

**CITY OF ELDORA, IOWA**

**INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2005**

## Table of Contents

		<u>Page</u>
Officials		1-2
Independent Auditor’s Report		3-4
Management’s Discussion and Analysis		5-10
Basic Financial Statements:	<u>Exhibit</u>	
Government-wide Financial Statement:		
Statement of Activities and Net Assets – Cash Basis	A	11-13
Governmental Fund Financial Statements:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	B	14-15
Proprietary Fund Financial Statements:		
Statement of Cash Receipts, Disbursements and Changes in Cash Balances	C	16
Notes to Financial Statements		17-29
Required Supplementary Information:		
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances – Budget and Actual (Cash Basis) – All Governmental Funds and Proprietary Funds		30-31
Notes to Required Supplementary Information – Budgetary Reporting		32
Other Supplementary Information:	<u>Schedule</u>	
Statement of Cash Receipts, Disbursements and Changes in Cash Balances – Nonmajor Governmental Funds	1	33-36
Statement of Cash Receipts, Disbursements and Changes in Cash Balances – Nonmajor Proprietary Funds	2	37-38
Schedule of Indebtedness	3	39-40
Bond and Note Maturities	4	41-44
Schedule of Receipts by Source and Disbursements by Function – All Governmental Funds	5	45
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		46-47
Schedule of Findings		48-50

## City of Eldora, Iowa

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ken Reece	Mayor	Jan 2006
Denny Barnard	Council Member	Jan 2006
Tom Donald	Council Member	Jan 2006
Rick Warren	Council Member	Jan 2006
Kip Knutzon	Council Member	Jan 2008
Jerry Kramer	Council Member	Jan 2008
Eric Weinkoetz	Administrator	Resigned April 30, 2005
Joyce Lawler	Deputy City Clerk	Appointed
Dave Dunn	Attorney	Jan 2006

### Library Board

Don Wilson	Member	Jul 2006
Tim Ellefson	Member	Jul 2006
Denise Wolf	Member	Jul 2008
Lynne Allbee	Member	Jul 2008
Mary Swartz	Member	Jul 2010
Dean Stickrod	Member	Jul 2010
Jan Dunn	Member	Jul 2010

### Board of Adjustment

Glen Gaede	Member	May 2006
David McCall	Member	May 2007
Ron Ziggafos	Member	May 2008
Bob Webb	Member	May 2009
Dick Ritter	Member	May 2010

**City of Eldora, Iowa**

**Officials (cont'd)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Planning and Zoning Commission</u>		
Mary Rubow	Member	Jun 2007
Bill Dagit	Member	Jun 2008
Steve Priske	Member	Jun 2008
Bruce Harvey	Member	Jun 2009
Larry Luiken	Member	Jun 2009
Frank Valde	Member	Jun 2010
Dan Dye	Member	Jun 2010
<u>Theater Board</u>		
Ingvart Appel	Member	Dec 2005
Nancy Steinfeldt	Member	Dec 2005
Karen Miller	Member	Dec 2007
Dave Rubow	Member	Dec 2007
Judith Andrews	Member	Dec 2007

## Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Eldora, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Eldora's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U. S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Eldora as of June 30, 2005, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated October 14, 2005 on our consideration of the City of Eldora's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 5 through 10 and 30 through 32 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We applied limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Eldora's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2004 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedule 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Cornwell, Frideres, Maher & Associates, P.C.  
Certified Public Accountants

October 14, 2005

**CITY OF ELDORA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2005**

This discussion and analysis is intended to be an easily readable analysis of the City of Eldora's financial activities for the fiscal year ended June 30, 2005 based on currently known facts, decisions or conditions. This analysis focuses on current year activities and should be read in conjunction with the City's financial statements.

**Financial Highlights**

The City issued debt for a demolition project and a waste-water plant project.

The Clinic renovation continued with some payments going to Greenbelt Home Care and to the Ambulance Service.

**Basis of Accounting**

The City has elected to present its financial statements on a cash basis of accounting. The cash basis of accounting is a basis other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses and their related assets and liabilities. Under the City's cash basis of accounting, revenues, and expenses are recorded when they result from cash transactions. As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

**Report Layout**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34. GASB 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the City's annual report. Besides the Management's Discussion and Analysis (MD&A), the report consists of government-wide statements, fund financial statements, notes to the financial statements, combining schedules or non-major funds and supplemental information. The first several statements are highly condensed and present a government-wide view of the City's finances. Within this view, all City operations are categorized and reported as either governmental or business-type activities. Governmental activities include basic services such as public safety, public works, health and social services, culture and recreation, community and economic development, general government administration, debt service, and capital projects. Business-type activities are water, sewer, solid waste and theatre.

**Statement of Activities**

The focus of the Statement of Activities is to present the major program cost and match major resources with each. To the extent a program's cost is not recovered by grants, donations and direct charges, it is paid from general taxes and other resources. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

Following the Statement of Activities is a section containing fund financial statements. In the Statement of Cash Transactions and Changes in Cash Balance the City's major funds are presented in their

own column and the remaining funds are combined into a column titled “Non-major Governmental or Proprietary Funds”. For each major fund, a Schedule of Cash Transactions is presented. Readers who wish to obtain information on non-major funds can find it in the Combining Schedules of Non-major Funds in the Supplemental Information section of this report. Finally, completing the document is a series of other financial schedules and the reports by the independent certified public accountants as required by statute.

The MD&A is intended to explain the significant changes in financial position and differences in operations between the current and prior years.

### **Fund Financial Statements**

A fund is a grouping a related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Eldora, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds for the City of Eldora can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds account for most of the City’s basic services. These focus on how much flows into and out of those funds, and balances at year-end that are available for spending. The governmental funds include 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Tax Increment Financing, 3) the Debt Service Fund and 4) the Capital Projects Fund. The governmental fund financial statements provide a detailed, short-term view of the City’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance City’s programs.

The required financial statements for governmental funds include a statement of cash receipts, disbursements and changes in cash balances.

**Proprietary Funds** – Proprietary funds account for the City’s Enterprise Funds. The City of Eldora maintains four different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Eldora uses enterprise funds to account for its Water, Sewer, Landfill, Utility Deposits and Theater. The Sewer Fund is considered to a major fund, while the rest are combined as non-major business activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The required financial statements for proprietary funds include a statement of cash receipts, disbursements and changes in cash balances.

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

**Other Information:** This report also presents certain required supplementary information concerning the City of Eldora’s progress in funding its obligation to provide pension benefits to its employees.

### **Government-wide Financial Analysis**

Net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in cash balances for governmental activities.

