with the City of Burlington in an agreement with the Southeast Iowa Regional Airport Authority (Airport). The City appoints one member of the five member Board of Trustees. The City contributed \$22,540 to the Airport in fiscal year 2024. There is a five year notice of cancellation request.

City of West Burlington, Iowa

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

Note 12. Commitments

In the normal course of business, the City has various outstanding commitments that are not reflected in the accompanying financial statements. The principal commitments of the City are as follows:

| | | |
|--|-----------|----------------|
| Gear avenue trail | \$ | 681,476 |
| Stormwater infrastructure improvement plan | | 92,066 |
| Comprehensive plan | | 35,341 |
| Zoning and subdivision code update | | 32,987 |
| Total | \$ | 841,870 |

Note 13. Tax Abatements

Governmental Accounting Standards Board Statement No. 77 defined 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 of more governments promise to forgo tax receipts to which they are otherwise entitled and (b) the individual or entity promises to take 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.

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 with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers to pay the developers an economic development grant, or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2024, \$49,640 of property tax was diverted from the City under the urban renewal and economic development agreements.

Note 14. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements

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

GASB Statement No. 100, *Accounting Changes and Error Corrections- An Amendment of GASB Statement No. 62*, issued June 2022. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

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

City of West Burlington, Iowa

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

Note 14. New Governmental Accounting Standards Board (GASB) Statements and Pending Pronouncements (Continued)

As of June 30, 2024, GASB had issued several statements not yet required to be implemented by the City. The Statements which might impact the City are as follows:

GASB Statement No. 101, *Compensated Absences*, issued June 2022, will be effective for the City beginning with its fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. This Statement amends the existing requirements to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (As long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

GASB Statement No. 102, *Certain Risk Disclosures*, issued December 2024, will be effective for the City beginning with its fiscal year ending June 30, 2025. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. A government should provide information in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact associated with the concentration or constraint. The disclosures should include descriptions of the following: (a) The concentration or constraint (b) Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements (c) Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

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

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

City of West Burlington, Iowa

Other Information

Budgetary Comparison Schedule

Budget and Actual - All Governmental and Proprietary Funds

Year Ended June 30, 2024

| | Governmental Fund Types Actual | Proprietary Fund Types Actual | Total Actual |
|---|--------------------------------------|-------------------------------------|---------------------|
| Receipts: | | | |
| Property tax | \$ 1,723,825 | \$ - | \$ 1,723,825 |
| Tax increment financing | 394,293 | - | 394,293 |
| Other city tax | 975,145 | - | 975,145 |
| Use of money and property | 29,692 | - | 29,692 |
| Licenses and permits | 169,179 | - | 169,179 |
| Intergovernmental | 1,063,028 | - | 1,063,028 |
| Charges for services | 309,178 | 3,155,977 | 3,465,155 |
| Miscellaneous | 173,147 | 474,509 | 647,656 |
| Total receipts | 4,837,487 | 3,630,486 | 8,467,973 |
| Disbursements: | | | |
| Public safety | 1,673,962 | - | 1,673,962 |
| Public works | 1,057,348 | - | 1,057,348 |
| Culture and recreation | 325,452 | - | 325,452 |
| Community and economic development | 108,820 | - | 108,820 |
| General government | 582,626 | - | 582,626 |
| Capital outlay | 1,720,271 | - | 1,720,271 |
| Debt service | 693,030 | - | 693,030 |
| Business-type activities | - | 4,270,266 | 4,270,266 |
| Total disbursements | 6,161,509 | 4,270,266 | 10,431,775 |
| Excess (deficiency) of receipts over (under) disbursements | (1,324,022) | (639,780) | (1,963,802) |
| Other financing sources (uses), net | 16,145 | (16,145) | - |
| (Deficiency) of receipts and other financing sources (uses) (under) disbursements and other financing uses | (1,307,877) | (655,925) | (1,963,802) |
| Balance, beginning of year | 5,074,304 | 1,360,371 | 6,434,675 |
| Balance, end of year | \$ 3,766,427 | \$ 704,446 | \$ 4,470,873 |

