

CITY OF JEFFERSON, IOWA
INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
SUPPLEMENTARY AND OTHER INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024

CITY OF JEFFERSON, IOWA
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CITY OF JEFFERSON, IOWA
OFFICIALS
June 30, 2024

(Before January, 2024)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Matt Gordon	Mayor	January, 2024
Pat Zmolek	Mayor Pro-Tem	January, 2026
David Sloan	Council Member	January, 2024
Matt Wetrich	Council Member	January, 2024
Harry Ahrenholtz	Council Member	January, 2026
Darren Jackson	Council Member	January, 2026
Scott Peterson	City Administrator	Indefinite
Roxanne Gorsuch	City Clerk	Indefinite
Sarah Morlan	Finance Officer/ Deputy City Clerk	Indefinite
David Morain	Attorney	Indefinite

(After January, 2024)

Craig Berry	Mayor	January, 2028
Darren Jackson	Mayor Pro-Tem	January, 2026
Pat Zmolek	Council Member	January, 2026
Chad Sloan	Council Member	January, 2028
Matt Wetrich	Council Member	January, 2028
Harry Ahrenholtz	Council Member	January, 2026
Scott Peterson	City Administrator	Indefinite
Roxanne Gorsuch	City Clerk	Indefinite
Sarah Morlan	Finance Officer/ Deputy City Clerk	Indefinite
David Morain	Attorney	Indefinite

Gronewold, Bell, Kyhnn & Co. P.C.

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CHRISTOPHER J. NELSON
DAVID A. GINTHER
DUSTIN T. VEENSTRA
FAITH E. HINRICHS

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Jefferson, Iowa, as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the City's 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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Jefferson, 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 financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Jefferson, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis of Accounting

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.

To the Honorable Mayor and
Members of the City Council

Responsibilities of Management for the Financial Statements

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

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 judgement 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 the City of Jefferson'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Jefferson'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.

To the Honorable Mayor and
Members of the City Council

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Jefferson's basic financial statements. We previously audited, in accordance with the standards referred to in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report, the financial statements for the nine years ended June 30, 2023 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting. The supplementary information included in Schedules 1 through 3, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information in Schedules 1 through 3 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in this report. The other information comprises the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability (Asset) and the Schedule of City Contributions on pages 28 through 32 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 December 11, 2024 on our consideration of the City of Jefferson'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'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 Jefferson's internal control over financial reporting and compliance.

Ommerdot, Ben. Kuhn - W. P. C.

Atlantic, Iowa
December 11, 2024

CITY OF JEFFERSON, IOWA
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION

As of and for the year ended June 30, 2024

		Program Receipts	
	Disbursements	Charges for Service	Operating Grants, Contributions and Restricted Interest
Functions/Programs:			
Governmental activities:			
Public safety	\$ 1,154,659	\$ 56,007	\$ 191,503
Public works	731,281	--	590,718
Health and social services	37,249	--	--
Culture and recreation	1,582,105	522,413	370,890
Community and economic development	583,871	--	23,247
General government	629,100	54,948	55,104
Debt service	645,966	--	--
Capital projects	1,490,619	--	--
Total governmental activities	6,854,850	633,368	1,231,462
Business type activities:			
Water	923,531	1,238,525	--
Sewer	9,895,733	1,390,966	502,667
Sanitation	595,774	628,253	72,590
Recycling	155,386	216,274	--
Total business type activities	11,570,424	3,474,018	575,257
Component Unit:			
Airport	1,434,779	--	--
Total	\$ 19,860,053	\$ 4,107,386	\$ 1,806,719

(continued next page)

Program Receipts Capital Grants, Contributions and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Position			
	Governmental Activities	Business Type Activities	Total Primary Government	Discretely Presented Component Unit
\$ --	\$(907,149)	\$ --	\$(907,149)	\$ --
--	(140,563)	--	(140,563)	--
--	(37,249)	--	(37,249)	--
--	(688,802)	--	(688,802)	--
--	(560,624)	--	(560,624)	--
--	(519,048)	--	(519,048)	--
--	(645,966)	--	(645,966)	--
<u>80,663</u>	<u>(1,409,956)</u>	<u>--</u>	<u>(1,409,956)</u>	<u>--</u>
<u>80,663</u>	<u>(4,909,357)</u>	<u>--</u>	<u>(4,909,357)</u>	<u>--</u>
--	--	314,994	314,994	--
--	--	(8,002,100)	(8,002,100)	--
--	--	105,069	105,069	--
<u>--</u>	<u>--</u>	<u>60,888</u>	<u>60,888</u>	<u>--</u>
<u>--</u>	<u>--</u>	<u>(7,521,149)</u>	<u>(7,521,149)</u>	<u>--</u>
<u>971,951</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(462,828)</u>
<u>\$ 1,052,614</u>	<u>(4,909,357)</u>	<u>(7,521,149)</u>	<u>(12,430,506)</u>	<u>(462,828)</u>

CITY OF JEFFERSON, IOWA
CASH BASIS STATEMENT OF ACTIVITIES AND NET POSITION - Continued

As of and for the year ended June 30, 2024

	<u>Disbursements</u>	<u>Program Receipts</u>	<u>Operating Grants, Contributions and Restricted Interest</u>
General Receipts and Transfers:			
Property and other city tax levied for:			
General purposes			
Debt service			
Tax increment financing			
Hotel/motel tax			
Local option sales tax			
Unrestricted interest on investments			
Bond proceeds			
Miscellaneous			
Rent/dividend			
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			
Cash Basis Net Position			
Restricted:			
Nonexpendable:			
Cemetery perpetual care			
Expendable:			
Streets			
Urban renewal purposes			
Debt service			
Capital projects			
Other purposes			
Unrestricted			
Total cash basis net position			

The accompanying notes are an integral part of these statements.

Program Receipts Capital Grants, Contributions and Restricted Interest	Net (Disbursements) Receipts and Changes in Cash Basis Net Position			
	Governmental Activities	Business Type Activities	Total Primary Government	Discretely Presented Component Unit
\$ 1,923,378	\$ --	\$ 1,923,378	\$ --	
389,606	--	389,606	--	
1,220,586	--	1,220,586	--	
137,074	--	137,074	--	
585,217	--	585,217	--	
56,059	61,515	117,574	5,062	
1,700,000	11,835,959	13,535,959	--	
248,385	35,628	284,013	44,096	
--	--	--	59,513	
214,641	(194,641)	20,000	(20,000)	
<u>6,474,946</u>	<u>11,738,461</u>	<u>18,213,407</u>	<u>88,671</u>	
1,565,589	4,217,312	5,782,901	(374,157)	
<u>5,239,720</u>	<u>2,417,267</u>	<u>7,656,987</u>	<u>(5,672)</u>	
<u>\$ 6,805,309</u>	<u>\$ 6,634,579</u>	<u>\$ 13,439,888</u>	<u>\$ (379,829)</u>	
\$ 229,212	\$ --	\$ 229,212	\$ --	
54,616	--	54,616	--	
271,240	--	271,240	--	
--	30,231	30,231	--	
1,438,850	--	1,438,850	--	
2,937,466	--	2,937,466	--	
<u>1,873,925</u>	<u>6,604,348</u>	<u>8,478,273</u>	<u>(379,829)</u>	
<u>\$ 6,805,309</u>	<u>\$ 6,634,579</u>	<u>\$ 13,439,888</u>	<u>\$ (379,829)</u>	

