

# **City of Muscatine, Iowa**



## **Annual Comprehensive Financial Report**

**For the Year Ended June 30, 2025**

**CITY OF MUSCATINE, IOWA**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2025**

**SUBMITTED BY:**

**FINANCE DEPARTMENT  
CITY OF MUSCATINE, IOWA**

**Nancy A. Lueck  
Finance Director**

**LeAnna McCullough  
Accounting Supervisor**

**COVER:**

**Weed Park Lagoon**

**The Weed Park Lagoon Bank Stabilization Project was completed in fiscal year 2024/2025. Erosion had become a problem causing the lagoon to prematurely fill with silt. This project stabilized the water's edge by adding rip rap around the entire lagoon. The island in the upper section of the lagoon also had rip rap added and the viewing deck on the edge of the lagoon was replaced. Private donations funded restoration of the historic stone lighthouse and "duck house" on the island.**

**CITY OF MUSCATINE, IOWA**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2025**

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## FINANCE & RECORDS

TO: Honorable Mayor, City Council, and Citizens of the City of Muscatine

DATE: December 2, 2025

Iowa law requires that all cities publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Muscatine for the fiscal year ended June 30, 2025.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Bohnsack & Frommelt LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Muscatine's financial statements for the year ended June 30, 2025. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

### Profile of the Government

The City of Muscatine was incorporated in 1851 by a special act of the Iowa State Legislature and is located on the Mississippi River, which is the eastern boundary of the state of Iowa. The City is located 160 miles east of Des Moines, 200 miles west of Chicago, and is the county seat of Muscatine County. The City occupies a land area of approximately 18.5 square miles and serves a population of 23,797 (2020 Census population). The City is empowered to levy a tax on all property located within its boundaries.

The City operates under the mayor-council form of government and has a City Administrator. Policy-making and legislative authority are vested in a mayor and seven council members. The city council is responsible, among other things, for passing ordinances and resolutions, adopting the budget, appointing board, commission, and committee members, and hiring both the City Administrator and the City Attorney. The City Administrator is responsible for carrying out the policies and ordinances of the city council, for overseeing the day-to-day operations of the government, and for appointing the heads of

**"I remember Muscatine for its sunsets. I have never seen any  
on either side of the ocean that equaled them" — Mark Twain**

various departments. The council is elected on a non-partisan basis. Council members serve four-year staggered terms and the mayor is elected to serve a two-year term. Five of the council members are elected by district. The mayor and the two remaining council members are elected at large.

The City provides a full range of services including police and fire protection; roadway maintenance; water pollution control; solid waste management; recreational and cultural activities and facilities; and a general aviation airport.

The City Council is required to hold two public hearings on and adopt a budget for each fiscal year no later than April 30 of the preceding year. The annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by function, fund, and department. The legal level of control is at the function level. The budget may be amended by resolution of City Council following a required public hearing.

The City's government-wide financial statements for fiscal year 2024/2025 include two discretely presented component units. These component units are those entities for which the City is considered to be financially accountable. These entities are the Muscatine County Solid Waste Management Agency (Agency) and Muscatine Power and Water (MP&W). The Agency is comprised of eight governmental entities in Muscatine County and based on the City of Muscatine population, the City accounts for 59% of the board's voting authority. The City Council also approves the Agency's budget, sets its rates, and approves any debt issuance. MP&W is a municipal utility which provides water, electric, and communications services within the City of Muscatine and in other areas within Muscatine County. MP&W's governing board is appointed by the City Council. MP&W provides a financial benefit by providing electricity for City buildings and all street and traffic lighting free of charge to the City. These entities are reported in separate columns in the government-wide statements to emphasize that they are legally separate from the City.

## **Local Economy**

The City of Muscatine has a history of business and industrial development equal to cities of much larger size. Muscatine is the corporate headquarters of HNI Corporation, makers of office furniture. Other major employers located in the Muscatine area include Kraft-Heinz, food processing; Bridgestone-Bandag, makers of pre-cured tire tread rubber; Bayer (formerly Monsanto Company), herbicides and plastics; Raymond-Muscatine, front-end loaders, etc.; Grain Processing Corporation/Kent Feeds, corn distillates and feed; Stanley Consultants Inc., consulting engineers and architects; and Musco Sports Lighting LLC, sports lighting systems. The presence of many diverse companies has provided the Muscatine economy with economic stability and employment security for many years. Average annual unemployment rates over the past ten calendar years ranged from 2.7% to 5.8% with the rate for 2024 at 3.5%. The unemployment rate for 2020 was 5.8%, for 2021 was 4.2%, for 2022 was 3.0%, and for 2023 was 3.2%, with the higher rates in 2021 and 2022 attributed to the COVID-19 pandemic. Prior to 2020, the rates were 2.8% in 2019, 2.7% in 2018, 3.2% in 2017, and 3.8% in 2016.

Muscatine Power and Water (MP&W), is the City of Muscatine's municipal light, water, and communications utility. In recent years, the MP&W communications division completed a 100% fiber optic network and Muscatine now has gigabit connectivity to every address. The City's Water Pollution Control Plant has undergone renovation over the years and currently has the capacity to triple the volume of wastewater it treats with only marginal increases in operating expenses. The City operates a general aviation airport and has excellent railroad service provided by the Canadian Pacific Railroad.

All of these elements provide an excellent atmosphere for continued economic stability and growth.

The City provides tax abatements or tax rebates for urban renewal and economic development projects with tax increment financing as approved and directed by the City Council. For these types of projects, the City enters into economic development agreements with developers. The agreements require the City to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant, or to pay the developers a predetermined dollar amount. The developer also has to meet the terms of the agreement. Tax abatements have long-term benefits, including private investment, job creation, and establishing a stronger, broader tax base.

The City of Muscatine's Tax Increment Financing (TIF) Policy adopted in December of 2022 provides that: (1) the City may provide TIF funds for projects that meet City goals, align with the City's comprehensive plan, and comply with the City's development standards and zoning ordinances; (2) the City may provide TIF funds for projects that are in the best interests of the overall community and do not deter from quality of life or environment; (3) the City may provide TIF funds for projects that improve property designated as "blighted" in the City's Urban Renewal Plan; (4) any project seeking TIF funds must demonstrate that the project will not occur in Muscatine or will be reduced in scope without TIF; (5) the City may provide TIF funding for residential, commercial, or industrial projects; and (6) the amount and structure of TIF funding is dependent on whether the project meets certain goals such as meeting affordable housing needs, whether there is a need for public infrastructure to serve the project, or if the project is located within strategic areas of the City. Meeting TIF policy guidelines or other criteria is not intended to guarantee the award of financial assistance. The City's current development agreements with Tax Increment Financing are listed in Note 14 to the financial statements. These agreements meet one or more of the provisions of the City's TIF Policy.