See Notes to Other Information.

| Budgeted Amounts | | Final to Actual Variance | |
|---------------------|-----------------------|--------------------------|--|
| Original | Final | Over (Under) | |
| \$ 1,708,292 | \$ 1,708,292 | \$ 15,533 | |
| 761,112 | 761,112 | (366,819) | |
| 757,833 | 757,833 | 217,312 | |
| 38,000 | 38,000 | (8,308) | |
| 102,100 | 149,100 | 20,079 | |
| 1,508,887 | 1,869,887 | (806,859) | |
| 3,422,714 | 3,422,714 | 42,441 | |
| 336,845 | 437,945 | 209,711 | |
| <u>8,635,783</u> | <u>9,144,883</u> | <u>(676,910)</u> | |
| 1,701,379 | 1,862,779 | 188,817 | |
| 1,086,590 | 1,152,490 | 95,142 | |
| 341,400 | 369,900 | 44,448 | |
| 117,609 | 173,419 | 64,599 | |
| 570,190 | 632,590 | 49,964 | |
| 1,286,920 | 1,804,920 | 84,649 | |
| 692,360 | 692,360 | (670) | |
| <u>3,732,490</u> | <u>4,498,290</u> | <u>228,024</u> | |
| <u>9,528,938</u> | <u>11,186,748</u> | <u>754,973</u> | |
| <u>(893,155)</u> | <u>(2,041,865)</u> | <u>78,063</u> | |
| <u>-</u> | <u>331,200</u> | <u>(331,200)</u> | |
| <u>\$ (893,155)</u> | <u>\$ (1,710,665)</u> | <u>\$ (253,137)</u> | |

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

| | 2024* | 2023* | 2022* | 2021* |
|--|------------|------------|------------|------------|
| City's proportion of the net pension liability (asset) | 0.0083160% | 0.0047510% | 0.1469726% | 0.0114660% |
| City's proportionate share of the net pension liability (asset) | \$ 375 | \$ 179 | \$ (507) | \$ 805 |
| City's covered payroll | \$ 1,717 | \$ 1,567 | \$ 1,508 | \$ 1,470 |
| City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 21.84% | 11.42% | -33.62% | 54.76% |
| Plan fiduciary net pension as a percentage of the total pension liability (asset) | 90.13% | 91.40% | 100.81% | 82.90% |

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

See Notes to Other Information.

| 2020* | 2019* | 2018* | 2017* | 2016* | 2015* |
|------------|------------|------------|------------|------------|------------|
| 0.0095940% | 0.0131500% | 0.0108170% | 0.0105640% | 0.0090270% | 0.1952250% |
| \$ 556 | \$ 653 | \$ 721 | \$ 665 | \$ 446 | \$ 285 |
| \$ 1,393 | \$ 1,435 | \$ 1,403 | \$ 1,273 | \$ 1,289 | \$ 1,294 |
| 39.91% | 45.51% | 51.39% | 52.24% | 34.60% | 22.02% |
| 85.45% | 83.62% | 82.21% | 81.82% | 85.19% | 87.61% |

City of West Burlington, Iowa

Other Information

Schedule of City Contributions (In Thousands)

Iowa Public Employees' Retirement System

Last Ten Fiscal Years

| | 2024 | 2023 | 2022 | 2021 |
|--|----------|----------|----------|----------|
| Statutorily required contribution | \$ 170 | \$ 162 | \$ 147 | \$ 143 |
| Contributions in relation to the statutorily required contribution | \$ (170) | \$ (162) | \$ (147) | \$ (143) |
| Contribution deficiency (excess) | \$ - | \$ - | \$ - | \$ - |
| City's covered payroll | \$ 1,811 | \$ 1,717 | \$ 1,567 | \$ 1,508 |
| Contributions as a percentage of covered payroll | 9.39% | 9.44% | 9.38% | 9.48% |

See Notes to Other Information.