CITY OF JEFFERSON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2024

	Special Revenue			
	General	Employee Benefits	Tax Increment Financing	Autenreith Community Center
Receipts:				
Property tax	\$1,245,533	\$ 677,845	\$ --	\$ --
Local option sales tax	--	--	--	--
Tax increment financing	--	--	1,220,586	--
Other city tax	137,074	--	--	--
Licenses and permits	50,238	--	--	--
Use of money and property	63,058	--	--	31,065
Intergovernmental	363,605	--	--	--
Charges for service	410,252	--	--	--
Miscellaneous	466,981	--	--	--
Total receipts	<u>2,736,741</u>	<u>677,845</u>	<u>1,220,586</u>	<u>31,065</u>
Disbursements:				
Operating:				
Public safety	1,088,541	--	--	--
Public works	105,628	--	--	--
Health and social services	--	--	--	--
Culture and recreation	1,558,638	--	--	6,551
Community and economic development	161,267	--	381,785	--
General government	629,100	--	--	--
Debt service	--	--	--	--
Capital projects	--	--	--	--
Total disbursements	<u>3,543,174</u>	<u>--</u>	<u>381,785</u>	<u>6,551</u>
Excess (deficiency) of receipts over (under) disbursements	(806,433)	677,845	838,801	24,514
Other financing sources (uses):				
Bond proceeds	--	--	--	--
Transfers in	980,319	--	--	--
Transfers out	(113,501)	(640,000)	(716,759)	--
Total other financing sources (uses)	<u>866,818</u>	<u>(640,000)</u>	<u>(716,759)</u>	<u>--</u>
Change in cash balances	60,385	37,845	122,042	24,514
Cash balances beginning of year	<u>1,813,540</u>	<u>524,312</u>	<u>149,198</u>	<u>724,178</u>
Cash balances end of year	<u>\$1,873,925</u>	<u>\$ 562,157</u>	<u>\$ 271,240</u>	<u>\$ 748,692</u>

(continued next page)

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ 389,606	\$ --	\$ --	\$ 2,312,984
--	--	585,217	585,217
--	--	--	1,220,586
--	--	--	137,074
--	--	--	50,238
--	3,016	12,621	109,760
--	--	639,722	1,003,327
--	--	--	410,252
--	20,000	189,379	676,360
<u>389,606</u>	<u>23,016</u>	<u>1,426,939</u>	<u>6,505,798</u>
--	--	66,118	1,154,659
--	--	625,653	731,281
--	--	37,249	37,249
--	--	16,916	1,582,105
--	--	40,819	583,871
--	--	--	629,100
645,966	--	--	645,966
--	286,048	1,204,571	1,490,619
<u>645,966</u>	<u>286,048</u>	<u>1,991,326</u>	<u>6,854,850</u>
(256,360)	(263,032)	(564,387)	(349,052)
--	1,700,000	--	1,700,000
256,360	--	747,541	1,984,220
--	--	(299,319)	(1,769,579)
<u>256,360</u>	<u>1,700,000</u>	<u>448,222</u>	<u>1,914,641</u>
--	1,436,968	(116,165)	1,565,589
--	1,882	2,026,610	5,239,720
<u>\$ --</u>	<u>\$ 1,438,850</u>	<u>\$ 1,910,445</u>	<u>\$ 6,805,309</u>

CITY OF JEFFERSON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS - Continued

As of and for the year ended June 30, 2024

	Special Revenue			
General	Employee Benefits	Tax Increment Financing	Autenreith Community Center	
Cash Basis Fund Balances				
Nonspendable - Cemetery perpetual care	\$ --	\$ --	\$ --	\$ --
Restricted for:				
Streets	--	--	--	--
Urban renewal purposes	--	--	271,240	--
Capital projects	--	--	--	--
Other purposes	--	562,157	--	748,692
Unassigned	1,873,925	--	--	--
Total cash basis fund balances	\$1,873,925	\$ 562,157	\$ 271,240	\$ 748,692

The accompanying notes are an integral part of these statements.

<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor</u>	<u>Total</u>
\$ --	\$ --	\$ 229,212	\$ 229,212
--	--	54,616	54,616
--	--	--	271,240
--	1,438,850	--	1,438,850
--	--	1,626,617	2,937,466
--	--	--	1,873,925
<u>\$ --</u>	<u>\$ 1,438,850</u>	<u>\$ 1,910,445</u>	<u>\$ 6,805,309</u>

CITY OF JEFFERSON, IOWA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS

As of and for the year ended June 30, 2024

	Enterprise	
	Water	Sewer
Operating receipts:		
Charges for service	\$ 1,238,525	\$ 1,390,966
Total operating receipts	1,238,525	1,390,966
Operating disbursements:		
Business type activities	923,531	565,468
Total operating disbursements	923,531	565,468
Excess of operating receipts over operating disbursements	314,994	825,498
Non-operating receipts (disbursements):		
Intergovernmental	--	502,667
Interest on investments	20,581	40,934
Miscellaneous	33,378	1,089
Debt service	--	(354,750)
Capital projects	--	(8,975,515)
Net non-operating receipts (disbursements)	53,959	(8,785,575)
Excess (deficiency) of receipts over (under) disbursements	368,953	(7,960,077)
Other financing sources (uses):		
Sewer revenue bond proceeds	--	11,835,959
Transfers out	(35,000)	(37,000)
Total other financing sources (uses)	(35,000)	11,798,959
Change in cash balances	333,953	3,838,882
Cash balances beginning of year	4,502,877	(1,869,632)
Cash balances end of year	\$ 4,836,830	\$ 1,969,250
Cash Basis Fund Balances		
Restricted for debt service	\$ --	\$ 30,231
Unrestricted	4,836,830	1,939,019
Total cash basis fund balances	\$ 4,836,830	\$ 1,969,250

The accompanying notes are an integral part of these statements.

Sanitation	Enterprise Nonmajor Recycling	Total
\$ 628,253	\$ 216,274	\$ 3,474,018
<u>628,253</u>	<u>216,274</u>	<u>3,474,018</u>
595,774	155,386	2,240,159
<u>595,774</u>	<u>155,386</u>	<u>2,240,159</u>
32,479	60,888	1,233,859
72,590	--	575,257
--	--	61,515
1,135	26	35,628
--	--	(354,750)
--	--	(8,975,515)
<u>73,725</u>	<u>26</u>	<u>(8,657,865)</u>
106,204	60,914	(7,424,006)
--	--	11,835,959
(63,000)	(59,641)	(194,641)
<u>(63,000)</u>	<u>(59,641)</u>	<u>11,641,318</u>
43,204	1,273	4,217,312
(227,807)	11,829	2,417,267
<u>\$(184,603)</u>	<u>\$ 13,102</u>	<u>\$ 6,634,579</u>
\$ --	\$ --	\$ 30,231
<u>(184,603)</u>	<u>13,102</u>	<u>6,604,348</u>
<u>\$(184,603)</u>	<u>\$ 13,102</u>	<u>\$ 6,634,579</u>

CITY OF JEFFERSON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Jefferson, Iowa is a political subdivision of the State of Iowa located in Greene County. It was first incorporated in 1854 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 provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development, and general government services. The City also provides water and sewer utilities, and sanitation and recycling services for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Jefferson has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City.

These financial statements present the City of Jefferson (the primary government) and its component unit. The component unit discussed below is included in the City's reporting entity because of the significance of its operational or financial relationship with the City.