### **Long-term Financial Planning**

Local Option Sales Tax. On May 10, 1994, the citizens of Muscatine first voted to implement a 1% local option sales tax for the purpose of funding storm and sanitary sewer renovation and extension projects. The tax was imposed effective July 1, 1994, for a five-year period. Voters approved continuation of the local option sales tax for two subsequent 5-year periods through June 30, 2009. This tax was used primarily for storm and sanitary sewer projects with the exception of 10% that was allocated to the Pearl of the Mississippi project from May 1, 2003 through June 30, 2009.

In 2008 the City held an election for the continuation of this tax and it again received strong support by voters. The ballot question approved extending this tax for an additional ten years (through June 30, 2019) with up to 20% of the proceeds to be used for the City's Pavement Management Program with the remaining 80% to be used for storm and sanitary sewer improvement projects. Future sewer projects have been identified including those required by an Order for Compliance on Consent issued by the United States Environmental Protection Agency (E.P.A.). Provisions of the Order require the City to complete separation of the combined sewers in the Hershey Avenue area by December 31, 2011, and separation of the remaining combined portions of the sewer system including the West Hill area by December 31, 2028. The Hershey Avenue Sewer Separation project was completed in 2011/2012. The first phase of the West Hill Sewer Separation project was completed in the fall of 2013 and the second phase was completed in the fall of 2014. The phase 3 contract provided that this work be done over three calendar years (2015, 2016, and 2017) and this phase was substantially completed in 2017. This timing corresponded to the timing of the local option sales tax receipts that funded this project. The phase 4 contract also provided

that the work be done over three calendar years (2018, 2019, and 2020) and this phase was substantially completed in 2020. The phase 5 contract provided that this work be done over 2-3 years. Construction on phase 5 began in the spring of 2021 and was completed in 2023. Construction on phases 6-A and 6-B began in 2023 and is scheduled to be completed in the fall of 2025. Construction on phase 6-C began in 2024 and is scheduled to be completed by the end of calendar year 2025. Construction on phase 6-D began in the spring of 2025 and is scheduled to be completed in 2025/2026.

The previous 10-year local option sales tax period was scheduled to end on June 30, 2019 and a referendum was held on March 6, 2018 on the proposal to extend this tax for an additional 15 years (through June 30, 2034) to fund future sewer (80%) and street (20%) improvement projects. The extension of this tax was again approved by voters with 88% voting in favor of the extension. The 80% allocation of the local option sales tax for sewer improvements will fund project costs and anticipated debt service costs for the remaining phases of the West Hill Sewer Separation project mandated by the Consent Order. The 1% local option sales tax generated over \$4.1 million in the most recent year.

Annual Pavement Management Program. The City began a comprehensive Pavement Management Program in 2007. Allocations totaling over \$5 million funded the initial upgrade of streets throughout the City. These improvements were substantially completed by June 30, 2010. The initial costs of this program were funded with general obligation bond proceeds. Annual allocations to maintain all streets at this higher level began in 2010/2011 with funding from the 20% allocation of local option sales tax and road use tax funds. The 20% allocation of local option taxes was \$741,154 in 2024/2025.

Mississippi Drive/Grandview Avenue Corridor Reconstruction Project. Engineering design began in July of 2015 and was completed in early 2017 on the first phase of the reconstruction of the Mississippi Drive/Grandview Avenue corridor from the Mississippi River bridge to the intersection of Grandview Avenue and the Highway 61 Bypass. This three-plus mile corridor is a portion of the Highway 61 business route which runs through the downtown area of the City. Project construction began in May of 2017 and was substantially completed in the fall of 2018 on phase one of the project from the Mississippi River bridge to Broadway, excluding the intersection at Mulberry Avenue. Phase one of this project was funded with a portion of the \$13 million in Transfer of Jurisdiction funds the City received from the State in August of 2014 as well as a \$4 million contribution from the Canadian Pacific Railroad. The next phase of the project, the 2<sup>nd</sup> Street and Mulberry Avenue roundabout, was completed in the 2020/2021 fiscal year. Construction began in 2020/2021 and was completed in 2023/2024 on the Grandview Avenue phase of the project, which was the next phase of the Corridor project. The final phase of this project is the roundabout at the Mississippi Drive/Grandview intersection (Carver Corner). This project is currently under design with construction scheduled for fiscal year 2026/2027.

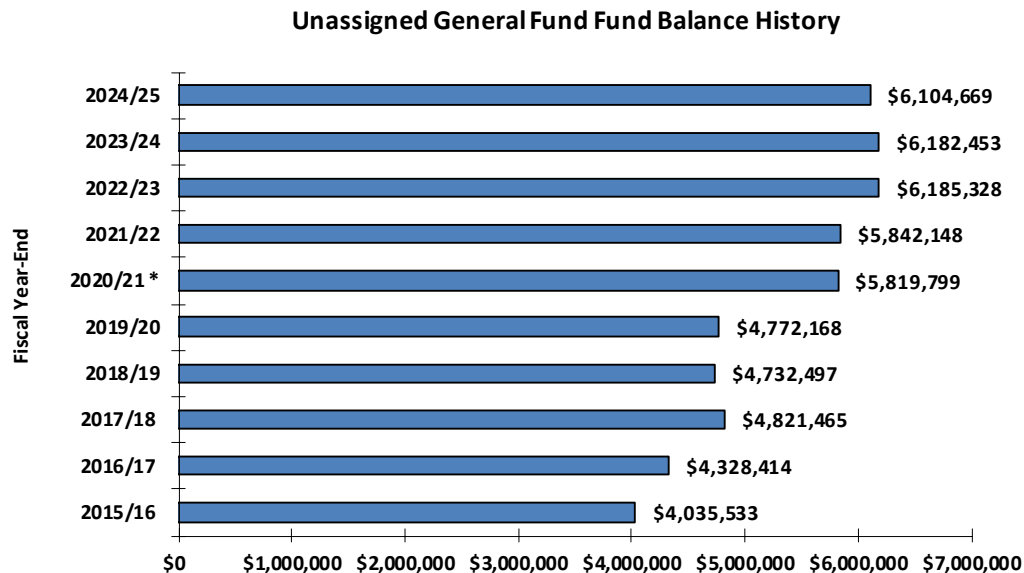
Airport Long-Range Plan. The City continues to complete improvements at the municipal airport as part of the long-range plan for this facility. An update to the Airport Layout Plan was completed in 2018/2019 that identified future year improvements for the airport. Engineering design was completed in 2019/2020 for the reconstruction of Taxiway A, and construction began in fiscal year 2020/2021 and was completed in 2021/2022 for this project. Engineering design was underway in 2021/2022 for the taxiway widening project; construction on this project was completed in 2022/2023. The Airport Fuel Tank Relocation project, with State grant funding, and the Airport Lights, PAPIs, REILs for Runway 12/30 and Parallel Taxiway project, with substantial federal funding, were underway in 2024/2025 and are scheduled to be completed in 2025/2026.