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|----|-------|----------|----------|----------|----------|----------|
| \$ | 142 | \$ 136 | \$ 134 | \$ 131 | \$ 119 | \$ 122 |
| \$ | (142) | \$ (136) | \$ (134) | \$ (131) | \$ (119) | \$ (122) |
| \$ | - | \$ - | \$ - | \$ - | \$ - | \$ - |
| \$ | 1,470 | \$ 1,393 | \$ 1,435 | \$ 1,403 | \$ 1,273 | \$ 1,289 |
| | 9.64% | 9.77% | 9.35% | 9.34% | 9.33% | 9.46% |

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City of West Burlington, Iowa

Notes to Other Information

Year Ended June 30, 2024

Note 1. Budgetary Information

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 following publication of a required public notice and holding of a public hearing for all funds except for 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 nine major classes of disbursements known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital outlay and business-type activities. During the year, two budget amendments increased budgeted disbursements by a total of \$1,657,810 for payroll and capital outlay increases.

The City overexpended the Debt Service function by \$670.

Note 2. Iowa Public Employees' Retirement System

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%.
- Salary increase assumption decreased by 0.75%

City of West Burlington, Iowa

Combining Schedule of Cash Receipts, Disbursements and Changes in Cash Balances
Nonmajor Governmental Funds
Year Ended June 30, 2024

| | Fourth of July Celebration | Medical Insurance | Hotel/Motel Tax |
|---|---------------------------------------|------------------------------|----------------------------|
| Receipts: | | | |
| Property taxes | \$ - | \$ - | \$ - |
| Other city tax | - | - | 73,057 |
| Miscellaneous | 23,446 | - | - |
| Total receipts | 23,446 | - | 73,057 |
| Disbursements: | | | |
| Operating: | | | |
| Culture and recreation | 40,141 | - | - |
| General government | - | 19,335 | 35,798 |
| Total disbursements | 40,141 | 19,335 | 35,798 |
| Excess (deficiency) of receipts over (under) disbursements | (16,695) | (19,335) | 37,259 |
| Other financing sources (uses): | | | |
| Transfers in | 12,000 | 27,250 | - |
| Transfers out | - | - | (12,000) |
| Total other financing sources (uses) | 12,000 | 27,250 | (12,000) |
| Change in cash balances | (4,695) | 7,915 | 25,259 |
| Cash balances, beginning of year | 24,072 | 16,817 | 144,687 |
| Cash balances, end of year | \$ 19,377 | \$ 24,732 | \$ 169,946 |
| Cash basis fund balances | | | |
| Restricted for: | | | |
| Special revenue purposes | \$ 19,377 | \$ 24,732 | \$ 169,946 |
| Total cash basis fund balance | \$ 19,377 | \$ 24,732 | \$ 169,946 |

See Notes to Basic Financial Statements.

| Employee Benefits | Total |
|----------------------|------------|
| \$ 220,772 | \$ 220,772 |
| 5,909 | 78,966 |
| - | 23,446 |
| <hr/> | <hr/> |
| 226,681 | 323,184 |
| | |
| - | 40,141 |
| - | 55,133 |
| - | 95,274 |
| <hr/> | <hr/> |
| 226,681 | 227,910 |
| | |
| - | 39,250 |
| (119,863) | (131,863) |
| <hr/> | <hr/> |
| (119,863) | (92,613) |
| | |
| 106,818 | 135,297 |
| | |
| 19,298 | 204,874 |
| <hr/> | <hr/> |
| \$ 126,116 | \$ 340,171 |
| <hr/> | <hr/> |
| \$ 126,116 | \$ 340,171 |
| <hr/> | <hr/> |