Discretely Presented Component Unit

The Jefferson Municipal Airport Commission is presented in a separate column to emphasize that it is legally separate from the City, but is financially accountable to the City, or whose relationship with the City is such that exclusion would cause the City's financial statements to be misleading or incomplete. The Commission was established pursuant to Chapter 330 of the Code of Iowa to operate the City's airport facility. The Commission is composed of five members appointed by the Jefferson City Council and approves the Commission's operating budget.

CITY OF JEFFERSON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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: Greene County Recycling Agency, and Central Iowa Area Safety and Support Organization.

City officials are also members of the Greene County Development Corporation (GCDC) and Jefferson Matters/Main Street Board. The City paid these organizations a total of \$50,000 and \$35,000, respectively, during the fiscal year ended June 30, 2024.

City officials are also members of the North Dallas County Landfill Commission. See Note 11 for disclosures.

B. Basis of Presentation

Government-wide Financial Statement

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

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

Nonexpendable restricted net position is subject to externally imposed stipulations which require the cash balance to be maintained permanently by the City, including the City's Permanent Fund.

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

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

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

CITY OF JEFFERSON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Financial Statements

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. The remaining enterprise fund is reported as a nonmajor enterprise fund.

The City reports the following major governmental funds:

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

Special Revenue:

The Employee Benefits Fund is used to account for the collection and use of tax levied for the cost of employee benefits.

The Tax Increment Financing Fund is used to account for urban renewal tax increment financing collections and the repayment of tax increment financing indebtedness.

The Autenreith Community Center Fund is used to account for money received from the Autenreith family for the recreation department.

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.

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

The City reports the following major proprietary funds:

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

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

The Enterprise, Sanitation Fund accounts for the operation of the City's sanitation services.

CITY OF JEFFERSON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Property Taxes and Governmental Cash Basis Fund Balances

The following accounting policies are followed in preparing the financial statements:

Property tax receipts recognized in the governmental funds become due and collectible in September and March of the current fiscal year with a 1½% 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 March 2023.

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

Nonspendable - Amounts which cannot be spent because they are legally or contractually required to be maintained intact.

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

CITY OF JEFFERSON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assigned - Amounts the City Council intends to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2024, disbursements exceeded the amount budgeted in the health and social services, culture and recreation, general government, debt service, and capital projects functions.

NOTE 2 - CASH AND POOLED 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 ensure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The City and its component unit own approximately \$2,327 of par value cooperative stock, which was acquired by patronage dividend. The stock is not readily marketable, and can only be redeemed by the Coop. The stock is recorded on the books at \$2,327. Although this type of investment is not permitted by the Code of Iowa, it was acquired by patronage dividend, therefore the City is not in violation of Chapter 12 of the Code of Iowa. The City's investment in the Coop stock is unrated.

The City uses the fair value hierarchy established by generally accepted accounting principles based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, Level 3 inputs are significant unobservable inputs.

The recurring fair value of the cooperative stock was determined using the Coop book value. (Level 3 inputs)

CITY OF JEFFERSON, IOWA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2024

NOTE 2 - CASH AND POOLED INVESTMENTS - Continued

Interest rate risk - The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

NOTE 3 - BONDS PAYABLE

A summary of changes in bonds payable for the year ended June 30, 2024 is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>	<u>Due Within One Year</u>
Governmental Activities:					
General Obligation Bonds	\$ 5,505,000	\$ 1,700,000	\$ 510,000	\$ 6,695,000	\$ 375,000
Governmental Activities Total	<u>\$ 5,505,000</u>	<u>\$ 1,700,000</u>	<u>\$ 510,000</u>	<u>\$ 6,695,000</u>	<u>\$ 375,000</u>
Business Type Activities:					
Sewer Revenue Bonds - Direct Borrowing	\$ 798,750	\$ 11,835,959	\$ 236,000	\$ 12,398,709	\$ 414,000
Business Type Activities Total	<u>\$ 798,750</u>	<u>\$ 11,835,959</u>	<u>\$ 236,000</u>	<u>\$ 12,398,709</u>	<u>\$ 414,000</u>

CITY OF JEFFERSON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 3 - BONDS PAYABLE - Continued

General Obligation Bonds

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

Year Ending June 30,	Corporate Purpose Bonds Issued June 25, 2019			Corporate Purpose and Refunding Bonds Issued April 28, 2021		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	3.00%	\$ 115,000	\$ 64,800	2.00%	\$ 180,000	\$ 37,600
2026	3.00	120,000	61,350	2.00	130,000	34,000
2027	3.00	125,000	57,750	2.00	165,000	31,400
2028	3.00	125,000	54,000	2.00	165,000	28,100
2029	3.00	130,000	50,250	2.00	165,000	24,800
2030-2034	3.00	720,000	189,750	2.00	905,000	71,800
2035-2039	3.00	<u>825,000</u>	<u>75,750</u>	2.00	<u>170,000</u>	<u>3,400</u>
		<u>\$2,160,000</u>	<u>\$ 553,650</u>		<u>\$1,880,000</u>	<u>\$ 231,100</u>

Year Ending June 30,	Urban Renewal Bonds Issued April 28, 2021			Corporate Purpose Bonds Issued May 28, 2024		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2025	0.90%	\$ --	\$ 20,916	4.38%	\$ 80,000	\$ 75,080
2026	0.90	--	20,916	4.38	155,000	70,956
2027	0.90	--	20,916	4.38	160,000	64,167
2028	1.96	150,000	20,916	4.38	165,000	57,159
2029	2.20	600,000	17,977	4.38	170,000	49,932
2030-2034	2.33	205,000	4,777	4.38	970,000	130,743
2035-2039		<u>--</u>	<u>--</u>		<u>--</u>	<u>--</u>
		<u>\$ 955,000</u>	<u>\$ 106,418</u>		<u>\$1,700,000</u>	<u>\$ 448,037</u>

Year Ending June 30,	Total		
	Principal	Interest	Total
2025	\$ 375,000	\$ 198,396	\$ 573,396
2026	405,000	187,222	592,222
2027	450,000	174,233	624,233
2028	605,000	160,175	765,175
2029	1,065,000	142,959	1,207,959
2030-2034	2,800,000	397,070	3,197,070
2035-2039	<u>995,000</u>	<u>79,150</u>	<u>1,074,150</u>
	<u>\$6,695,000</u>	<u>\$1,339,205</u>	<u>\$8,034,205</u>

CITY OF JEFFERSON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 3 - BONDS PAYABLE - Continued

On June 25, 2019, the City issued \$2,460,000 of general obligation corporate purpose bonds with an interest rate of 3.00% per annum. The bonds were issued for equipment purchases, park, City Hall, pool and street improvements and for the East Entry Way Project. During the year ended June 30, 2024, the City paid \$100,000 of principal and \$67,800 of interest on the bonds. The bonds mature in fiscal year 2039.

On April 28, 2021, the City issued \$3,585,000 of general obligation corporate purpose and refunding bonds with an interest rate of 2.00% per annum. The bonds were issued for refunding prior general obligation bonds and cost of constructing animal shelter. During the year ended June 30, 2024, the City paid \$310,000 of principal and \$43,800 of interest on the bonds. The bonds mature in fiscal year 2035.

On April 28, 2021, the City issued \$1,755,000 of taxable general obligation urban renewal bonds with interest rates ranging from 0.50% to 2.33% per annum. The bonds were issued for urban renewal projects consisting of improvements to downtown commercial buildings. During the year ended June 30, 2024, the City paid \$100,000 of principal and \$21,817 of interest on the bonds. The bonds mature in fiscal year 2030.