## Changes in Net Assets of Governmental Activities

	<u>Year Ended June 30, 2005</u>	<u>Year Ended June 30, 2004</u>
<b>Receipts and Transfers</b>		
<b>Program Receipts:</b>		
Charges for Service	181,353	231,933
Grants and Contributions	388,391	313,292
<b>General Receipts:</b>		
Property Taxes	782,327	810,252
Tax Increment Financing	64,767	19,895
Other City Taxes	222,169	236,924
Investment Earnings	61,540	27,595
Rents received	44,370	65,003
Other general receipts	10,237	53,806
<b>Other Financing Sources</b>	287,184	2,573,374
<b>Transfers net</b>	30,699	42,792
<b>Total Receipts and Transfers</b>	<u>2,073,037</u>	<u>4,374,866</u>
<b>Disbursements</b>		
Public Safety	688,577	628,097
Public Works	386,063	396,145
Health and Social Services	302,315	352,073
Culture and Recreation	241,505	251,924
Community and Economic Development	760	760
General Government	385,351	259,135
Debt Service	194,393	883,600
Capital Projects	35,989	819,066
<b>Total Disbursements</b>	<u>2,234,953</u>	<u>3,590,800</u>
Increase (decrease) in cash basis net assets	(161,916)	784,066
Cash Basis Net Assets beginning of year	<u>2,121,077</u>	<u>1,337,011</u>

Cash Basis Net Assets end of year	1,959,161	2,121,077
-----------------------------------	-----------	-----------

As you can see, the city saw a net decrease in assets. This can somewhat be accounted for by the expenditure of the settlement funds towards the clinic renovation project as well as a fall in property tax receipts.

**Changes in Net Assets of Business Type Activities**

	<u>Year Ended June 30, 2005</u>	<u>Year Ended June 30, 2004</u>
<b>Receipts and Transfers</b>		
<b>Program</b>		
<b>Receipts:</b>		
Charges for Service		
Water	279,376	297,274
Sewer	426,343	443,454
Solid Waste	85,981	85,855
Other Charges	108,151	114,765
<b>General Receipts</b>		
Intergovernmental	277,753	
Interest	24,437	14,912
Other General Receipts	23,462	19,514
<b>Other Financing Sources</b>	<u>2,539,238</u>	<u>157,293</u>
<b>Total Receipts &amp; Transfers</b>	<u>3,764,741</u>	<u>1,133,067</u>
 <b>Disbursements</b>		
Water	222,962	264,854
Sewer	224,772	364,360
Solid Waste	62,532	85,304
Other Business Type	104,366	98,818
Capital Projects	1,927,389	335,775
Transfers, net	<u>30,699</u>	<u>42,792</u>
<b>Total Disbursements &amp; Transfers</b>	<u>2,572,720</u>	<u>1,191,903</u>

Increase (decrease) in cash basis net assets	1,192,021	(58,836)
Cash Basis net assets beginning of year	<u>1,031,020</u>	<u>1,089,856</u>
Cash Basis net assets end of year	2,223,041	1,031,020

**Individual Major Governmental Fund Analysis**

As the City of Eldora completed its year, its governmental funds reported a combined cash balance of \$1,959,162, a decrease of \$161,916 from last year’s total. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

The General Fund cash balance decreased \$434,860 from the prior year to \$866,532. Expenditures towards clinic renovation from the proceeds of the hospital settlement account for much of the decrease.

The Debt Service Fund cash balance decreased \$15,533 from the prior year to \$46,346. During 2005 debt was issued for sewer improvement and a building demolition project.

**Individual Major Business Type Fund Analysis**

The Sewer Fund cash balance increased \$1,101,220 from the prior year to \$1,582,770. This is mainly due to proceeds received for construction of the waste water treatment plant.

**Budgetary Highlights**

The City of Eldora adopts an annual budget for all funds. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

Public Safety – This category includes police operations, civil service commissions, emergency management, fire protection, and ambulance service.

Public Works – This category includes roads, bridges, and sidewalks, equipment replacement, street lighting, traffic safety, and snow removal.

Culture and Recreation – This category includes library services, parks, recreation, and cemetery.

Community and Economic Development – This category includes trees forever, TIF, planning and zoning, and community activities.

General Government – This category includes mayor/administrator, city council, deputy city clerk, legal services, city hall, insurance, cemetery, hospital, ambulance, and safety programs.

Debt Service – This category includes general, TIF, and road use debt service.

Capital Projects – This category includes lease purchase, property acquisition, blight, right-of-way, and street resurfacing.

Business Type Activities – This category includes water, sewer, solid waste and theater operations.

The differences between the original budgeted expenditures and the final expenditures decreased by \$3,111,861 and can be briefly summarized as follows:

1. The Local Option Sales Tax was more than what was budgeted for. Therefore, whatever revenues that we receive are also an expense going out to the other funds.
2. The City received \$1,547,356 in State Revolving Loan Funds not budgeted for.
3. Expenses that were incurred with the clinic renovation that were not budgeted for.

Long-term debt – At the end of the current fiscal year, the City of Eldora had a total debt outstanding of \$4,934,379. This consists of \$2,065,000 of general obligation debt, \$0 of TIF debt, \$2,548,368 of sewer revenue debt and \$230,010 in other debt. During 2005, general obligation notes for sewer improvement and a building demolition project were added.

### **Economic Factors and Next Year's Budgets and Rates**

The City will continue to explore service sharing wherever possible with Hardin County and neighboring communities. The City is looking at investments in Geographic Information Systems and Document Management.

The City is diverting additional local options sales tax revenues to the completion of the clinic renovation project in the 2006 budget and 2007. The City will also possibly need additional funding to complete the pool project.

These factors, if known, were considered in doing the City of Eldora City 2007 Budget. If they were not known, then they will be considered with the 2007 amended budget.

### **Request for information**

This financial report is designed to provide a general overview of the City of Eldora's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should contact the City of Eldora, City Administrator Jeffrey Horne, 1442 Washington St., Eldora, IA 50627

## **Basic Financial Statements**

City of Eldora, Iowa

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2005

	<u>Disbursements</u>	<u>Charges for Service</u>	<u>Program Receipts</u>	
			<u>Operating Grants, Contributions, and Restricted Interest</u>	<u>Capital Grants, Contributions, and Restricted Interest</u>
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety	\$ 688,577	134,572	27,460	-
Public works	386,063	17,231	254,106	-
Health and social services	302,315	-	40,359	-
Culture and recreation	241,505	22,253	47,074	-
Community and economic development	760	-	-	-
General government	385,351	7,297	19,392	-
Debt service	194,393	-	-	-
Capital projects	35,989	-	-	-
Total governmental activities	<u>2,234,953</u>	<u>181,353</u>	<u>388,391</u>	<u>-</u>
Business type activities:				
Other nonmajor	389,860	473,508	-	-
Sewer	<u>2,152,161</u>	<u>426,343</u>	<u>-</u>	<u>277,753</u>
Total business type activities	<u>2,542,021</u>	<u>899,851</u>	<u>-</u>	<u>277,753</u>
Total	<u>\$ 4,776,974</u>	<u>1,081,204</u>	<u>388,391</u>	<u>277,753</u>