**Utility Franchise Fee.** In recent years, the City has made operational changes to address funding limitations to the General Fund. A key issue in the development of the 2010/2011 budget was the consideration of and ultimate adoption of a Utility Franchise Fee on Alliant Energy, the provider of natural gas to the community. The ordinance change adopting this fee provides that the fee may be up to 5% on natural gas sales by Alliant in the community. The initial rate was set at 2%, which was effective July 1, 2010. The establishment of this fee allowed the City to diversify funding sources used for the provision of General Fund services. With this franchise fee in place for up to 5% of gas sales, this has allowed flexibility for the City Council to modify this rate as needed to continue to provide expected levels of City services to residents. This rate can be modified by giving a 90-day notice to Alliant Energy. The franchise fee rate has varied since its implementation. The rate was 3% for fiscal years 2022/2023 through 2024/2025. The rate for 2025/2026 was increased to 5% due in part to State legislation which limited property taxes for the upcoming year.

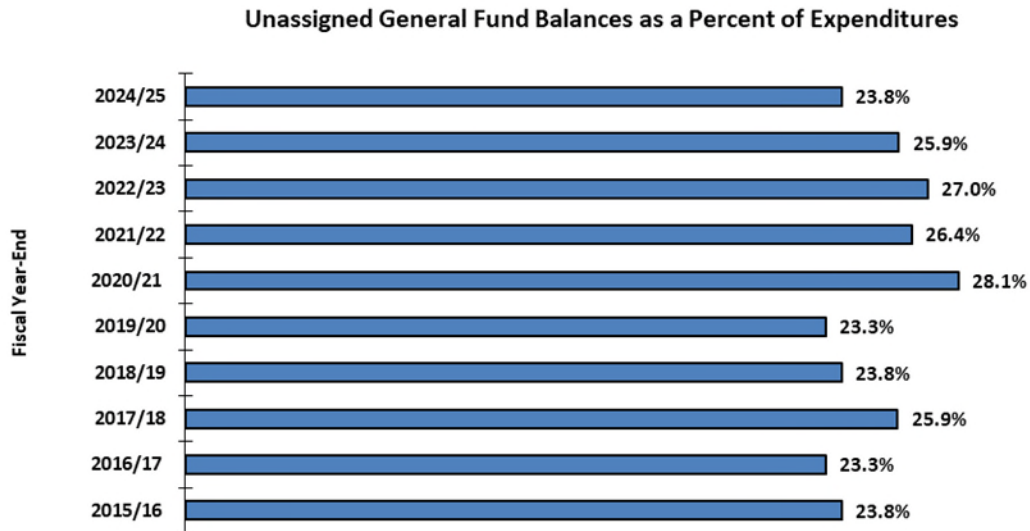
### Relevant Financial Policies and State Legislation

**General Fund Balance Policy.** In November of 2013 the City's minimum General Fund balance policy was updated from the previous 10% of General Fund expenditures level to two months of General Fund expenditures, which is equivalent to 16.7%. The updated policy also addresses conditions for use of reserves, authority over reserves, and replenishment of reserves. The City Council has made efforts in recent years to incrementally increase the General Fund balance and the updated policy reflects the City Council's formal commitment to this goal.

The City implemented Governmental Accounting Standards Board (GASB) Statement No. 54 in 2010/2011. This Statement provided for the following classifications of governmental fund balances: nonspendable, restricted, committed, assigned, and unassigned. The following charts show a ten-year history of unassigned General Fund balances.



\* Actual 2020/2021 ending General Fund balance included \$561,628 in State COVID Relief funds.



For June 30, 2021, the unassigned General Fund balance increased by \$1,047,631 to \$5,819,799 which was 28.1% of General Fund expenditures. In response to the COVID-19 pandemic, the City Council took a number of actions to reduce the impact of projected revenue reductions on the General Fund balance. Two of the most significant were to defer the hiring of four new fulltime positions added in the original 2020/2021 budget and not opening the Aquatic Center in the summer of 2020. While significant reductions in several revenue sources were projected (hotel/motel taxes, construction permits, interest, etc.), the actual reductions in most revenues were less than projected. The City also received CARES (Coronavirus Aid, Relief, and Economic Security) Act funding which assisted in maintaining General Fund services. The CARES Act funding included \$561,628 in COVID Relief funds from the State of Iowa, which was included in the June 30, 2021 General Fund balance.

For June 30, 2022, the unassigned General Fund balance increased by \$22,349 to \$5,842,148 which was 26.4% of General Fund expenditures. The amended budget for 2021/2022 was “balanced” by using \$300,000 of the State COVID Relief funds received in the prior year and \$222,000 of American Rescue Plan Act (ARPA) funds. Actual revenue and expenditure results for the year, however, were more favorable than anticipated which resulted in not needing to use those one-time funds to maintain service levels to residents. The most significant revenue increases included (1) hotel/motel taxes were \$228,300 over the budget estimate, (2) building permits and related revenues were \$91,800 over budget, and (3) the utility franchise fee was \$168,900 over the budget estimate. General fund department expenditures were also less than allowed for in the amended budget.

For June 30, 2023, the unassigned General Fund balance increased by \$343,180 to \$6,185,328 which was 27.0% of General Fund expenditures. For the 2022/2023 fiscal year, the original General Fund budget was “balanced” by using \$261,600 of the State COVID Relief funds and \$324,200 of ARPA funds in order to maintain service levels to our residents. As was the case in 2021/2022, it was found that these one-time funds were not needed to balance the budget and those funds remained in their respective funds.