City of West Burlington, Iowa

Schedule of Receipts By Source And Disbursements By Function- Cash Basis

All Governmental Funds

For the Last Ten Years

| | 2024 | 2023 | 2022 | 2021 |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| Receipts: | | | | |
| Property taxes | \$ 1,723,825 | \$ 1,773,236 | \$ 1,824,639 | \$ 1,733,271 |
| Tax increment financing | 394,293 | 846,682 | 788,785 | 891,667 |
| Other taxes | 975,145 | 928,007 | 984,514 | 736,832 |
| Use of money and property | 29,692 | 18,200 | 13,444 | 37,942 |
| Licenses and permits | 169,179 | 125,568 | 103,551 | 105,428 |
| Intergovernmental | 1,063,028 | 869,899 | 836,978 | 939,983 |
| Charges for service | 309,178 | 285,001 | 249,152 | 219,388 |
| Fines, fees, and miscellaneous | 173,147 | 154,327 | 209,357 | 240,951 |
| Total receipts | \$ 4,837,487 | \$ 5,000,920 | \$ 5,010,420 | \$ 4,905,462 |
| Disbursements: | | | | |
| Operating: | | | | |
| Public safety | \$ 1,673,962 | \$ 2,253,315 | \$ 1,387,919 | \$ 1,476,568 |
| Public works | 1,057,348 | 853,643 | 794,174 | 819,872 |
| Culture and recreation | 325,452 | 370,498 | 194,512 | 163,092 |
| Community and economic development | 108,820 | 91,772 | 8,534 | 93,735 |
| General government | 582,626 | 474,888 | 587,064 | 515,021 |
| Capital outlay | 1,720,271 | 325,780 | 271,700 | 1,064,795 |
| Debt service | 693,030 | 697,166 | 638,810 | 761,285 |
| Total disbursements | \$ 6,161,509 | \$ 5,067,062 | \$ 3,882,713 | \$ 4,894,368 |

| | 2020 | | 2019 | | 2018 | | 2017 | | 2016 | | 2015 |
|-----------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|-----------|------------------|
| \$ | 1,508,930 | \$ | 1,435,113 | \$ | 1,379,821 | \$ | 1,363,694 | \$ | 1,313,569 | \$ | 1,238,185 |
| 1,418,633 | | 1,472,368 | | 1,357,143 | | 1,098,600 | | 1,022,914 | | 1,347,323 | |
| 633,102 | | 569,696 | | 568,445 | | 692,646 | | 639,059 | | 573,937 | |
| 100,264 | | 152,506 | | 93,066 | | 65,915 | | 55,816 | | 49,883 | |
| 81,304 | | 63,356 | | 64,215 | | 103,759 | | 155,359 | | 79,247 | |
| 536,649 | | 496,986 | | 504,396 | | 647,294 | | 602,026 | | 730,494 | |
| 232,838 | | 219,334 | | 205,021 | | 203,600 | | 235,229 | | 227,829 | |
| 358,970 | | 260,326 | | 291,375 | | 314,969 | | 359,373 | | 390,052 | |
| \$ | 4,870,690 | \$ | 4,669,685 | \$ | 4,463,482 | \$ | 4,490,477 | \$ | 4,383,345 | \$ | 4,636,950 |
| <hr/> | <hr/> |
| \$ | 1,484,145 | \$ | 1,396,576 | \$ | 1,476,450 | \$ | 1,562,310 | \$ | 1,323,022 | \$ | 1,697,358 |
| 1,039,175 | | 650,520 | | 607,917 | | 624,665 | | 567,937 | | 584,207 | |
| 153,110 | | 223,083 | | 185,252 | | 191,547 | | 244,742 | | 226,854 | |
| 87,861 | | 77,943 | | 71,529 | | 11,976 | | 18,956 | | 271,361 | |
| 503,637 | | 497,511 | | 522,940 | | 653,185 | | 528,730 | | 530,052 | |
| 590,558 | | 1,964,272 | | 1,417,849 | | 168,965 | | 201,089 | | 1,602,492 | |
| 1,229,050 | | 1,249,057 | | 1,232,726 | | 1,074,048 | | 1,006,245 | | 932,805 | |
| \$ | 5,087,536 | \$ | 6,058,962 | \$ | 5,514,663 | \$ | 4,286,696 | \$ | 3,890,721 | \$ | 5,845,129 |

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

To the Honorable Mayor and
Members of the City Council
City of West Burlington, Iowa
West Burlington, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of West Burlington, Iowa (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 17, 2024. Our report included an emphasis of matter paragraph for the City's cash receipts and disbursements basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2024-001 through 2024-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

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

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

City's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bohnsack & Frommelt LLP

Moline, Illinois
October 17, 2024

City of West Burlington, Iowa

Schedule of Findings and Responses

Year Ended June 30, 2024

Summary of the Independent Auditor's Results

Unmodified opinions were issued on the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information financial statements.