Exhibit A

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

---

<u>Governmental</u> <u>Activities</u>	<u>Business Type</u> <u>Activities</u>	<u>Total</u>
(526,545)	-	(526,545)
(114,726)	-	(114,726)
(261,956)	-	(261,956)
(172,178)	-	(172,178)
(760)	-	(760)
(358,662)	-	(358,662)
(194,393)	-	(194,393)
<u>(35,989)</u>	<u>-</u>	<u>(35,989)</u>
<u>(1,665,209)</u>	<u>-</u>	<u>(1,665,209)</u>
-	83,648	83,648
<u>-</u>	<u>(1,448,065)</u>	<u>(1,448,065)</u>
<u>-</u>	<u>(1,364,417)</u>	<u>(1,364,417)</u>
<u>(1,665,209)</u>	<u>(1,364,417)</u>	<u>(3,029,626)</u>

(continued)

Statement of Activities and Net Assets - Cash Basis

As of and for the year ended June 30, 2005

	Net (Disbursements) Receipts and Changes in Cash Basis Net Assets		
	Governmental Activities	Business Type Activities	Total
<b>General Receipts:</b>			
Property tax levied for:			
General purposes	\$ 626,988	-	626,988
Tax increment financing	64,767	-	64,767
Debt service	155,339	-	155,339
Local option sales tax	222,169	-	222,169
Unrestricted interest on investments	61,540	24,437	85,977
Rents received	44,370	-	44,370
Interfund loan repayment	10,237	-	10,237
Note proceeds	230,000	-	230,000
Bond proceeds	-	2,539,238	2,539,238
Miscellaneous	50,533	23,462	73,995
Sale of assts	6,651	-	6,651
Transfers	<u>30,699</u>	<u>(30,699)</u>	<u>-</u>
Total general receipts and transfers	<u>1,503,293</u>	<u>2,556,438</u>	<u>4,059,731</u>
Change in cash basis net assets	(161,916)	1,192,021	1,030,105
Cash basis net assets beginning of year	<u>2,121,077</u>	<u>1,031,020</u>	<u>3,152,097</u>
Cash basis net assets end of year	<u>\$ 1,959,161</u>	<u>2,223,041</u>	<u>4,182,202</u>
<b>Cash Basis Net Assets</b>			
Restricted:			
Streets	\$ 223,424	-	223,424
Cemetery perpetual care	136,801	-	136,801
Debt service	46,347	-	46,347
Other purposes	257,937	-	257,937
Unrestricted	<u>1,294,652</u>	<u>2,223,041</u>	<u>3,517,693</u>
<b>Total cash basis net assets</b>	<u>\$ 1,959,161</u>	<u>2,223,041</u>	<u>4,182,202</u>

See notes to financial statements.

City of Eldora, Iowa  
Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Governmental Funds  
As of and for the year ended June 30, 2005

	<u>Special Revenue</u>	
	<u>General</u>	<u>Road Use</u>
Receipts:		
Property tax	\$ 365,404	-
Tax increment financing collections	-	-
Other city tax	18,765	-
Licenses and permits	7,297	-
Use of money and property	90,363	-
Intergovernmental	11,764	253,822
Charges for service	160,726	13,428
Special assessments	-	-
Miscellaneous	77,895	4,959
Total receipts	<u>732,214</u>	<u>272,209</u>
Disbursements:		
Operating:		
Public safety	658,238	-
Public works	113,747	272,316
Health and social services	274,236	-
Culture and recreation	230,359	-
Community and economic development	760	-
General government	363,144	-
Debt service	-	-
Capital projects	-	-
Total disbursements	<u>1,640,484</u>	<u>272,316</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(908,270)</u>	<u>(107)</u>
Other financing sources (uses):		
Interfund loan repayment	10,237	-
Note proceeds	230,000	-
Sale of capital assets	825	-
Operating transfers in	237,657	-
Operating transfers out	(5,310)	-
Total other financing sources (uses)	<u>473,409</u>	<u>-</u>
Net change in cash balances	(434,861)	(107)
Cash balances beginning of year	<u>1,301,392</u>	<u>223,531</u>
Cash balances end of year	<u>\$ 866,531</u>	<u>223,424</u>
<b>Cash Basis Fund Balances</b>		
Reserved:		
Debt service	\$ -	-
Health care	832,385	-
Unreserved:		
General fund	34,146	-
Special revenue funds	-	223,424
Capital projects fund	-	-
Permanent fund	-	-
Total cash basis fund balances	<u>\$ 866,531</u>	<u>223,424</u>

See notes to financial statements.

Exhibit B

Other Nonmajor Governmental Funds	Total
378,914	744,318
64,767	64,767
241,413	260,178
-	7,297
16,393	106,756
16,046	281,632
2,540	176,694
2,329	2,329
68,625	151,479
791,027	1,795,450
30,339	688,577
-	386,063
28,079	302,315
11,146	241,505
-	760
22,207	385,351
194,393	194,393
35,989	35,989
322,153	2,234,953
468,874	(439,503)
-	10,237
-	230,000
5,826	6,651
204,249	441,906
(405,897)	(411,207)
(195,822)	277,587
273,052	(161,916)
596,154	2,121,077
869,206	1,959,161
46,347	46,347
-	832,385
-	34,146
257,937	481,361
428,121	428,121
136,801	136,801
869,206	1,959,161

Statement of Cash Receipts, Disbursements and Changes in Cash Balances  
Proprietary Funds

As of and for the year ended June 30, 2005

	Enterprise Funds		
	Other Nonmajor Funds	Sewer	Total
Operating receipts:			
Charges for service	\$ 465,472	426,343	891,815
Miscellaneous	8,036	-	8,036
Total operating receipts	<u>473,508</u>	<u>426,343</u>	<u>899,851</u>
Operating disbursements:			
Business type activities	<u>389,860</u>	<u>2,152,161</u>	<u>2,542,021</u>
Total operating disbursements	<u>389,860</u>	<u>2,152,161</u>	<u>2,542,021</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>83,648</u>	<u>(1,725,818)</u>	<u>(1,642,170)</u>
Non-operating receipts (disbursements):			
Intergovernmental	-	277,753	277,753
Interest on investments	14,638	9,799	24,437
Miscellaneous	<u>11,015</u>	<u>12,447</u>	<u>23,462</u>
Total non-operating receipts	<u>25,653</u>	<u>299,999</u>	<u>325,652</u>
Excess (deficiency) of receipts over (under) disbursements	<u>109,301</u>	<u>(1,425,819)</u>	<u>(1,316,518)</u>
Other financing sources (uses):			
Bond proceeds	-	2,539,238	2,539,238
Operating transfer in	-	186,021	186,021
Operating transfers out	<u>(18,500)</u>	<u>(198,220)</u>	<u>(216,720)</u>
Total other financing sources (uses)	<u>(18,500)</u>	<u>2,527,039</u>	<u>2,508,539</u>
Net change in cash balances	90,801	1,101,220	1,192,021
Cash balances beginning of year	<u>549,470</u>	<u>481,550</u>	<u>1,031,020</u>
Cash balances end of year	<u>\$ 640,271</u>	<u>1,582,770</u>	<u>2,223,041</u>
<b>Cash Basis Fund Balances</b>			
Unreserved	<u>640,271</u>	<u>1,582,770</u>	<u>2,223,041</u>
Total cash basis fund balances	<u>\$ 640,271</u>	<u>1,582,770</u>	<u>2,223,041</u>

See notes to financial statements.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2005

**(1) Summary of Significant Accounting Policies**

The City of Eldora, Iowa is a political subdivision of the State of Iowa located in Hardin County. It was first incorporated in 1869 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 for its citizens.