For June 30, 2024, the unassigned General Fund balance decreased by \$2,875 to \$6,182,453 which was 25.9% of General Fund expenditures. For the 2023/2024 fiscal year, the original General Fund budget was “balanced” by using \$261,600 of the State COVID Relief funds and \$324,200 of ARPA funds in order to



maintain service levels to our residents. As was the case in 2022/2023, it was found that these one-time funds were not needed to balance the budget and those funds remained in their respective funds.

For June 30, 2025, the unassigned General Fund balance decreased by \$77,784 to \$6,104,669 which was 23.8% of General Fund expenditures. For the 2024/2025 fiscal year, the amended General Fund budget was “balanced” by using \$356,496 of the State COVID Relief and other one-time funds in order to maintain service levels to our residents. As was the case in 2023/2024, it was found that these one-time funds were not needed to balance the budget and those funds remained in their respective funds.

The recent General Fund actual and budgeted ending balances have all exceeded the 16.7% minimum fund balance requirement in the City’s General Fund Balance Policy.

Having the General Fund balance policy in place, as well as receiving the State COVID Relief funds and the ARPA funding, assisted the City in addressing the impacts of the COVID-19 pandemic and other funding limitations, while continuing to provide the current level of services to our residents.

State Legislation. In 2013 State legislation for property tax reform implemented a 10% rollback at 5% per year over two years (2014/2015 and 2015/2016), on commercial, industrial, and railroad property, after which this property has been taxed at 90%. This legislation included some backfill funding for local governments. There was no further change to the rollback factor on commercial, industrial, or railroad valuations for the 2016/2017 through 2023/2024 budgets.

In the 2021 legislative session, Senate File 619 was enacted which will phase out the backfill funding for the commercial, industrial, and railroad property rollback included in the 2013 property tax reform legislation discussed above. The City of Muscatine’s base backfill amount totaled \$610,325. Based on the City’s 18.68% increase in taxable valuation (without gas and electric) between fiscal years 2013/2014 and 2020/2021, the City qualified for the 8-year phase-out of the backfill reimbursement. This calculates to a 12.5% annual reduction in the reimbursement beginning in fiscal year 2022/2023. The backfill for 2022/2023 was \$538,792, it decreased to \$461,821 for 2023/2024, and further decreased to \$384,851 for 2024/2025. The backfill will decrease to \$307,881, to \$230,911, to \$153,940, and to \$76,970, for the following four years. The backfill funding will be fully eliminated beginning in the 2029/2030 budget year.

In the 2023 legislative session, House File 718 was enacted which began impacting city governments in the 2024/2025 fiscal year. This legislation created a newly-defined adjusted city general fund levy (ACGFL) and eliminated several separate tax levies that had been available to city governments. The new ACGFL is subject to potential limitation or reductions in the fiscal year 2024/2025 through 2027/2028 budgets, depending on the city’s non-tax increment growth compared to the previous year. The full impact to the City of Muscatine from this legislation has not yet been determined.

Utility Franchise Fee. As noted in the previous section, beginning in 2010/2011, the City implemented a 2% utility franchise fee on the provider of natural gas services in the community and this percentage has varied since this fee was implemented. The rate was 3% for fiscal years 2022/2023 through 2024/2025. The rate for 2025/2026 was increased to 5% due in part to State legislation which limited property taxes for the upcoming year. Since revenues from this fee can vary due to both the cost of natural gas and gas usage by residents and businesses, the City will continue to monitor the revenues received from this fee in upcoming years.

Tax Increment Financing Funds. The City continues to claim less than the full amount of incremental taxes available from the Downtown and Southend Tax Increment Financing (TIF) areas. As growth in valuations in these areas has exceeded original projections, balances have been accumulating in these funds in advance of the debt schedules in effect. Not claiming the full amounts allows a portion of the increased values in each area to go back onto regular taxable valuations of all taxing entities. Approximately \$1,508,100 of incremental taxes were not claimed by the City for 2024/2025 and this amount is estimated at 1,919,800 for 2025/2026. This results in increased regular taxable values and increased taxes generated by the General Fund levy.

### **Major Initiatives**

The City continues to strive to make significant capital improvements to the City's infrastructure and facilities. Major budget initiatives for 2025/2026 include (1) completion of the engineering design and the start of construction for the roundabout at the intersection of Mississippi Drive and Grandview Avenue – Carver Corner, (2) continuing construction on phase 6 of the multi-year, multi-phase West Hill Sewer Separation project, (3) completing construction of the new multi-use Sports Dome, (4) continuing the annual pavement management, (5) continuing improvements at the Water Pollution Control Plant, and (6) continuing improvements at the airport.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Muscatine for its annual comprehensive financial report for the fiscal year ended June 30, 2024. This was the 31st consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for fiscal year 2025/2026. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide, and a communications device. The award for the 2025/2026 budget was the 41st consecutive year that the City of Muscatine has received the GFOA's Award for Distinguished Budget Presentation. The GFOA's Distinguished Budget Presentation Award is good for a period of one year. The City of Muscatine plans to submit its budget document for the 2026/2027 fiscal year to the GFOA to again be considered for this award.

In regard to the preparation of this report and the accounting activity throughout the year in the Finance Department, we would like to express our appreciation to all members of this department for their assistance and contributions to this endeavor. Also appreciated is the continued interest and support by the members of the City Council and City departments in planning and conducting the financial operations of the city in a responsible and prudent manner in these times of limited resources and ever-increasing

demands. Lastly, we would extend our appreciation to Bohnsack & Frommelt LLP, Certified Public Accountants, for their assistance and suggestions in regard to the preparation of the Annual Comprehensive Financial Report.