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

A. Internal Control

Significant Deficiencies:

2024-001

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

Criteria: A properly designed system of internal control over financial reporting requires entities to initiate, authorize, record, process and report financial data reliably in accordance with accounting principles generally accepted in the United States of America.

Condition: One position has access rights to change the employee master file, including entering new employees, employee information including address and direct deposit information, modifying pay rates and adding deductions. This position enters time to the payroll system, processes the payroll and generates the direct deposits. This position also submits the direct deposit to the financial institution that gets approved by the City Clerk and City Administrator.

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

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

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

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

Recommendation: Ideally, the position responsible for processing the payroll should be segregated from access to make employee master file changes. The following are the key compensating controls: The review of the payroll edit report by the Finance Manager, which is being done on a bi-weekly basis. The City Clerk reviews the bank statement and matches the payroll direct deposit amounts clearing the bank to the payroll reports reviewed at the time of the bank reconciliation. In addition, the Finance Manager reviews the direct deposit listing to look for any unknown employees and any unusual pay amounts. The amounts are compared to the prior payroll period and investigate any unusual variances in the total amount paid from one pay period to the next and totals are compared to budget for any variances.

In addition, we recommend:

- The City should evaluate the payroll software to determine if password protections, within applications in regard to the master file, could be assigned to another position in the office. This position should have no other payroll access. This position would add all new positions, including address, direct deposit information and benefits. In addition, this position should make all updates and changes to the master payroll file.
- Annually, all pay rates, including base rate, overtime, and additional certification rates, should be reviewed in detail by an employee outside of the payroll process.

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

(Continued)

City of West Burlington, Iowa

Schedule of Findings and Responses

Year Ended June 30, 2024

Given limited staff, the City staff does not plan to change access to the master file, however, the Finance Manager is running audit reports in Tyler that allows review of all changes to the master file. This will be done monthly going forward. The Finance Manager goes through the detailed payroll each pay period. The City Administrator reviews the detail in Tyler periodically or as needed.

The City staff does not plan to implement the password protections with the master file with the two finance employees that currently have access. These are the only two employees with access. That said, the Finance Manager is running audit reports in Tyler to review changes made to the system.

The City Administrator and City Clerk will review rates annually in August.

2024-002

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

Criteria: A properly designed system of internal control over financial reporting requires entities to initiate, authorize, record, process and report financial data reliably in accordance with accounting principles generally accepted in the United States of America.

Condition: Two positions at the City have access to set up new vendors in the system, enter invoices into the system to be paid, print and mail checks, and file invoice packets. In addition, one position also prepares the file for bills to be paid electronically.

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

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

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

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

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

- The Master Vendor File access should be delegated to the Financial Manager position. That position would obtain the IRS W-9 Form and complete vendor additions and any changes to vendors including changes to addresses or information for electronic payment through the bank.
- We recommend the review of bank draft sequence be implemented as a control for the disbursements cycle. This should be done by the City Clerk as part of the bank reconciliation process along with the important control of check sequence monitoring and formally logged to document procedures performed.

We want to emphasize the importance of the City's compensating control where the City Administrator or City Clerk, if either one is absent, review the accounts payable register and approve accounts payable within the system in order to catch any questionable vendors or expenses.

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

(Continued)

City of West Burlington, Iowa

Schedule of Findings and Responses

Year Ended June 30, 2024

Given limited staff, the City does not plan to change access to the master file, however, the Finance Manager is running audit reports in Tyler that allows review of all changes to the master file.

Review is currently being done, however there doesn't appear to be a way to verify why sequencing is out of order through the bank. Tyler does not track bank draft sequences. Currently the review is not being logged and the City will implement this process.