A. Reporting Entity

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

Jointly Governed Organizations

The City participates in several jointly governed organizations 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 board: Hardin County Assessor's Conference Board.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2005

B. Basis of Presentation

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

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

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

*Unrestricted net assets* consist of net assets that do not meet the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

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

Fund Financial Statements – Separate 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 or enterprise funds are aggregated and reported as nonmajor governmental or enterprise funds.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2005

The City reports the following major governmental funds:

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

Special Revenue:

The Road Use Tax Fund is used to account for road construction and maintenance.

The City reports the following major proprietary fund:

The Sewer Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

C. Measurement Focus and Basis of Accounting

The City of Eldora 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.

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.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2005

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2005, disbursements exceeded the amounts budgeted in the public safety and general government functions.

(2) **Cash**

The City's deposits in banks at June 30, 2005 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

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

The City had no investments at June 30, 2005. During the year ended June 30, 2005, the City invested its excess funds in a savings account and certificates of deposit.

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) in 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.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2005

**(3) Bonds and Notes Payable**

Annual debt service requirements to maturity for general obligation bonds and notes and installment notes are as follows:

Year Ending <u>June 30,</u>	General Obligation Bonds/Notes		Revenue Notes	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 200,000	85,648	50,000	86,304
2007	220,000	73,193	52,000	84,344
2008	230,000	65,296	54,000	82,315
2009	235,000	56,766	57,000	80,207
2010	240,000	47,668	59,000	77,982
2011	190,000	37,763	61,000	75,678
2012	165,000	30,203	64,000	73,296
2013	170,000	23,926	323,000	70,797
2014	170,000	17,236	466,000	60,509
2015	180,000	10,346	620,000	45,922
2016	65,000	2,893	335,368	26,678
2017	-	-	75,000	15,954
2018	-	-	79,000	13,014
2019	-	-	81,000	9,918
2020	-	-	85,000	6,742
2021	-	-	87,000	3,410
Total	<u>\$ 2,065,000</u>	<u>450,938</u>	<u>2,548,368</u>	<u>813,070</u>

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

- (a) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the sewer fund.
- (b) Sufficient monthly transfers shall be made to a separate revenue note sinking account within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- (c) The City shall establish and provide for the collection of rates to be charged to customers of the sewer utility to produce gross revenues at least sufficient to pay the expenses of operation and maintenance of the Utility and to leave a balance of net revenues equal to at least 110% of the principal and interest of all outstanding sewer notes due in such fiscal year.

<u>Installment Notes</u>		<u>Total</u>	
<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
55,800	10,325	305,800	182,277
56,832	7,868	328,832	165,405
57,378	5,370	341,378	152,981
30,000	2,850	322,000	139,823
30,000	1,425	329,000	127,075
-	-	251,000	113,441
-	-	229,000	103,499
-	-	493,000	94,723
-	-	636,000	77,745
-	-	800,000	56,268
-	-	400,368	29,571
-	-	75,000	15,954
-	-	79,000	13,014
-	-	81,000	9,918
-	-	85,000	6,742
-	-	87,000	3,410
<u>230,010</u>	<u>27,838</u>	<u>4,843,378</u>	<u>1,291,846</u>

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2005

**(4) Pension and Retirement Benefits**

The City contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the City is required to contribute 5.75% of annual covered payroll, except for police employees, in which case the percentages are 6.16% and 9.23%, respectively. For the year ended June 30, 2004, the contribution rates for police employees and the City were 5.93% and 8.90%, respectively, and for the year ended June 30, 2003, the contribution rates for police employees and the City were 6.04% and 9.07%, respectively. Contribution requirements are established by state statute. The City's contributions to IPERS for the years ended June 30, 2005, 2004 and 2003 were \$56,582, 53,827 and \$49,981, respectively, equal to the required contributions for each year.

The City administrator is covered under a retirement plan with ICMA retirement corporation in lieu of IPERS. Contributions are 5.75% by the employer and 3.70% by the employee. The employer's contribution for the years ended June 30, 2005, 2004 and 2003 totaled \$3,102, \$3,378 and \$3,112 respectively.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2005

**(5) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation, compensatory time and sick 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, compensatory time, and sick leave termination payments payable to employees at June 30, 2005, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 47,000
Sick leave	27,600
Compensatory time	<u>9,100</u>
Total	\$ 83,700
	=====

This liability has been computed based on rates of pay in effect at June 30, 2005.

**(6) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2005 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Local option sales tax	\$ 51,934
	Employee benefits	131,675
	Insurance	39,048
	Enterprise:	
	Sewer	7,500
	Water	<u>7,500</u>
		<u>237,657</u>
Capital Projects	Special Revenue:	
	Local option sales tax	<u>170,235</u>
Permanent Fund	General	<u>5,309</u>

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2005

Special Revenue:	Enterprise:	
Insurance	Water	10,200
	Sewer	4,700
	Theater	<u>800</u>
		<u>15,700</u>
Debt Service	Special Revenue:	
	TIF	<u>13,005</u>
Total		\$ 441,906 =====

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

**(7) Contingent Liabilities**

(A) The City of Eldora, Iowa is one of eleven cities in Hardin County that comprise the membership of the Hardin County Sanitary Solid Waste Disposal Commission. This Commission is responsible for providing solid waste disposal in Hardin County. The present site in use has a remaining estimated useful life of fifteen years according to a study done for the Hardin County Sanitary Solid Waste Disposal Commission by Fox Engineering. Fox Engineering has estimated the Commission will incur costs of \$531,000 for closure and continued monitoring of the site after closure. These costs will be incurred in segments over the remaining 15-year life of the facility. The City of Eldora will be responsible for its pro rata share of these expenses. In addition, the City of Eldora is contingently liable for any potential clean-up costs associated with complying with requirements of the federal government's Environmental Protection Agency or the State of Iowa's Department of Natural Resources.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2005

- (B) The City of Eldora, Iowa is contingently liable for an old city dump which has been closed. The Department of Natural Resources investigated the site in 1989, but no orders or reports were issued. No determination of potential cost of cleanup efforts has been made.