On May 28, 2024, the City issued \$1,700,000 of general obligation corporate purpose bonds with an interest rate of 4.38% per annum. The bonds were issued for equipment purchases, street lighting, signage and signalization improvements and for the construction of street, water system, sanitary sewer system, storm water drainage and sidewalk improvements. During the year ended June 30, 2024, the City paid \$ - 0 - of principal and \$ - 0 - of interest on the bonds. The bonds mature in fiscal year 2034.

Revenue Bonds

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

Year Ending June 30,	Sewer Issued December 23, 2022			
	Interest Rates	Principal	Interest	Total
2025	1.75%	\$ 414,000	\$ 215,033	\$ 629,033
2026	1.75	614,000	209,733	823,733
2027	1.75	856,000	198,987	1,054,987
2028	1.75	915,000	184,008	1,099,008
2029	1.75	970,000	167,995	1,137,995
2030-2034	1.75	5,129,000	579,137	5,708,137
2035-2039	1.75	3,500,709	129,268	3,629,977
		<u>\$ 12,398,709</u>	<u>\$1,684,161</u>	<u>\$ 14,082,870</u>

CITY OF JEFFERSON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 3 - BONDS PAYABLE - Continued

Sewer Revenue Bonds - Direct Borrowing

On December 23, 2022, the City entered into a State Revolving Fund (SRF) loan and disbursement agreement with the Iowa Finance Authority (IFA) for the issuance of up to \$19,750,000 sewer revenue bonds with interest at 1.75% per annum. The bonds were issued pursuant to the provisions of Chapters 384.24A and 384.83 of the Code of Iowa to pay the costs of constructing improvements and extensions to the City's Municipal Sanitary Sewer System. The City will draw down funds from the IFA upon request to reimburse the City for costs as they are incurred. In the event of default, the issuer shall have the right to take any action authorized under the regulations, the revenue bond or the agreement and to take whatever other action at law or equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the agreement or to enforce the performance and observance of any duty, covenant, obligation or agreement of the participant under the agreement. During the year ended June 30, 2024, the City drew down \$11,835,959 of the authorized amount, leaving a balance of \$7,115,291 to draw. An initiation fee of \$98,750, 0.5% of the authorized borrowing for the sewer revenue bonds, was charged by the IFA. The agreement also requires the City to pay 0.25% servicing fee on the outstanding principal balance. A final repayment schedule has not yet been adopted for the bonds. \$236,000 in principal and \$103,907 in interest payments were made during the year ended June 30, 2024.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$19,750,000 of sewer revenue bonds issued in December, 2022. The bonds are payable solely from sewer customer net receipts. Annual principal and interest payments on the bonds are expected to require 41% of net receipts. The total principal and interest remaining to be paid on the bonds is \$14,082,870. For the current year, principal and interest paid and total customer net receipts were \$339,907 and \$825,498, respectively.

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

- (a) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- (b) Sufficient monthly transfers shall be made to a separate sewer revenue sinking account within the Enterprise, Sewer Fund for the purpose of making the bond principal and interest payments when due.
- (c) User rates shall be established and charged to customers of the utility, including the City, to produce and maintain net receipts at a level not less than 110% of the amount of principal and interest on the notes falling due in the same year.

CITY OF JEFFERSON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - PENSION PLAN

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 the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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 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 member's monthly IPERS benefit includes:

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

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

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

CITY OF JEFFERSON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - PENSION PLAN - Continued

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

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

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

The City's contributions to IPERS for the year ended June 30, 2024 totaled \$199,580.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2024, the City reported a liability of \$732,699 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2023, the City's proportion was 0.016233%, which was an increase of 0.001596% over its proportion measured as of June 30, 2022.

For the year ended June 30, 2024 the City pension expense, deferred outflows of resources and deferred inflows of resources totaled \$91,462, \$884,261, and \$674,722, respectively.

There were no non-employer contributing entities to IPERS.

CITY OF JEFFERSON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - PENSION PLAN - Continued

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

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

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

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

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	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	<u>100%</u>	

CITY OF JEFFERSON, IOWA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2024

NOTE 4 - PENSION PLAN - Continued

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	<u>1% Decrease (6.00%)</u>	<u>Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City's proportionate share of the net pension liability (asset)	\$ <u>1,915,235</u>	\$ <u>732,699</u>	\$(<u>258,403</u>)

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

NOTE 5 - OTHER 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 \$503,141 and plan members eligible for benefits contributed \$43,769 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 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.

CITY OF JEFFERSON, IOWA
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2024

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) - Continued

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

Inactive employees or beneficiaries currently receiving benefit payments	0
Active employees	<u>30</u>
Total	<u><u>30</u></u>

NOTE 6 - COMPENSATED ABSENCES

City employees accumulate a limited amount of earned but unused vacation and comp time 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 and comp time payable to employees at June 30, 2024, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 22,000
Comp time	<u>17,000</u>
Total	<u><u>\$ 39,000</u></u>

This liability has been computed based on rates of pay in effect at June 30, 2024.

CITY OF JEFFERSON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 7 - INTERFUND TRANSFERS

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

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Road Use Tax	\$ 50,000
	Employee Benefits	640,000
	Local Option Sales Tax	53,906
	Equipment Replacement	96,413
	Enterprise:	
	Water	35,000
	Sewer	37,000
	Sanitation	43,000
	Recycling	5,000
	Component Unit:	
	Airport	20,000
		980,319
Special Revenue: Road Use Tax	General Special Revenue: Local Option Sales Tax	27,026 99,000 <u>126,026</u>
Special Revenue: Health Insurance	General	10,000
Special Revenue: Equipment Replacement	General Enterprise: Sanitation Recycling	65,144 20,000 54,641 <u>139,785</u>
Special Revenue: Library	General	2,000
Special Revenue: Animal Shelter	General	6,513
Special Revenue: Neighborhood Stabilization	General	2,818
Special Revenue: Downtown Buildings	Special Revenue: Tax Increment Financing	460,399
Debt Service	Special Revenue: Tax Increment Financing	<u>256,360</u>
		\$ 1,984,220

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

CITY OF JEFFERSON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 8 - RELATED PARTY TRANSACTIONS

The City had business transactions between the City and City officials totaling \$289 during the year ended June 30, 2024.

NOTE 9 - RISK MANAGEMENT

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

NOTE 10 - DEFICIT BALANCES

The Sanitation Fund and Airport Improvement Fund had deficit balances of \$184,603 and \$539,409, respectively at June 30, 2024. The deficits will be eliminated by grant funds and other financing sources.

NOTE 11 - NORTH DALLAS COUNTY LANDFILL

An agency, the North Dallas County Landfill, has been established for the collection and disposal of solid waste. The Agency may not be accumulating sufficient financial resources, therefore, the City has an ongoing financial responsibility. Complete financial statements for the Agency can be obtained from the North Dallas County Landfill Agency.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The City has entered into multiple construction contracts totaling approximately \$20,271,000 that are still in process at June 30, 2024. The net remaining amount committed to these contracts is approximately \$7,292,000, which will be paid with existing capital project funds, debt proceeds, donations and grant proceeds.

NOTE 13 - DEVELOPMENT AGREEMENTS

The City entered into a development agreement with Jefferson Hotel Group, LLC (company) for the construction of a hotel facility with a minimum assessed value of \$3,600,000. The City has agreed to pay the company an amount not to exceed \$1,015,000, subject to annual appropriation by the City Council. The agreement requires ten annual payments, provided the company is in compliance with the terms of the agreement. During the year ended June 30, 2024, the City rebated \$101,200 of incremental property tax to the company. At June 30, 2024, the remaining balance to be paid on the agreement was \$307,661.