Respectfully submitted,

/s/ Matt Mardesen  
City Administrator

/s/ Nancy A. Lueck  
Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

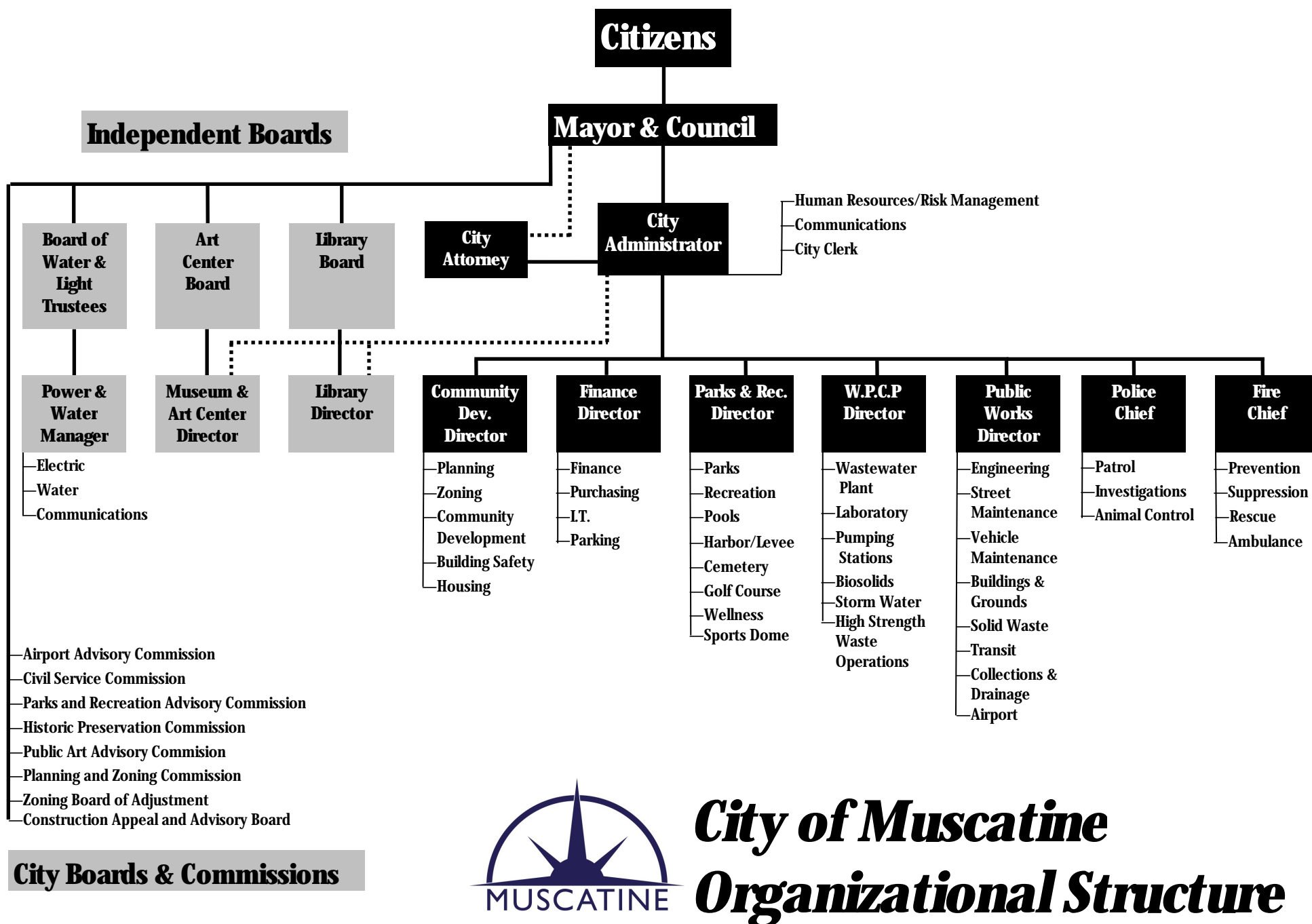
**City of Muscatine  
Iowa**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2024

*Christopher P. Morill*

Executive Director/CEO



**CITY OF MUSCATINE, IOWA**

**List of Principal Officials  
June 30, 2025**

Dr. Brad Bark, Mayor

**CITY COUNCIL**

Matt Conard  
At Large

Angie Lewis  
At Large

Don Lampe  
First Ward

Jeff Osborne  
Second Ward

Peggy Gordon  
Third Ward

Nadine Brockert  
Fourth Ward

John Jindrich  
Fifth Ward

**COUNCIL APPOINTED OFFICIALS**

City Administrator  
City Attorney

Matt Mardesen  
Brent Hinders

**DEPARTMENT DIRECTORS**

Art Center Director  
Finance Director  
Fire Chief  
Library Director  
Parks & Recreation Director  
Community Development Director  
Police Chief  
Public Works Director  
Water Pollution Control Director

Melanie Alexander  
Nancy A. Lueck  
Mike Hartman  
Robert Fiedler  
Richard Klimes  
Jodi Royal-Goodwin  
Anthony Kies  
Brian Stineman  
Jon Koch



## **Independent Auditor's Report**

To the Honorable Mayor  
and Members of City Council  
City of Muscatine, Iowa  
Muscatine, Iowa

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Muscatine, Iowa (City) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate discretely presented component units and remaining fund information of the City, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Muscatine Power & Water which represents 88 percent, 91 percent and 85 percent respectively, of the assets, net position, and revenues of the aggregate discretely presented component units and remaining fund information. Those statements were audited by other auditors whose report has been furnished to us, and in our opinion, insofar as it relates to the amounts included for Muscatine Power & Water, is based solely on the report of other auditors.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

As discussed in Note 16 to the financial statements, the City implemented new accounting guidance related to Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. As a result, June 30, 2024 Governmental Activities, Business-type Activities, major enterprise funds, Water Pollution Control, Transfer Station, Refuse Collection, Airport, nonmajor enterprise funds, and discretely presented component unit, Muscatine Solid Waste Agency net positions were restated.

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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



### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information; schedule of changes in the City's total OPEB liability and related ratios, schedule of changes in Muscatine Power & Water's net OPEB liability and related ratios, schedules of the City's proportionate share of the net pension liabilities for pension retirement systems, and schedules of the City's contributions for pension retirement systems, and Muscatine Power & Water schedule of changes in net pension liability and schedule of employer contributions on pages 20-37 and 109-136 be presented to supplement the basic financial statements.

Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections 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 2, 2025, on our consideration of the City'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's internal control over financial reporting and compliance.

*Bohnsack & Frommelt LLP*

Moline, Illinois  
December 2, 2025

## Management's Discussion and Analysis

As management of the City of Muscatine, we present this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. This narrative is intended to supplement the letter of transmittal and the financial statements and should provide the reader with contextual information that will advance our goal of full disclosure.