**(8) Risk Management**

The City is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 509 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained to equal 300 percent of the total current members' basis rates or to comply with the requirements of any applicable regulatory authority having jurisdiction over the Pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2005 were \$60,433.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2005

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured in an amount not to exceed \$1,750,000 per claim and \$5,000,000 in aggregate per year. For members requiring specific coverage from \$2,000,000 to \$10,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$100,000 each occurrence, each location, with excess coverage reinsured on an individual – member basis.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. As of June 30, 2005, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following withdrawal.

The City also carries commercial insurance purchased from other insurers for coverage associated with worker's compensation. The City assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2005

**(9) Interfund Loans**

At June 30, 2005, the City had the following interfund loans outstanding:

<u>Description</u>	<u>Balance</u>	<u>Interest Rate</u>	<u>Due Date</u>
Loan from General to TIF Fund	\$ 5,835	6.00%	6-30-07
Loan from General to TIF Fund	1,473	7.50%	5-01-07

**(10) Construction Commitments**

The City entered into a commitment of approximately \$738,0000 to remodel the old hospital building. As of June 30, 2005 the City has spent approximately \$167,000 on this project. The project will be paid for with cash on hand or general obligation bonds.

The City entered into a commitment of approximately \$2.5 million to construct a new pool. As of June 30, 2005 nothing has been spent on this project. This project will be funded by the issuance of \$1.5 million general obligation bonds plus donations and grants.

The City entered into a commitment of approximately \$4.4 million to construct a new wastewater treatment plant. As of June 30, 2005 the City has spent approximately \$3.1 million on this project. The rest of the project will be funded by cash on hand and additional proceeds from a block grant and revolving loan funds.

The City is also exploring the possibility of constructing a day care facility but has not yet committed to the project.

**(11) Deficit Fund Balance**

The Special Revenue Employee Benefits Account had a deficit balance of \$5,221 at June 30, 2005. The City plans to increase property taxes over the next few years to eliminate this deficit.

City of Eldora, Iowa

Notes to Financial Statements

June 30, 2005

The Special Revenue Fund, Day Care Trust Account had a deficit balance of \$10,761 at June 30, 2005. This deficit will be eliminated in the future by grants, contributions or transfers from other funds.

The Special Revenue Fund, Visitors Center Account had a deficit balance of \$163 at June 30, 2005. This account will be combined with the general fund in the future, thus eliminating the deficit.

**(12) Operating Lease**

The City of Eldora entered into an operating lease for a Sharp Digital Imager System.

Payments are \$180/month with the lease expiring December 31, 2009. Lease expense paid during the year was \$1,080. Future minimum payments are as follows:

Years Ending	6-30-2006	\$ 2,160
	6-30-2007	2,160
	6-30-2008	2,160
	6-30-2009	2,160
	6-30-2010	<u>1,080</u>
	Total	\$ 9,720
		=====

## **Required Supplementary Information**

City of Eldora, Iowa

Budgetary Comparison Schedule  
of Receipts, Disbursements, and Changes in Balances -  
Budget and Actual (Cash Basis) - All Governmental Funds and Proprietary Funds

Required Supplementary Information

Year ended June 30, 2005

	Governmental Funds <u>Actual</u>	Proprietary Funds <u>Actual</u>
Receipts:		
Property tax	\$ 744,318	-
Tax increment financing collections	64,767	-
Other city tax	260,178	-
Licenses and permits	7,297	-
Use of money and property	106,756	24,437
Intergovernmental	281,632	277,753
Charges for service	176,694	891,815
Special assessments	2,329	-
Miscellaneous	151,479	31,498
Total receipts	<u>1,795,450</u>	<u>1,225,503</u>
Disbursements:		
Public safety	688,577	-
Public works	386,063	-
Health and social services	302,315	-
Culture and recreation	241,505	-
Community and economic development	760	-
General government	385,351	-
Debt service	194,393	-
Capital projects	35,989	-
Business type activities	-	2,542,021
Total disbursements	<u>2,234,953</u>	<u>2,542,021</u>
Excess (deficiency) of receipts over (under) disbursements	(439,503)	(1,316,518)
Other financing sources, net	<u>277,587</u>	<u>2,508,539</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(161,916)	1,192,021
Balances beginning of year	<u>2,121,077</u>	<u>1,031,020</u>
Balances end of year	<u>\$ 1,959,161</u>	<u>2,223,041</u>

See accompanying independent auditor's report.

<u>Net</u>	<u>Budgeted Amounts</u>		<u>Final to Net Variance</u>
	<u>Original</u>	<u>Final</u>	
744,318	754,541	754,541	(10,223)
64,767	20,000	60,000	4,767
260,178	210,880	210,880	49,298
7,297	41,500	41,500	(34,203)
131,193	81,600	81,600	49,593
559,385	977,000	977,000	(417,615)
1,068,509	1,851,750	1,136,380	(67,871)
2,329	6,000	6,000	(3,671)
182,977	27,200	48,200	134,777
<u>3,020,953</u>	<u>3,970,471</u>	<u>3,316,101</u>	<u>(295,148)</u>
688,577	581,579	647,321	(41,256)
386,063	560,745	560,745	174,682
302,315	804,760	804,760	502,445
241,505	346,665	346,665	105,160
760	32,295	73,295	72,535
385,351	163,639	352,139	(33,212)
194,393	164,787	349,187	154,794
35,989	3,956,429	798,481	762,492
2,542,021	798,301	3,956,249	1,414,228
<u>4,776,974</u>	<u>7,409,200</u>	<u>7,888,842</u>	<u>3,111,868</u>
(1,756,021)	(3,438,729)	(4,572,741)	2,816,720
<u>2,786,126</u>	<u>3,356,429</u>	<u>4,356,429</u>	<u>(1,570,303)</u>
1,030,105	(82,300)	(216,312)	1,246,417
<u>3,152,097</u>	<u>4,163,410</u>	<u>4,163,410</u>	<u>(1,011,413)</u>
<u>4,182,202</u>	<u>4,081,110</u>	<u>3,947,098</u>	<u>235,004</u>

City of Eldora, Iowa

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2005

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis

following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon ten major classes of disbursements known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year ended June 30, 2005 two budget amendments decreased receipts by \$654,370, increased disbursements by \$479,642 and increased other financing sources by \$1,000,000.

During the year ended June 30, 2005, disbursements exceeded the amounts budgeted in the public safety and general government functions.