CITY OF JEFFERSON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 13 - DEVELOPMENT AGREEMENTS - Continued

The City entered into a development agreement with Tri-County Cash Lumber Mart, Inc. (company) for the construction of housing units. The City has agreed to pay the company an amount not to exceed \$600,000, subject to annual appropriation by the City Council. The agreement requires seven annual payments, provided the company is in compliance with the terms of the agreement. During the year ended June 30, 2024, the City rebated \$55,461 of incremental property tax to the company. At June 30, 2024, the remaining balance to be paid on the agreement was \$486,350.

The City entered into a development agreement with BAM Properties of Iowa, LLC (developer) for the construction of a veterinary clinic with a minimum assessed value of \$450,000. The City has agreed to pay the developer an amount not to exceed \$100,000, subject to annual appropriation by the City Council. The agreement requires seven annual payments, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2024, the City rebated \$6,961 of incremental property tax to the developer. At June 30, 2024, the remaining balance to be paid on the agreement was \$46,311.

The City entered into a development agreement with Michael J. Wahl and Miranda J. Wahl (developer) for the construction of a Goodyear Tire Service Center with a minimum assessed value of \$600,000. The City has agreed to pay the developer an amount not to exceed \$130,000, subject to annual appropriation by the City Council. The agreement requires seven annual payments, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2024, the City rebated \$39,456 of incremental property tax to the developer. At June 30, 2024, the remaining balance to be paid on the agreement was \$ - 0 - .

The City entered into a development agreement with Hy-Vee, Inc. (company) for the construction of a grocery store. The City has agreed to pay the company an amount not to exceed \$450,000, subject to annual appropriation by the City Council. The agreement requires eight annual payments, provided the company is in compliance with the terms of the agreement. During the year ended June 30, 2024, the City rebated \$96,466 of incremental property tax to the company. At June 30, 2024, the remaining balance to be paid on the agreement was \$ - 0 - .

The City entered into a development agreement with Mark Bauer Development Company, L.L.C. (company) for the construction of a residential development. The City has agreed to pay the company an amount not to exceed \$3,400,000, subject to annual appropriation by the City Council. The agreement requires ten annual payments, provided the company is in compliance with the terms of the agreement. During the year ended June 30, 2024, the City rebated \$43,890 of incremental property tax to the company. At June 30, 2024, the remaining balance to be paid on the agreement was \$3,178,888.

CITY OF JEFFERSON, IOWA
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 14 - TAX ABATEMENTS

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

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 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, \$142,721 of property tax was diverted from the City under the urban renewal and economic development agreements.

NOTE 15 - SUBSEQUENT EVENTS

The City has evaluated all subsequent events through December 11, 2024, the date the financial statements were available to be issued.

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OTHER INFORMATION

CITY OF JEFFERSON, IOWA
 BUDGETARY COMPARISON SCHEDULE
 OF RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCES -
 BUDGET AND ACTUAL - ALL GOVERNMENTAL
 FUNDS AND PROPRIETRY FUNDS

OTHER INFORMATION

Year ended June 30, 2024

	<u>Governmental Funds Actual</u>	<u>Proprietary Funds Actual</u>	<u>Total</u>
Receipts:			
Property tax	\$ 2,312,984	\$ --	\$ 2,312,984
Tax increment financing	1,220,586	--	1,220,586
Other city tax	722,291	--	722,291
Licenses and permits	50,238	--	50,238
Use of money and property	109,760	61,515	171,275
Intergovernmental	1,003,327	575,257	1,578,584
Charges for service	410,252	3,474,018	3,884,270
Miscellaneous	<u>676,360</u>	<u>35,628</u>	<u>711,988</u>
Total receipts	<u>6,505,798</u>	<u>4,146,418</u>	<u>10,652,216</u>
Disbursements:			
Public safety	1,154,659	--	1,154,659
Public works	731,281	--	731,281
Health and social services	37,249	--	37,249
Culture and recreation	1,582,105	--	1,582,105
Community and economic development	583,871	--	583,871
General government	629,100	--	629,100
Debt service	645,966	--	645,966
Capital projects	1,490,619	--	1,490,619
Business type activities	<u>--</u>	<u>11,570,424</u>	<u>11,570,424</u>
Total disbursements	<u>6,854,850</u>	<u>11,570,424</u>	<u>18,425,274</u>
Excess (deficiency) of receipts over (under) disbursements	(349,052)	(7,424,006)	(7,773,058)
Other financing sources, net	<u>1,914,641</u>	<u>11,641,318</u>	<u>13,555,959</u>
Change in balances	1,565,589	4,217,312	5,782,901
Balances beginning of year	<u>5,239,720</u>	<u>2,417,267</u>	<u>7,656,987</u>
Balances end of year	<u>\$ 6,805,309</u>	<u>\$ 6,634,579</u>	<u>\$ 13,439,888</u>

See accompanying independent auditor's report.

<u>Budgeted Amount</u>		<u>Final to Total Variance</u>
<u>Original</u>	<u>Final</u>	
\$ 2,088,034	\$ 2,088,034	\$ 224,950
1,200,034	1,200,034	20,552
781,784	781,784	(59,493)
30,200	35,476	14,762
164,261	198,307	(27,032)
926,928	10,618,727	(9,040,143)
3,851,626	3,942,488	(58,218)
495,550	1,180,371	(468,383)
<u>9,538,417</u>	<u>20,045,221</u>	<u>(9,393,005)</u>
1,103,924	1,240,949	86,290
667,044	809,274	77,993
17,500	31,500	(5,749)
1,345,800	1,447,840	(134,265)
482,031	593,900	10,029
491,724	572,258	(56,842)
644,017	644,017	(1,949)
1,419,186	1,419,186	(71,433)
<u>2,665,278</u>	<u>11,627,434</u>	<u>57,010</u>
<u>8,836,504</u>	<u>18,386,358</u>	<u>(38,916)</u>
701,913	1,658,863	(9,431,921)
<u>--</u>	<u>--</u>	<u>13,555,959</u>
701,913	1,658,863	4,124,038
<u>10,766,788</u>	<u>10,766,788</u>	<u>(3,109,801)</u>
<u>\$ 11,468,701</u>	<u>\$ 12,425,651</u>	<u>\$ 1,014,237</u>

CITY OF JEFFERSON, IOWA
NOTES TO OTHER INFORMATION -
BUDGETARY REPORTING

June 30, 2024

The budgetary comparison is presented in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds. 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. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, one budget amendment increased budgeted disbursements by \$9,549,854. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2024, disbursements exceeded the amounts budgeted in the health and social services, culture and recreation, general government, debt service, and capital projects functions.