B. Instances of Noncompliance

No matters reported.

Part II: Other Findings Related to Statutory Reporting

II-A-24

Certified Budget –

Finding: The City overexpended the debt service function.

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

Response and Corrective Action Plan: The City will amend future budgets in sufficient amounts to ensure certified budget is not exceeded. The interest rate for the 2022 GO Bonds was budgeted incorrectly. The amount budgeted was from the previous fiscal year, and the final interest payment was made after the final amendment was published.

Conclusion: Response accepted.

II-B-24

Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 2079.

II-C-24

Travel Expenses – No expenditures of City money for travel expenses of spouses of City officials or employees were noted. No travel advances to City officials or employees were noted.

II-D-24

Business Transactions – No business transactions between the City and City officials or employees were noted except the following:

| Official | Transaction Description | Amount |
|-------------------------------|--|----------|
| Mike Brissey, Public Works | Janitorial services provided by spouse | \$ 9,320 |
| Angela Moore, Finance Manager | Firetruck repair provided by inlaws | 1,228 |
| Troy Cline, Public Works | Curb box repair | 6,167 |

These transactions do not appear to represent a conflict of interest in accordance with Chapter 362.5(3)(g) of the Code of Iowa.

(Continued)

City of West Burlington, Iowa

Schedule of Findings and Responses
Year Ended June 30, 2024

II-E-24

Restricted Donor Activity- No transactions between the City and City officials or employees were noted.

II-F-24

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

II-G-24

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

II-H-24

Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the City's investment policy were noted.

II-I-24

Urban Renewal Annual Report-

Finding: The Annual Urban Renewal Report for fiscal year 2023 does not agree with the fiscal year 2023 audit report. There was an \$18,000 expenditure omitted from the Annual Urban Renewal Report for fiscal year 2023 causing the ending cash balance on the Annual Urban Renewal Report not to agree with the audit report.

Recommendation: We recommend the City create procedures to ensure accurate reports are prepared.

Response and Corrective Action Plan: The City agrees with the recommendation and will review current processes. There was \$5,000 included on the Annual TIF report to the county. There was actually \$16,000 paid out. There will be an internal advance for the remaining \$13,000 and it will be on the Annual TIF Report and the \$5,000 will be included on the Annual Urban Renewal Report.

Conclusion: Response accepted.

II-J-24

Revenue Bonds-

Finding: The sewer user charges were not at a level that produces and maintains net revenues equal to at least 110% of principal and interest requirements due in the same year as required by the sewer revenue bond resolution.

Recommendation: Sewer user charges need to be at a level that produces and maintains net revenues equal to at least 110% of principal and interest requirements due in the same year as required by the sewer revenue bond resolution.

(Continued)

City of West Burlington, Iowa

Schedule of Findings and Responses
Year Ended June 30, 2024

Response and Corrective Action Plan: The City will monitor sewer user charges and disbursements to ensure net revenues are maintained at least 110% of principal and interest requirements due in the same year as required by the sewer revenue bond resolution. This was reviewed with Speer and rates were adjusted. New rates began in July 2023 rather than in the prior fiscal year. The City will continue to monitor this situation.

Conclusion: Response accepted.

II-K-24

Certified Tax Increment Financing (TIF) Debt-

Finding: The City certified TIF debt to the County more than once for the same item. Iowa Code Chapter 403.19(6)(a) requires the City to certify new TIF obligations to the County Auditor by December 1st. The entire rebate agreement for Blackhawk Tower and Millennium Hall were certified to the County and some of the annual appropriations for the rebates were also certified.

Recommendation: We recommend the City create and maintain a schedule to track outstanding TIF obligations and reconcile the outstanding obligation to the County report.

Response and Corrective Action Plan: The City agrees with the recommendation and will create a schedule and file the appropriate forms with the County with their next certification. However, this report has not been balanced for years. City staff is attempting to reconcile the issues with the county auditor and their auditing firm. This has been a challenge to clean up this report after so many years where it has not been balanced.

Conclusion: Response accepted.