**Other Supplementary Information**

City of Eldora, Iowa

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2005

	Special Revenue			
	<u>Pool Trust</u>	<u>Insurance</u>	<u>Employee Benefits</u>	<u>Housing</u>
Receipts:				
Property tax	\$ -	34,287	189,288	-
Tax increment financing collections	-	-	-	-
Other city tax	-	1,775	9,814	-
Use of money and property	-	787	-	6
Intergovernmental	-	-	-	-
Charges for service	-	-	-	-
Special assessments	-	-	-	-
Miscellaneous	7,811	-	-	-
Total receipts	<u>7,811</u>	<u>36,849</u>	<u>199,102</u>	<u>6</u>
Disbursements:				
Operating:				
Public safety	-	-	-	-
Public works	-	-	-	-
Health and social services	-	-	-	-
Culture and recreation	540	-	-	-
General government	-	22,207	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	<u>540</u>	<u>22,207</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>7,271</u>	<u>14,642</u>	<u>199,102</u>	<u>6</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Operating transfers in	-	15,700	-	-
Operating transfers out	-	(39,048)	(131,675)	-
Total other financing sources (uses)	<u>-</u>	<u>(23,348)</u>	<u>(131,675)</u>	<u>-</u>
Net change in cash balances	7,271	(8,706)	67,427	6
Cash balances beginning of year	-	91,583	(72,648)	248
Cash balances end of year	<u>\$ 7,271</u>	<u>82,877</u>	<u>(5,221)</u>	<u>254</u>
<b>Cash Basis Fund Balances</b>				
Reserved:				
Debt service	\$ -	-	-	-
Unreserved:				
Special revenue funds	7,271	82,877	(5,221)	254
Capital project fund	-	-	-	-
Permanent fund	-	-	-	-
Total cash basis fund balances	<u>\$ 7,271</u>	<u>82,877</u>	<u>(5,221)</u>	<u>254</u>

See accompanying independent auditor's report.

Local Option Tax	TIF	Trees Forever	Park Trust	Fire Department Trust	Day Care Trust
-	-	-	-	-	-
-	64,767	-	-	-	-
222,169	-	-	-	-	-
-	840	324	272	273	38
-	-	-	-	-	12,405
-	-	-	-	1,620	-
-	-	-	-	-	-
-	-	1,492	75	24,685	4,875
<u>222,169</u>	<u>65,607</u>	<u>1,816</u>	<u>347</u>	<u>26,578</u>	<u>17,318</u>
-	-	-	-	25,079	-
-	-	-	-	-	-
-	-	-	-	-	28,079
-	-	2,559	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>2,559</u>	<u>-</u>	<u>25,079</u>	<u>28,079</u>
<u>222,169</u>	<u>65,607</u>	<u>(743)</u>	<u>347</u>	<u>1,499</u>	<u>(10,761)</u>
-	-	-	-	-	-
-	-	-	-	-	-
(222,169)	(13,005)	-	-	-	-
<u>(222,169)</u>	<u>(13,005)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	52,602	(743)	347	1,499	(10,761)
-	11,210	11,116	9,098	35,415	-
<u>-</u>	<u>63,812</u>	<u>10,373</u>	<u>9,445</u>	<u>36,914</u>	<u>(10,761)</u>
-	-	-	-	-	-
-	63,812	10,373	9,445	36,914	(10,761)
-	-	-	-	-	-
<u>-</u>	<u>63,812</u>	<u>10,373</u>	<u>9,445</u>	<u>36,914</u>	<u>(10,761)</u>

(continued)

City of Eldora, Iowa

Statement of Cash Receipts, Disbursements  
and Changes in Cash Balances  
Nonmajor Governmental Funds

As of and for the year ended June 30, 2005

	Special Revenue			
	Library Trust	Police Trust	Theater Trust	Visitors Center
Receipts:				
Property tax	\$ -	-	-	-
Tax increment financing collections	-	-	-	-
Other city tax	-	-	-	-
Use of money and property	296	222	267	-
Intergovernmental	3,641	-	-	-
Charges for service	-	920	-	-
Special assessments	-	-	-	-
Miscellaneous	5,000	5,579	18,171	237
Total receipts	<u>8,937</u>	<u>6,721</u>	<u>18,438</u>	<u>237</u>
Disbursements:				
Operating:				
Public safety	-	5,260	-	-
Public works	-	-	-	-
Health and social services	-	-	-	-
Culture and recreation	5,589	-	2,048	410
General government	-	-	-	-
Debt service	-	-	-	-
Capital projects	-	-	-	-
Total disbursements	<u>5,589</u>	<u>5,260</u>	<u>2,048</u>	<u>410</u>
Excess (deficiency) of receipts over (under) disbursements	<u>3,348</u>	<u>1,461</u>	<u>16,390</u>	<u>(173)</u>
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in cash balances	3,348	1,461	16,390	(173)
Cash balances beginning of year	7,452	8,186	1,020	10
Cash balances end of year	<u>\$ 10,800</u>	<u>9,647</u>	<u>17,410</u>	<u>(163)</u>
<b>Cash Basis Fund Balances</b>				
Reserved:				
Debt service	\$ -	-	-	-
Unreserved:				
Special revenue funds	10,800	9,647	17,410	(163)
Capital project fund	-	-	-	-
Permanent fund	-	-	-	-
Total cash basis fund balances	<u>\$ 10,800</u>	<u>9,647</u>	<u>17,410</u>	<u>(163)</u>

See accompanying independent auditor's report.

## Schedule 1

<u>Ambulance Trust</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Permanent Cemetery Perpetual Care</u>	<u>Total</u>
-	-	155,339	-	378,914
-	-	-	-	64,767
-	-	7,655	-	241,413
225	10,071	2,772	-	16,393
-	-	-	-	16,046
-	-	-	-	2,540
-	2,329	-	-	2,329
700	-	-	-	68,625
<u>925</u>	<u>12,400</u>	<u>165,766</u>	<u>-</u>	<u>791,027</u>
-	-	-	-	30,339
-	-	-	-	-
-	-	-	-	28,079
-	-	-	-	11,146
-	-	-	-	22,207
-	-	194,393	-	194,393
-	35,989	-	-	35,989
<u>-</u>	<u>35,989</u>	<u>194,393</u>	<u>-</u>	<u>322,153</u>
<u>925</u>	<u>(23,589)</u>	<u>(28,627)</u>	<u>-</u>	<u>468,874</u>
-	5,001	-	825	5,826
-	170,235	13,005	5,309	204,249
-	-	-	-	(405,897)
<u>-</u>	<u>175,236</u>	<u>13,005</u>	<u>6,134</u>	<u>(195,822)</u>
925	151,647	(15,622)	6,134	273,052
24,354	276,474	61,969	130,667	596,154
<u>25,279</u>	<u>428,121</u>	<u>46,347</u>	<u>136,801</u>	<u>869,206</u>
-	-	46,347	-	46,347
25,279	-	-	-	257,937
-	428,121	-	-	428,121
<u>-</u>	<u>-</u>	<u>-</u>	<u>136,801</u>	<u>136,801</u>
<u>25,279</u>	<u>428,121</u>	<u>46,347</u>	<u>136,801</u>	<u>869,206</u>

City of Eldora, Iowa

Statement of Cash Receipts, Disbursements and Changes in Cash Balances  
Nonmajor Proprietary Funds