CITY OF JEFFERSON, IOWA
 SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY (ASSET)

IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 FOR THE LAST TEN YEARS*
 (IN THOUSANDS)

OTHER INFORMATION

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
City's proportion of the net pension liability (asset)	0.016233%	0.014637%	0.095637%	0.018379%
City's proportionate share of the net pension liability (asset)	\$ 733	\$ 553	\$(330)	\$ 1,291
City's covered payroll	\$ 2,031	\$ 1,974	\$ 1,868	\$ 1,857
City's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	36.09%	28.01%	(17.67)%	69.52%
IPERS' net position as a percentage of the total pension liability (asset)	90.13%	91.40%	100.81%	82.90%

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

See accompanying independent auditor's report.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
0.016691%	0.017518%	0.017371%	0.017419%	0.016605%	0.015944%
\$ 966	\$ 1,109	\$ 1,157	\$ 1,096	\$ 820	\$ 632
\$ 1,734	\$ 1,746	\$ 1,652	\$ 1,561	\$ 1,554	\$ 1,520
55.71%	63.52%	70.04%	70.21%	52.77%	41.58%
85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

CITY OF JEFFERSON, IOWA
 SCHEDULE OF CITY CONTRIBUTIONS
 IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
 FOR THE LAST TEN YEARS
 (IN THOUSANDS)

OTHER INFORMATION

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Statutorily required contribution	\$ 200	\$ 191	\$ 186	\$ 180
Contributions in relation to the statutorily required contribution	(200)	(191)	(186)	(180)
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
City's covered payroll	\$ 2,116	\$ 2,031	\$ 1,974	\$ 1,868
Contributions as a percentage of covered payroll	9.45%	9.40%	9.42%	9.64%

See accompanying independent auditor's report.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
\$ 179	\$ 167	\$ 160	\$ 151	\$ 142	\$ 143
<u>(179)</u>	<u>(167)</u>	<u>(160)</u>	<u>(151)</u>	<u>(142)</u>	<u>(143)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 1,857	\$ 1,734	\$ 1,746	\$ 1,652	\$ 1,561	\$ 1,554
9.64%	9.63%	9.16%	9.14%	9.10%	9.20%

CITY OF JEFFERSON, IOWA
NOTES TO OTHER INFORMATION - PENSION LIABILITY
YEAR ENDED JUNE 30, 2024

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

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

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

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

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

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

* * *

SUPPLEMENTARY INFORMATION

CITY OF JEFFERSON, IOWA
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
 AND CHANGES IN CASH BALANCES
 NONMAJOR GOVERNMENTAL FUNDS

As of and for the year ended June 30, 2024

	Special Revenue		
	Road Use Tax	Cafeteria Plan	Local Option Sales Tax
Receipts:			
Local option sales tax	\$ --	\$ --	\$ 585,217
Use of money and property	--	--	--
Intergovernmental	590,718	--	--
Miscellaneous	10,662	5,104	--
Total receipts	601,380	5,104	585,217
Disbursements:			
Operating:			
Public safety	--	--	--
Public works	625,653	--	--
Health and social services	--	5,093	--
Culture and recreation	--	--	--
Community and economic development	--	--	--
Capital projects	--	--	663,509
Total disbursements	625,653	5,093	663,509
Excess (deficiency) of receipts over (under) disbursements	(24,273)	11	(78,292)
Other financing sources (uses):			
Transfers in	126,026	--	--
Transfers out	(50,000)	--	(152,906)
Total other financing sources (uses)	76,026	--	(152,906)
Change in cash balances	51,753	11	(231,198)
Cash balances beginning of year	2,863	7,001	381,738
Cash balances end of year	\$ 54,616	\$ 7,012	\$ 150,540
Cash Basis Fund Balances			
Nonspendable - Cemetery perpetual care	\$ --	\$ --	\$ --
Restricted for:			
Streets	54,616	--	--
Other purposes	--	7,012	150,540
Total cash basis fund balances	\$ 54,616	\$ 7,012	\$ 150,540

(continued next page)

Special Revenue					
Health Insurance	Equipment Replacement	Unemployment Compensation	Industrial Development	Community Center	Cemetery Mausoleum
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	391	1,185	3,570	354
--	--	--	--	--	--
--	--	--	--	--	--
<u>--</u>	<u>--</u>	<u>391</u>	<u>1,185</u>	<u>3,570</u>	<u>354</u>
--	--	--	--	--	--
--	--	--	--	--	--
32,156	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>32,156</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
(32,156)	--	391	1,185	3,570	354
10,000	139,785	--	--	--	--
--	(96,413)	--	--	--	--
<u>10,000</u>	<u>43,372</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
(22,156)	43,372	391	1,185	3,570	354
<u>175,026</u>	<u>562,299</u>	<u>29,160</u>	<u>35,750</u>	<u>138,971</u>	<u>11,868</u>
<u>\$ 152,870</u>	<u>\$ 605,671</u>	<u>\$ 29,551</u>	<u>\$ 36,935</u>	<u>\$ 142,541</u>	<u>\$ 12,222</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
<u>152,870</u>	<u>605,671</u>	<u>29,551</u>	<u>36,935</u>	<u>142,541</u>	<u>12,222</u>
<u>\$ 152,870</u>	<u>\$ 605,671</u>	<u>\$ 29,551</u>	<u>\$ 36,935</u>	<u>\$ 142,541</u>	<u>\$ 12,222</u>

CITY OF JEFFERSON, IOWA
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
 AND CHANGES IN CASH BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - Continued

As of and for the year ended June 30, 2024

	Special Revenue			
	Library	Skate Park	LEC Capital Improvement	Animal Shelter
Receipts:				
Local option sales tax	\$ --	\$ --	\$ --	\$ --
Use of money and property	7,121	--	--	--
Intergovernmental	964	--	--	--
Miscellaneous	23,984	--	--	79,751
Total receipts	<u>32,069</u>	<u>--</u>	<u>--</u>	<u>79,751</u>
Disbursements:				
Operating:				
Public safety	--	--	--	66,118
Public works	--	--	--	--
Health and social services	--	--	--	--
Culture and recreation	9,031	--	--	--
Community and economic development	--	--	--	--
Capital projects	--	--	--	--
Total disbursements	<u>9,031</u>	<u>--</u>	<u>--</u>	<u>66,118</u>
Excess (deficiency) of receipts over (under) disbursements	23,038	--	--	13,633
Other financing sources (uses):				
Transfers in	2,000	--	--	6,513
Transfers out	--	--	--	--
Total other financing sources (uses)	<u>2,000</u>	<u>--</u>	<u>--</u>	<u>6,513</u>
Change in cash balances	25,038	--	--	20,146
Cash balances beginning of year	<u>291,184</u>	<u>1,525</u>	<u>54,271</u>	<u>(20,146)</u>
Cash balances end of year	<u>\$ 316,222</u>	<u>\$ 1,525</u>	<u>\$ 54,271</u>	<u>\$ --</u>
Cash Basis Fund Balances				
Nonspendable - Cemetery perpetual care	\$ --	\$ --	\$ --	\$ --
Restricted for:				
Streets	--	--	--	--
Other purposes	<u>316,222</u>	<u>1,525</u>	<u>54,271</u>	<u>--</u>
Total cash basis fund balances	<u>\$ 316,222</u>	<u>\$ 1,525</u>	<u>\$ 54,271</u>	<u>\$ --</u>

(continued next page)

Special Revenue					
Enrich Iowa	Housing Rehabilitation	Neighborhood Stabilization	Downtown Buildings	People Active Community Exercise	Library Expansion
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
2,153	--	--	45,887	--	--
--	23,247	--	34,776	--	5,355
<u>2,153</u>	<u>23,247</u>	<u>--</u>	<u>80,663</u>	<u>--</u>	<u>5,355</u>
--	--	--	--	--	--
--	--	--	--	--	--
2,153	--	--	--	5,732	--
--	--	40,819	--	--	--
--	--	--	541,062	--	--
<u>2,153</u>	<u>--</u>	<u>40,819</u>	<u>541,062</u>	<u>5,732</u>	<u>--</u>
--	23,247	(40,819)	(460,399)	(5,732)	5,355
--	--	2,818	460,399	--	--
--	--	--	--	--	--
--	--	2,818	460,399	--	--
--	23,247	(38,001)	--	(5,732)	5,355
<u>1,393</u>	<u>9,992</u>	<u>38,001</u>	<u>--</u>	<u>78,002</u>	<u>5,000</u>
<u>\$ 1,393</u>	<u>\$ 33,239</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 72,270</u>	<u>\$ 10,355</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
<u>1,393</u>	<u>33,239</u>	<u>--</u>	<u>--</u>	<u>72,270</u>	<u>10,355</u>
<u>\$ 1,393</u>	<u>\$ 33,239</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 72,270</u>	<u>\$ 10,355</u>