### Financial Highlights

- The assets and deferred outflows of resources of the City of Muscatine exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$208,168,447 (net position). Of this amount, \$17,693,964 (unrestricted net position), may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$8,749,951 during the year, compared to the restated net position at the close of the prior year. This overall increase includes a \$991,534 decrease in the governmental activities and a \$9,741,485 increase in the business-type activities.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$22,305,360, a decrease of \$2,637,797 in comparison with the prior year. There were increases and decreases in the City's major funds and non-major funds combined, with decreases of \$301,985 in the General fund, \$41,912 in the Employee Benefits fund, \$93,457 in the American Rescue Plan Act (ARPA) fund, \$22,642 in the Debt Service fund, \$2,495,149 in the Other Public Improvements fund, and \$1,518,680 in the Other Governmental funds. There were increases of \$1,776,806 in the Local Option Sales Tax fund and \$59,222 in the Road Use Tax fund. Of the ending balance, approximately 6% (\$1,225,249) was nonspendable, 71% (\$15,813,135) was restricted, 1% (\$299,006) was assigned, and 22% (\$4,967,970) was unassigned. Restricted, committed, assigned, and unassigned funds are available for spending within the statutory guidelines pertaining to each fund at the City's discretion.
- At the end of the current fiscal year, the City's unassigned fund balance for the general fund was \$6,104,669, which was 23.8% of total general fund expenditures.
- The City's total bonded debt increased by \$3,527,179 (12.1%) during the current fiscal year. During the year, \$7,434,890 in new general obligation debt was issued and \$2,921,000 in general obligation debt was retired. Sewer revenue loans outstanding decreased by \$822,000 during the year.
- The City implemented Governmental Accounting Standards Board Statement (GASBS) No. 101, *Compensated Absences*, during fiscal year 2025. Implementation of this standard required restatement of the ending net position for the prior year; however, this implementation did not have a material impact on the City's financial statements.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial

statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these four categories reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include Public Safety, Public Works, Health and Social Service, Culture and Recreation, Community and Economic Development, General Government, and Interest and Fees on Long-term Debt. The business-type activities of the City include Water Pollution Control, Transfer Station, Refuse Collection, Airport, Parking, Transit, Golf Course, Boat Harbor, Marina, Convention and Visitors Bureau, Ambulance, Soccer Events, and Public Housing.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also two legally separate entities, Muscatine Power and Water and the Muscatine County Solid Waste Agency, for which the City of Muscatine is considered to be financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself. Muscatine Power and Water issues separate financial statements. The Solid Waste Agency does not issue separate financial statements.

The government-wide financial statements can be found on pages 38-41 of this report.

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

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. This information is useful in evaluating the City's near-term financing requirements and is typically the basis that is used for developing the next annual budget.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

The City has seven major governmental funds: the General Fund, the Employee Benefits Fund, the Local Option Sales Tax Fund, the Road Use Tax Fund, the American Rescue Plan Act (ARPA) fund, the Debt Service Fund, and the Other Public Improvements fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for these major funds. Data from all other non-major governmental funds are combined into a single aggregated presentation and are referenced under a single column as Other Governmental Funds. Individual fund data for each of the non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 42-47 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds. They are the enterprise funds and the internal service funds. While both types of proprietary funds are run in a business-like manner, enterprise funds are included in business-type activities since they serve the entire community, while internal service funds are included in *governmental activities* since they predominantly benefit the City's governmental functions.

Enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statements. The City has thirteen (13) enterprise funds. Four of the enterprise funds, the Water Pollution Control Fund, Transfer Station Fund, Refuse Collection Fund, and Airport Fund are considered major funds and are reported individually throughout the report. The other nine (9) non-major enterprise funds are grouped together for reporting purposes and listed under a single heading, Other Enterprise Funds. Detail information for each of the nine (9) non-major enterprise funds is provided in combining statements elsewhere in this report.

Internal service funds are an accounting tool used to accumulate and allocate costs internally among the City's various functions. The City has four internal service funds: Equipment Services, Central Supplies, Health Insurance, and Dental Insurance. Individual fund data for the Internal Service Funds is provided in the form of combining statements in the latter section of this report.

The basic proprietary fund financial statements can be found on pages 48-52 of this report.

**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. The notes to the financial statements can be found on pages 53-108.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information includes (1) a budgetary comparison schedule on the aggregate basis for the City's budgeted governmental and proprietary funds, (2) the schedule of changes in the City's other post-employment benefits plan liability and related schedules, (3) the Muscatine Power & Water schedule of changes in the other post-

employment benefits plan liability and related schedules, (4) the City's proportionate share of net pension liability and related pension contributions, (5) required supplementary information for Muscatine Power & Water's single-employer defined benefit pension plan, and (6) Muscatine Power & Water's proportionate share of net pension liability and related pension contributions.

The combining statements referred to earlier in connection with non-major governmental funds, non-major enterprise funds, and internal service funds are presented immediately following the required supplementary information.

### Government-wide Financial Analysis

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$208,051,861 at the close of the fiscal year ended June 30, 2025.

By far the largest portion of the City's net position (86.1%) reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### City of Muscatine's Net Position

|                                   | Governmental activities |                     | Business-type activities |                       | Total                |                      |
|-----------------------------------|-------------------------|---------------------|--------------------------|-----------------------|----------------------|----------------------|
|                                   | Not Restated            |                     | Not Restated             |                       | Not Restated         |                      |
|                                   | 2025                    | 2024                | 2025                     | 2024                  | 2025                 | 2024                 |
| Current and other assets          | \$50,924,390            | \$51,705,347        | \$ 21,042,297            | \$ 21,701,959         | \$ 71,966,687        | \$ 73,407,306        |
| Capital assets                    | 100,444,663             | 96,048,290          | 111,649,230              | 102,627,350           | 212,093,893          | 198,675,640          |
| Total assets                      | <u>151,369,053</u>      | <u>147,753,637</u>  | <u>132,691,527</u>       | <u>124,329,309</u>    | <u>284,060,580</u>   | <u>272,082,946</u>   |
| Deferred outflows of resources    | <u>5,219,885</u>        | <u>4,785,702</u>    | <u>893,578</u>           | <u>1,006,967</u>      | <u>6,113,463</u>     | <u>5,792,669</u>     |
| Long-term liabilities outstanding | 44,182,417              | 37,969,394          | 10,122,138               | 10,763,397            | 54,304,555           | 48,732,791           |
| Other liabilities                 | <u>3,974,508</u>        | <u>4,659,254</u>    | <u>2,597,029</u>         | <u>3,101,049</u>      | <u>6,571,537</u>     | <u>7,760,303</u>     |
| Total liabilities                 | <u>48,156,925</u>       | <u>42,628,648</u>   | <u>12,719,167</u>        | <u>13,864,446</u>     | <u>60,876,092</u>    | <u>56,493,094</u>    |
| Deferred inflows of resources     | <u>20,594,261</u>       | <u>20,096,901</u>   | <u>535,243</u>           | <u>597,841</u>        | <u>21,129,504</u>    | <u>20,694,742</u>    |
| Net position:                     |                         |                     |                          |                       |                      |                      |
| Net investment in capital assets  | 76,286,620              | 77,911,738          | 103,021,862              | 93,732,592            | 179,308,482          | 171,644,330          |
| Restricted                        | 10,965,516              | 14,074,263          | 200,485                  | 173,303               | 11,166,001           | 14,247,566           |
| Unrestricted                      | <u>585,616</u>          | <u>(2,172,211)</u>  | <u>17,108,348</u>        | <u>16,968,094</u>     | <u>17,693,964</u>    | <u>14,795,883</u>    |
| Total net position                | <u>\$87,837,752</u>     | <u>\$89,813,790</u> | <u>\$ 120,330,695</u>    | <u>\$ 110,873,989</u> | <u>\$208,168,447</u> | <u>\$200,687,779</u> |