As of and for the year ended June 30, 2005

	<u>Water</u>	<u>Solid Waste</u>	<u>Utility Deposit</u>
Operating receipts:			
Charges for service	\$ 279,376	85,981	-
Miscellaneous	<u>-</u>	<u>-</u>	<u>8,035</u>
Total operating receipts	<u>279,376</u>	<u>85,981</u>	<u>8,035</u>
Operating disbursements:			
Business type activities	<u>222,962</u>	<u>62,532</u>	<u>6,897</u>
Total operating disbursements	<u>222,962</u>	<u>62,532</u>	<u>6,897</u>
Excess of operating receipts over operating disbursements	<u>56,414</u>	<u>23,449</u>	<u>1,138</u>
Non-operating receipts:			
Interest on investments	9,902	2,409	736
Miscellaneous	<u>7,562</u>	<u>1,152</u>	<u>-</u>
Total non-operating receipts	<u>17,464</u>	<u>3,561</u>	<u>736</u>
Excess of receipts over disbursements	73,878	27,010	1,874
Operating transfers out	<u>(17,700)</u>	<u>-</u>	<u>-</u>
Net change in cash balances	56,178	27,010	1,874
Cash balances beginning of year	<u>374,332</u>	<u>93,145</u>	<u>25,610</u>
Cash balances end of year	<u>\$ 430,510</u>	<u>120,155</u>	<u>27,484</u>
<b>Cash Basis Fund Balances</b>			
Unreserved	<u>\$ 430,510</u>	<u>120,155</u>	<u>27,484</u>
Total cash basis fund balances	<u>\$ 430,510</u>	<u>120,155</u>	<u>27,484</u>

See accompanying independent auditor's report.

Schedule 2

<u>Theater</u>	<u>Total</u>
100,115	465,472
<u>1</u>	<u>8,036</u>
<u>100,116</u>	<u>473,508</u>
<u>97,469</u>	<u>389,860</u>
<u>97,469</u>	<u>389,860</u>
<u>2,647</u>	<u>83,648</u>
1,591	14,638
<u>2,301</u>	<u>11,015</u>
<u>3,892</u>	<u>25,653</u>
6,539	109,301
<u>(800)</u>	<u>(18,500)</u>
5,739	90,801
<u>56,383</u>	<u>549,470</u>
<u>62,122</u>	<u>640,271</u>
<u>62,122</u>	<u>640,271</u>
<u>62,122</u>	<u>640,271</u>

City of Eldora, Iowa

Schedule of Indebtedness

Year ended June 30, 2005

<u>Obligation</u>	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Amount Originally Issued</u>
General obligation notes:			
Sewer improvement note	4-01-05	2.75-4.05%	\$ 995,000
Storm sewer note	11-01-01	5.00-5.50%	280,000
Corporate purpose and refunding note	10-01-03	1.40-4.45%	795,000
Total			
Revenue notes:			
TIF financing	9-17-97	5.00%	\$ 50,000
General obligation bonds:			
Corporate purpose	10-01-99	4.30-5.20%	\$ 410,000
Revenue bonds:			
Sewer - Series A	4-18-00	3.92%	\$ 1,743,725
Sewer - Series B	4-18-00	3.92%	901,275
Sewer - Series D	4-18-00	3.92%	157,751
Sewer - Series 2005	5-02-05	3.00%	4,400,000
Total			
Other debt:			
Hardin County Savings Bank Note	11-08-04	4.75%	\$ 150,000
Hardin County Savings Bank Note	11-02-04	4.00%	\$ 80,010

See accompanying independent auditor's report.

Schedule 3

<u>Balance Beginning of Year</u>	<u>Issued During Year</u>	<u>Redeemed During Year</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>	<u>Interest Due and Unpaid</u>
-	995,000	-	995,000	-	-
210,000	-	25,000	185,000	11,260	-
715,000	-	55,000	660,000	24,275	-
<u>\$ 925,000</u>	<u>995,000</u>	<u>80,000</u>	<u>1,840,000</u>	<u>35,535</u>	<u>-</u>
<u>5,504</u>	<u>-</u>	<u>5,504</u>	<u>-</u>	<u>151</u>	<u>-</u>
<u>265,000</u>	<u>-</u>	<u>40,000</u>	<u>225,000</u>	<u>13,170</u>	<u>-</u>
59,001	113,999	8,000	165,000	5,062	-
806,000	-	34,000	772,000	31,595	-
140,000	-	6,000	134,000	5,488	-
-	1,477,368	-	1,477,368	-	-
<u>\$ 1,005,001</u>	<u>1,591,367</u>	<u>48,000</u>	<u>2,548,368</u>	<u>42,145</u>	<u>-</u>
-	150,000	-	150,000	-	-
-	80,010	-	80,010	-	-
<u>-</u>	<u>230,010</u>	<u>-</u>	<u>230,010</u>	<u>-</u>	<u>-</u>

City of Eldora, Iowa

Bond and Note Maturities

June 30, 2005

General Obligation Notes						
Year Ending <u>June 30,</u>	Storm Sewer Note Issued Nov 1, 2000			Corporate Purpose and Refunding Note Issued Oct 1, 2003		
	Interest			Interest		
	<u>Rates</u>		<u>Amount</u>	<u>Rates</u>		<u>Amount</u>
2006	5.25 %	\$	25,000	2.10 %	\$	55,000
2007	5.30		30,000	2.55		55,000
2008	5.35		30,000	2.90		65,000
2009	5.40		30,000	3.15		65,000
2010	5.45		35,000	3.45		55,000
2011	5.50		35,000	3.70		55,000
2012			-	3.90		60,000
2013			-	4.00		60,000
2014			-	4.15		60,000
2015			-	4.30		65,000
2016			-	4.45		65,000
Total		\$	<u>185,000</u>		\$	<u>660,000</u>

General Obligation Bond		
Corporate Purpose Bonds		
Year Ending <u>June 30,</u>	Issued Oct 1, 1999	
	Interest	
	<u>Rates</u>	<u>Amount</u>
2006	4.80 %	\$ 40,000
2007	4.90	45,000
2008	5.00	45,000
2009	5.10	45,000
2010	5.20	50,000
Total		<u>\$ 225,000</u>

Schedule 4

---

Storm Sewer		
Improvement Note		
Issued Apr 1, 2005		
<hr/>		
Interest		
<u>Rates</u>	<u>Amount</u>	<u>Total</u>
2.75 %	\$ 80,000	160,000
3.00	90,000	175,000
3.10	90,000	185,000
3.30	95,000	190,000
3.50	100,000	190,000
3.60	100,000	190,000
3.75	105,000	165,000
3.90	110,000	170,000
4.00	110,000	170,000
4.05	115,000	180,000
	-	65,000
	<u>\$ 995,000</u>	<u>\$ 1,840,000</u>

(continued)