CITY OF JEFFERSON, IOWA
 SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
 AND CHANGES IN CASH BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - Continued

As of and for the year ended June 30, 2024

	Permanent		Total
	Perpetual Care		Total
Receipts:			
Local option sales tax	\$ --		\$ 585,217
Use of money and property	--		12,621
Intergovernmental	--		639,722
Miscellaneous	6,500		189,379
Total receipts	6,500		1,426,939
Disbursements:			
Operating:			
Public safety	--		66,118
Public works	--		625,653
Health and social services	--		37,249
Culture and recreation	--		16,916
Community and economic development	--		40,819
Capital projects	--		1,204,571
Total disbursements	--		1,991,326
Excess (deficiency) of receipts over (under) disbursements	6,500	(564,387)
Other financing sources (uses):			
Transfers in	--		747,541
Transfers out	--	(299,319)
Total other financing sources (uses)	--		448,222
Change in cash balances	6,500	(116,165)
Cash balances beginning of year	222,712		2,026,610
Cash balances end of year	\$ 229,212	\$	1,910,445
Cash Basis Fund Balances			
Nonspendable - Cemetery perpetual care	\$ 229,212	\$	229,212
Restricted for:			
Streets	--		54,616
Other purposes	--		1,626,617
Total cash basis fund balances	\$ 229,212	\$	1,910,445

See accompanying independent auditor's report.

CITY OF JEFFERSON, IOWA
SCHEDULE OF RECEIPTS BY SOURCE AND
DISBURSEMENTS BY FUNCTION -
ALL GOVERNMENTAL FUNDS
For the Last Ten Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Receipts:				
Property tax	\$ 2,312,984	\$ 2,320,219	\$ 2,384,649	\$ 2,416,993
Local option sales tax	585,217	620,741	649,655	486,758
Tax increment financing	1,220,586	1,197,532	982,072	976,970
Other city tax	137,074	152,506	136,596	59,882
Licenses and permits	50,238	35,177	42,543	21,454
Use of money and property	109,760	90,343	94,539	103,702
Intergovernmental	1,003,327	1,951,665	1,328,492	931,682
Charges for service	410,252	385,857	360,292	329,479
Miscellaneous	<u>676,360</u>	<u>540,168</u>	<u>741,416</u>	<u>1,343,174</u>
Total	<u>\$ 6,505,798</u>	<u>\$ 7,294,208</u>	<u>\$ 6,720,254</u>	<u>\$ 6,670,094</u>
Disbursements:				
Operating:				
Public safety	\$ 1,154,659	\$ 1,722,005	\$ 1,516,600	\$ 936,794
Public works	731,281	890,867	680,581	750,185
Health and social services	37,249	37,930	32,893	14,824
Culture and recreation	1,582,105	1,592,495	1,329,420	1,121,231
Community and economic development	583,871	729,877	556,236	461,236
General government	629,100	602,572	515,537	511,206
Debt service	645,966	1,027,926	1,124,376	1,300,877
Capital projects	<u>1,490,619</u>	<u>2,305,774</u>	<u>1,615,842</u>	<u>3,004,815</u>
Total	<u>\$ 6,854,850</u>	<u>\$ 8,909,446</u>	<u>\$ 7,371,485</u>	<u>\$ 8,101,168</u>

See accompanying independent auditor's report.

2020	2019	2018	2017	2016	2015
\$ 2,212,086	\$ 2,169,772	\$ 2,118,228	\$ 1,970,785	\$ 1,932,225	\$ 1,902,406
459,007	463,964	392,717	444,159	491,983	426,210
646,195	748,773	596,709	176,770	118,310	109,844
112,930	125,315	122,406	122,102	116,227	75,362
40,746	34,769	33,934	20,645	38,555	49,858
93,968	41,198	36,712	37,297	38,864	33,090
928,728	941,964	1,649,232	845,091	720,839	757,014
312,737	353,768	351,130	392,191	373,215	370,175
598,630	454,710	1,097,279	522,003	366,759	181,053
<u>\$ 5,405,027</u>	<u>\$ 5,334,233</u>	<u>\$ 6,398,347</u>	<u>\$ 4,531,043</u>	<u>\$ 4,196,977</u>	<u>\$ 3,905,012</u>
\$ 1,015,447	\$ 959,100	\$ 851,078	\$ 665,321	\$ 684,080	\$ 617,761
739,889	660,684	778,764	552,149	484,532	435,810
25,168	37,213	22,944	11,794	11,787	24,399
1,267,160	1,385,761	1,182,486	1,125,821	1,179,639	1,056,589
633,039	573,622	389,957	428,825	718,392	1,417,933
454,969	523,533	573,087	585,406	542,338	524,614
553,255	555,086	562,429	527,350	532,254	458,601
1,781,704	768,599	1,912,746	2,221,176	360,284	275,450
<u>\$ 6,470,631</u>	<u>\$ 5,463,598</u>	<u>\$ 6,273,491</u>	<u>\$ 6,117,842</u>	<u>\$ 4,513,306</u>	<u>\$ 4,811,157</u>

CITY OF JEFFERSON, IOWA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2024

<u>Grantor/Program</u>	<u>Assistance Listings Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Program Expenditures</u>
U.S. Department of Housing and Urban Development: Passed through Iowa Economic Development Authority:			
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	20-HSGU-001	\$ 13,867
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	20-CVN-008	45,887
Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228	20-HSGU-003	<u>16,786</u>
Total U.S. Department of Housing and Urban Development			<u>76,540</u>
U.S. Department of Transportation:			
Airport Improvement Program	20.106	3-19-0049-017-2022	58,856
Airport Improvement Program	20.106	3-19-0049-019-2023	564,831
Airport Improvement Program	20.106	3-19-0049-020-2023	<u>274,591</u>
Total U.S. Department of Transportation			<u>898,278</u>
Total			<u>\$ 974,818</u>

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of City of Jefferson under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Jefferson, it is not intended to and does not present the financial position, changes in financial position or cash flows of the City of Jefferson.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the basis of cash receipts and disbursements, which is a basis of accounting other than U.S. generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate - The City of Jefferson has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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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

We have audited in accordance auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Jefferson, Iowa, as of and for the year ended June 30, 2024, and the related notes to financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 11, 2024. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Jefferson'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 of Jefferson's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Jefferson'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.

To the Honorable Mayor and
Members of the City Council

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 Part II of the accompanying Schedule of Findings and Questioned Costs as items 2024-001 through 2024-003 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Jefferson'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 which are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters which are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

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 of Jefferson's Responses to the Findings

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

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.

Connerwald, Ben, Flynn & Co. P.C.

Atlantic, Iowa
December 11, 2024

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Honorable Mayor and
Members of the City Council

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Jefferson, Iowa's compliance with the types of compliance requirements identified as subject to audit in U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the City of Jefferson's major federal program for the year ended June 30, 2024. The City of Jefferson's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City of Jefferson complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Jefferson and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Jefferson's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City of Jefferson's federal programs.