A portion of the City's net position (5.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$17,693,964) may be used to meet the City's ongoing obligation to citizens and creditors. At the end of the current fiscal year, the City

is able to report positive balances in all three categories of net position for the government as a whole and the business-type activities.

Net investment in capital assets increased by \$7,664,152 during the year. Restricted net position decreased by \$3,081,565. Unrestricted net position increased by \$2,898,081 during the year with the unrestricted net position of business-type activities increasing by \$140,254 and the unrestricted net position of governmental activities increasing by \$2,757,827.

### City of Muscatine Changes in Net Position

|   | Governmental activities |                      | Business-type activities |                      | Total         |                      |
|---|-------------------------|----------------------|--------------------------|----------------------|---------------|----------------------|
|   | 2025                    | Not Restated<br>2024 | 2025                     | Not Restated<br>2024 | 2025          | Not Restated<br>2024 |
| Revenues:   |                         |                      |                          |                      |               |                      |
| Program revenues:                                       |                         |                      |                          |                      |               |                      |
| Charges for services                                    | \$ 3,202,304            | \$ 3,907,192         | \$ 17,533,580            | \$ 17,073,567        | \$ 20,735,884 | \$ 20,980,759        |
| Operating grants, contributions and restricted interest | 10,323,453              | 8,196,115            | 1,276,780                | 1,276,333            | 11,600,233    | 9,472,448            |
| Capital grants and contributions                        | 4,218,171               | 4,320,062            | 2,893,160                | 3,870,848            | 7,111,331     | 8,190,910            |
| General revenues:                                       |                         |                      |                          |                      |               |                      |
| Property taxes  | 18,804,236              | 18,739,792           | -                        | -                    | 18,804,236    | 18,739,792           |
| Utility taxes   | 62,375                  | 60,229               | -                        | -                    | 62,375        | 60,229               |
| Local option sales tax                                  | 4,121,686               | 4,114,250            | -                        | -                    | 4,121,686     | 4,114,250            |
| Hotel/motel tax   | 563,311                 | 585,232              | -                        | -                    | 563,311       | 585,232              |
| Cable franchise tax                                     | 96,417                  | 99,896               | -                        | -                    | 96,417        | 99,896               |
| Utility franchise fees                                  | 332,628                 | 313,906              | -                        | -                    | 332,628       | 313,906              |
| Intergovernmental, not restricted to specific programs  | 864,820                 | 935,869              | -                        | -                    | 864,820       | 935,869              |
| Unrestricted investment earnings                        | 1,237,018               | 1,076,093            | 725,691                  | 753,493              | 1,962,709     | 1,829,586            |
| Other   | 4,109                   | 7,578                | 4,285                    | 6,607                | 8,394         | 14,185               |
| Total revenues  | 43,830,528              | 42,356,214           | 22,433,496               | 22,980,848           | 66,264,024    | 65,337,062           |
| Expenses:   |                         |                      |                          |                      |               |                      |
| Public safety   | 13,051,509              | 11,821,842           | -                        | -                    | 13,051,509    | 11,821,842           |
| Public works  | 6,247,178               | 6,485,264            | -                        | -                    | 6,247,178     | 6,485,264            |
| Health and social service                               | 60,000                  | 60,000               | -                        | -                    | 60,000        | 60,000               |
| Culture and recreation                                  | 5,727,830               | 5,131,201            | -                        | -                    | 5,727,830     | 5,131,201            |
| Community and economic development                      | 8,020,840               | 6,704,243            | -                        | -                    | 8,020,840     | 6,704,243            |
| General government                                      | 3,950,823               | 3,748,045            | -                        | -                    | 3,950,823     | 3,748,045            |
| Interest and fees on long-term debt                     | 606,421                 | 398,391              | -                        | -                    | 606,421       | 398,391              |
| Water pollution control                                 | -                       | -                    | 9,224,729                | 8,589,463            | 9,224,729     | 8,589,463            |
| Transfer station  | -                       | -                    | 2,559,465                | 2,495,788            | 2,559,465     | 2,495,788            |
| Refuse collection                                       | -                       | -                    | 2,546,247                | 2,511,842            | 2,546,247     | 2,511,842            |
| Airport   | -                       | -                    | 519,646                  | 470,639              | 519,646       | 470,639              |
| Parking   | -                       | -                    | 219,585                  | 210,317              | 219,585       | 210,317              |
| Transit   | -                       | -                    | 1,296,662                | 1,304,687            | 1,296,662     | 1,304,687            |
| Golf course   | -                       | -                    | 1,070,819                | 964,451              | 1,070,819     | 964,451              |
| Boat harbor   | -                       | -                    | 41,485                   | 39,828               | 41,485        | 39,828               |
| Marina  | -                       | -                    | 9,416                    | 10,367               | 9,416         | 10,367               |
| Convention & visitors bureau                            | -                       | -                    | 135,000                  | 135,000              | 135,000       | 135,000              |
| Ambulance   | -                       | -                    | 877,054                  | 850,196              | 877,054       | 850,196              |
| Public housing  | -                       | -                    | 1,349,364                | 1,149,973            | 1,349,364     | 1,149,973            |
| Total expenses  | 37,664,601              | 34,348,986           | 19,849,472               | 18,732,551           | 57,514,073    | 53,081,537           |
| Increase (decrease) in net position before transfers    | 6,165,927               | 8,007,228            | 2,584,024                | 4,248,297            | 8,749,951     | 12,255,525           |
| Transfers in (out)                                      | (7,157,461)             | (5,296,090)          | 7,157,461                | 5,296,090            | -             | -                    |
| Increase (decrease) in net position                     | (991,534)               | 2,711,138            | 9,741,485                | 9,544,387            | 8,749,951     | 12,255,525           |
| Net position, as restated, beginning of year            | 88,829,286              | 87,102,652           | 110,589,210              | 101,329,602          | 199,418,496   | 188,432,254          |
| Net position, end of year                               | \$87,837,752            | \$89,813,790         | \$ 120,330,695           | \$ 110,873,989       | \$208,168,447 | \$200,687,779        |