City of Eldora, Iowa

Bond and Note Maturities

June 30, 2005

Year Ending <u>June 30,</u>	Revenue Bonds					
	Sewer Bond - Series A		Sewer Bond - Series B		Sewer Bond - Series D	
	Issued Apr 18, 2000		Issued Apr 18, 2000		Issued Apr 18, 2000	
	Interest		Interest		Interest	
	<u>Rates</u>	<u>Amount</u>	<u>Rates</u>	<u>Amount</u>	<u>Rates</u>	<u>Amount</u>
2006	3.92 %	\$ 8,000	3.92 %	\$ 36,000	3.92 %	\$ 6,000
2007	3.92	8,000	3.92	37,000	3.92	6,000
2008	3.92	8,000	3.92	38,000	3.92	7,000
2009	3.92	9,000	3.92	40,000	3.92	7,000
2010	3.92	9,000	3.92	42,000	3.92	7,000
2011	3.92	9,000	3.92	43,000	3.92	8,000
2012	3.92	10,000	3.92	45,000	3.92	8,000
2013	3.92	10,000	3.92	47,000	3.92	8,000
2014	3.92	10,000	3.92	48,000	3.92	8,000
2015	3.92	11,000	3.92	50,000	3.92	9,000
2016	3.92	11,000	3.92	52,000	3.92	9,000
2017	3.92	12,000	3.92	54,000	3.92	9,000
2018	3.92	12,000	3.92	57,000	3.92	10,000
2019	3.92	12,000	3.92	59,000	3.92	10,000
2020	3.92	13,000	3.92	61,000	3.92	11,000
2021	3.92	<u>13,000</u>	3.92	<u>63,000</u>	3.92	<u>11,000</u>
Total		<u>\$ 165,000</u>		<u>\$ 772,000</u>		<u>\$ 134,000</u>

See accompanying independent auditor's report.

---

Sewer Bond  
Issued Jun 13, 2005

---

Interest

<u>Rates</u>	<u>Amount</u>	<u>Total</u>
3.00 % \$	-	50,000
3.00	1,000	52,000
3.00	1,000	54,000
3.00	1,000	57,000
3.00	1,000	59,000
3.00	1,000	61,000
3.00	1,000	64,000
3.00	258,000	323,000
3.00	400,000	466,000
3.00	550,000	620,000
3.00	263,368	335,368
	-	75,000
	-	79,000
	-	81,000
	-	85,000
	-	87,000
	<u>\$ 1,477,368</u>	<u>\$ 2,548,368</u>

Schedule of Receipts By Source and Disbursements By Function -  
All Governmental Funds

For the Last Three Years

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Receipts:			
Property tax	\$ 744,318	770,492	798,858
Tax increment financing collections	64,767	19,895	20,238
Other city tax	260,178	276,684	278,691
Licenses and permits	7,297	10,619	11,444
Use of money and property	106,756	92,909	61,426
Intergovernmental	281,632	283,345	335,011
Charges for service	176,694	217,612	176,393
Special assessments	2,329	3,702	7,685
Miscellaneous	<u>151,479</u>	<u>69,658</u>	<u>100,820</u>
 Total	 <u>\$ 1,795,450</u>	 <u>1,744,916</u>	 <u>1,790,566</u>
Disbursements:			
Operating			
Public safety	\$ 688,577	628,097	550,158
Public works	386,063	396,145	355,447
Health and social services	302,315	352,073	201,761
Culture and recreation	241,505	251,924	270,581
Community and economic development	760	760	760
General government	385,351	259,135	219,791
Debt service	194,393	1,429,516	230,879
Capital projects	<u>35,989</u>	<u>273,150</u>	<u>529,284</u>
 Total	 <u>\$ 2,234,953</u>	 <u>3,590,800</u>	 <u>2,358,661</u>

See accompanying independent auditor's report.

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 the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Eldora, Iowa, as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated October 14, 2005. Our report expressed an unqualified opinion on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Eldora's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Eldora's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Part II of the accompanying Schedule of Findings.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial

statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we believe item I-A-05 is a material weakness.

### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2005 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.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Eldora and other parties to whom the City of Eldora may report. This report is not intended to be and should not be used by anyone other than these specified parties.

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

Cornwell, Frideres, Maher & Associates, P.C.  
Certified Public Accountants

October 14, 2005

City of Eldora, Iowa

Schedule of Findings

Year ended June 30, 2005

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

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**REPORTABLE CONDITIONS:**

I-A-05 Segregation of Duties - During our review of internal control the existing procedures were evaluated in order to determine that incompatible duties are not performed by the same employee. Segregation of duties helps to prevent loss from employee error or dishonesty and therefore maximizes the accuracy of the City's financial statements. We noted that one employee handles almost all of the financial duties, including reconciling accounts and recording financial data.

Recommendation - We realize that with a limited number of office employees, segregation of duties is difficult. Therefore, we recommend the Council maintain its diligence in the review of the financial records.

Response and Corrective Action Planned - We will continue our review.

Conclusion - Response accepted.

**Part II: Other Findings Related to Statutory Reporting:**

II-A-05 Official Depositories - A resolution naming official depositories has been approved by the City. The maximum deposit amounts stated in the resolution were not exceeded during the year ended June 30, 2005.

II-B-05 Certified Budget - Disbursements during the year ended June 30, 2005 exceeded the amounts budgeted in the public safety and general government functions. Chapter 384.20 of the Code of Iowa states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

City of Eldora, Iowa

Schedule of Findings

Year ended June 30, 2005

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

Response – The budget will be amended in sufficient amounts in the future, if applicable.

Conclusion - Response accepted.

II-C-05 Questionable Disbursements - No disbursements were noted that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

II-D-05 Travel Expense - No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

II-E-05 Business Transactions - Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title, and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Rick Warren, Council Member Self-employed	Maintenance agreement, computers, supplies	\$ 5,364

In accordance with Chapter 362.5(10) of the Code of Iowa, the transactions with the council member do not appear to represent a conflict of interest since they were entered into through competitive bidding.

II-F-05 Bond Coverage - Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage is reviewed annually to insure that coverage is adequate for current operations.

City of Eldora, Iowa

Schedule of Findings

Year ended June 30, 2005

II-G-05 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.

II-H-05 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy were noted.

II-I-05 Financial Condition – The Special Revenue Fund, Employee Benefit Account, Day Care Trust Account and Visitors Center Account had deficit balances of \$5,221, \$10,761 and \$163 respectively.

Recommendation – The City should investigate alternatives to eliminate these deficits in order to return these accounts to a sound financial position.

Response – See footnote number 11 for a description of how the City plans to eliminate these deficits.

Conclusion – Response accepted.

II-J-05 Revenue Bonds – No violations of the revenue bond resolutions were noted.

II-K-05 Notice of Public Hearing on Budget – It was noted that the notice of public hearing on the certified budget was not published between ten and twenty days before the public hearing as required by Chapter 384 of the Code of Iowa.

Recommendation – The City should publish their notices of public hearing in accordance with the Code of Iowa

Response – We will make sure we publish our notices timely in the future.

Conclusion – Response accepted.