To the Honorable Mayor and
Members of the City Council

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Jefferson's compliance based on our audit. 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, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence judgement made by a reasonable user of the report on compliance about the City of Jefferson's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of Jefferson's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Jefferson's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Jefferson's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

To the Honorable Mayor and
Members of the City Council

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Ormeach, Bell, Lyman & Co., P.C.

Atlantic, Iowa
December 11, 2024

CITY OF JEFFERSON, IOWA
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

PART I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements prepared on the cash basis of accounting, which is a basis of accounting other than U.S. generally accepted accounting principles.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements. The audit did not disclose any material weaknesses in internal control over financial reporting.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) The audit did not disclose any material weaknesses or significant deficiencies in internal control over the major program.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose any audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major program was Assistance Listings Number 20.106 - Airport Improvement Program.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) The City of Jefferson did not qualify as a low-risk auditee.

CITY OF JEFFERSON, IOWA
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

PART II: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

2024-001 Segregation of Duties:

Criteria: Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements.

Condition: A limited number of people have the primary responsibility for most of the accounting and financial reporting duties.

Cause: The City has a limited number of employees which does not allow procedures to be established to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

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

Recommendation: The City should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response: We will continue work in this area to increase segregation of duties.

Conclusion: Response accepted.

CITY OF JEFFERSON, IOWA
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

PART II: Findings Related to the Financial Statements - Continued

2024-002 Reconciliation of Utility Billings, Collections and Delinquent Accounts:

Criteria: An effective internal control system provides for internal controls related to maintaining delinquent account listings, reconciling utility billings, collections and delinquent accounts and comparing utility collections to deposits to ensure proper recording of utility receipts, the propriety of adjustments and write-offs and the propriety of delinquent account balances.

Condition: Utility billings, collections and delinquent accounts were not reconciled throughout the year. Also, utility collections were not reconciled to deposits.

Cause: Policies have not been established and procedures have not been implemented to reconcile utility billings, collections and delinquent account balances and to reconcile utility collections to deposits.

Effect: This condition could result in unrecorded or misstated utility receipts, improper or unauthorized adjustments and write-offs and/or misstated delinquent account balances.

Recommendation: Procedures should be established to reconcile utility billings, collections and delinquent accounts for each billing period and to reconcile collections to deposits. The City Council or a Council-designated independent person should review the reconciliations and monitor delinquents. The review of the reconciliations should be documented by the signature or initials of the reviewer and the date of review.

Response: These procedures will be implemented as recommended.

Conclusion: Response accepted.

CITY OF JEFFERSON, IOWA
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

PART II: Findings Related to the Financial Statements - Continued

2024-003 Financial Reporting

Criteria: A deficiency in internal control over financial reporting 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 of the financial reports on a timely basis. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the City's financial reports.

Condition: The City's June 2024 Bank Reconciliation Report generated by the City's software and provided to the City Council does not properly reconcile to the ending bank balance.

Cause: Policies have not been established and procedures have not been implemented to reconcile financial reports to bank balances.

Effect: Lack of policies and procedures resulted in the City employees not detecting the errors in the normal course of performing their assigned functions and material variances to the City's financial statements were noted.

Recommendation: The City should implement procedures to ensure financial reports provided to the City Council are reconciled to bank balances. Reconciliation should be compared to the accounting records by an independent person and the evidence of review should be documented.

Response: These procedures will be implemented as recommended.

Conclusion: Response accepted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

CITY OF JEFFERSON, IOWA
Schedule of Findings and Questioned Costs
Year ended June 30, 2024

PART III: Findings and Questioned Costs For Federal Awards

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

PART IV: Other Findings Related to Required Statutory Reporting

2024-A Certified Budget: Disbursements during the year ended June 30, 2024 exceeded the amounts budgeted in the health and social services, culture and recreation, general government, debt service, and capital projects functions. Chapter 384.20 of the Code of Iowa states, in part, "Public monies may not be expended or encumbered except under an annual or continuing appropriation".

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

Response: In the future the budget will be amended before disbursements are allowed that would exceed the City's spending authority.

Conclusion: Response accepted.

2024-B Questionable Disbursements: During the audit, we did not note any disbursements that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

2024-C Travel Expense: No disbursements of City money for travel expenses of spouses of City officials and/or employees were noted.

CITY OF JEFFERSON, IOWA
 Schedule of Findings and Questioned Costs
 Year ended June 30, 2024

PART IV: Other Findings Related to Required Statutory Reporting - Continued

2024-D Business Transactions: Business transactions between the City and City officials and/or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Description</u>	<u>Amount</u>
David Sloan, Council Member, part-owner of Jefferson Monument Works	Services	\$ 289

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transaction with the City Council Member does not appear to represent a conflict of interest since the total transaction was less than \$6,000 during the fiscal year.

2024-E Restricted Donor Activity: No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

2024-F 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.

2024-G City Council Minutes: No transactions were found that we believe should have been approved in the City Council minutes that were not.

2024-H Deposits and Investments: We noted no instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City's investment policy. However, the City and its component unit own \$2,327 par value common stock of the West Central Cooperative. Although this type of investment is not permitted by the Code of Iowa, it was acquired by patronage dividend, therefore the City is not in violation of Chapter 12 of the Code of Iowa.

The stock is not readily marketable, and can only be redeemed by the Coop and thus no market value of the shares is determinable. However, the City should monitor the marketability of the stock and consider selling the stock if a market becomes available.

2024-I Revenue Bonds: No instances of noncompliance with revenue bond resolutions were noted.

CITY OF JEFFERSON, IOWA

Schedule of Findings and Questioned Costs

Year ended June 30, 2024

PART IV: Other Findings Related to Required Statutory Reporting - Continued

2024-J Financial Condition: The following funds had deficit balances at June 30, 2024.

Enterprise - Sanitation	\$	184,603
Component Unit - Airport Improvement		539,409

Recommendation: The City should investigate alternatives to eliminate these deficits in order to return the funds to a sound financial position

Response: The deficits will be eliminated.

Conclusion: Response accepted.

2024-K Annual Urban Renewal Report: The Annual Urban Renewal Report was properly approved and certified to the Iowa Department of Management on or before December 1 and no exceptions were noted.

2024-L Tax Increment Financing (TIF): Chapter 403.19 of the Code of Iowa provides a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax. The County Auditor provides for the division of property tax to repay the certified indebtedness and provides available incremental property tax in subsequent fiscal years without further certification by the City until the amount of certified indebtedness is paid. No exceptions were noted.

2024-M Economic Development: During the year ended June 30, 2024, the City paid \$50,000 to the Greene County Development Corporation (GCDC) and \$35,000 to Jefferson Matters/Main Street Board. In accordance with Chapter 15A of the Code of Iowa, the City is providing oversight of these funds to determine the funds are being spent in accordance with the agreements and expenses meet the test of public purpose.

2024-N Interfund Transfers: Section 545-2 of the City Finance Committee Rules requires "A fund transfer resolution must be completed for all transfers between funds and must include a clear statement of reason or purpose for the transfer, the name of the fund from which the transfer is originating, the name of the fund into which the transfer is to be received, and the dollar amount to be transferred."

One transfer made in fiscal year 2024 was not approved by a fund transfer resolution.

Recommendation: The resolutions approving all fund transfers should include the information required by Section 545-2 of the City Finance Committee Rules.

Response: We will approve all transfers by resolution containing the information required during future fiscal years.

Conclusion: Response accepted.

* * *