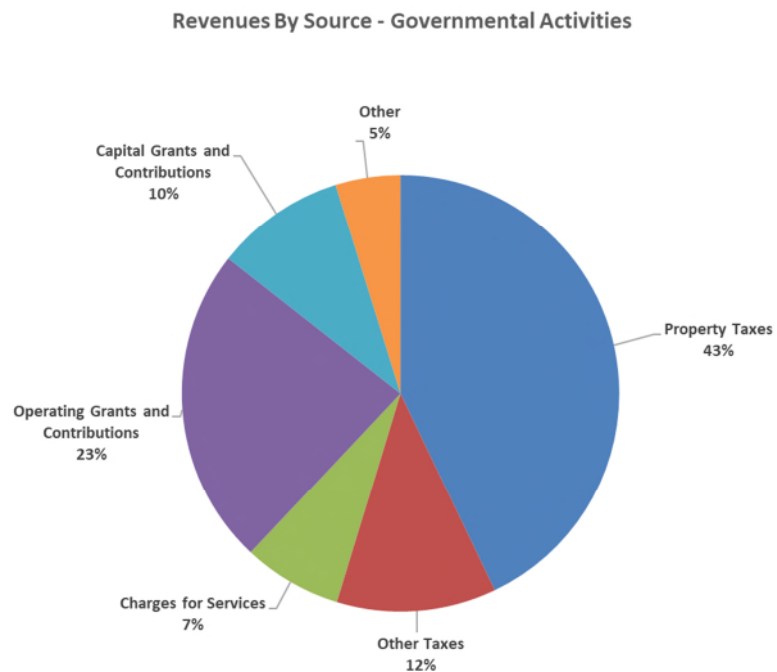
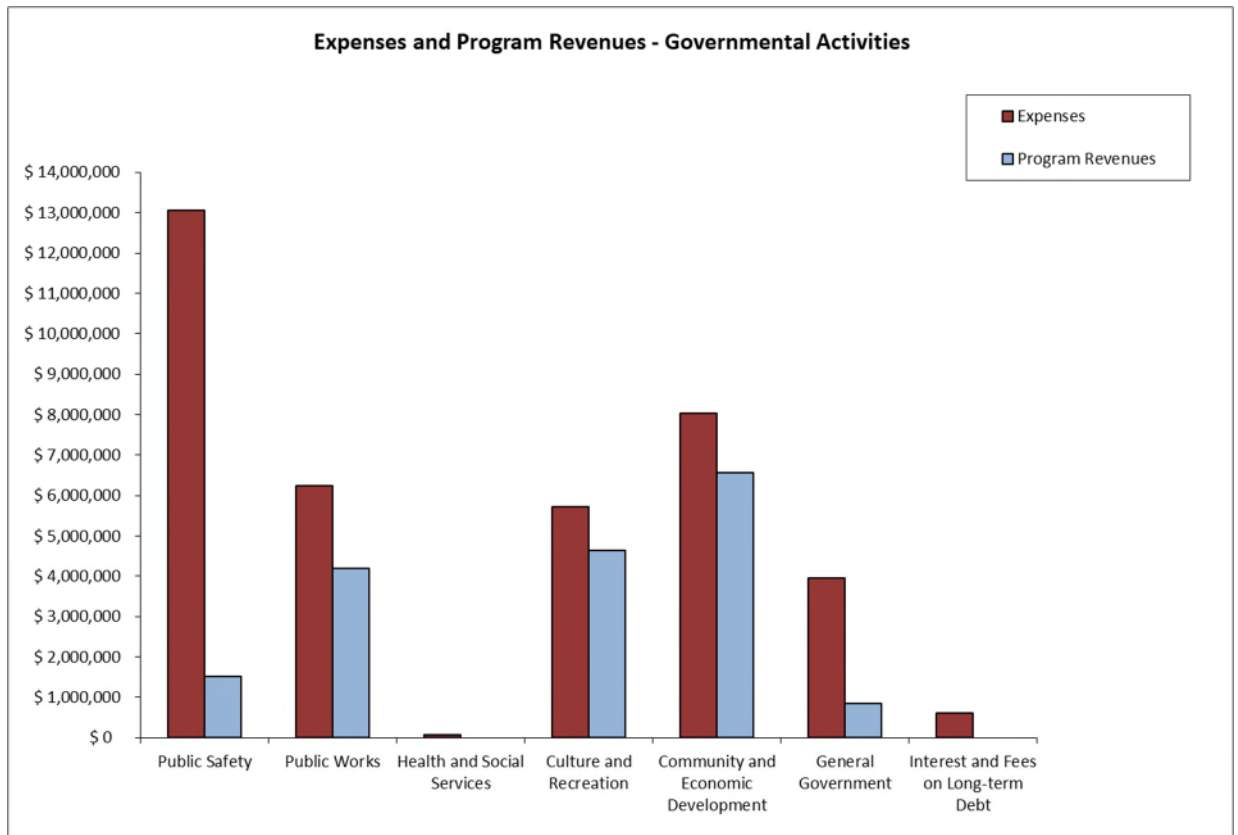
**Governmental activities.** Governmental activities decreased the City's net position by \$991,534 during the year. This overall decrease was due to the following:

- Revenues for governmental activities increased in total by \$1,474,314 or 3.5% from the previous year. This overall increase is due to the net effect of decreases in charges for services (\$704,888), capital grants and contributions (\$101,891), hotel/motel taxes (\$21,921), cable franchise tax



(\$3,479), intergovernmental not restricted to specific programs (\$71,049), and other revenues (\$3,469), with increases in operating grants, contributions and restricted interest (\$2,127,338), property taxes (\$64,444), utility taxes (\$2,146), local option sales tax (\$7,436), utility franchise fees (\$18,722), and unrestricted investment earnings (\$160,925).

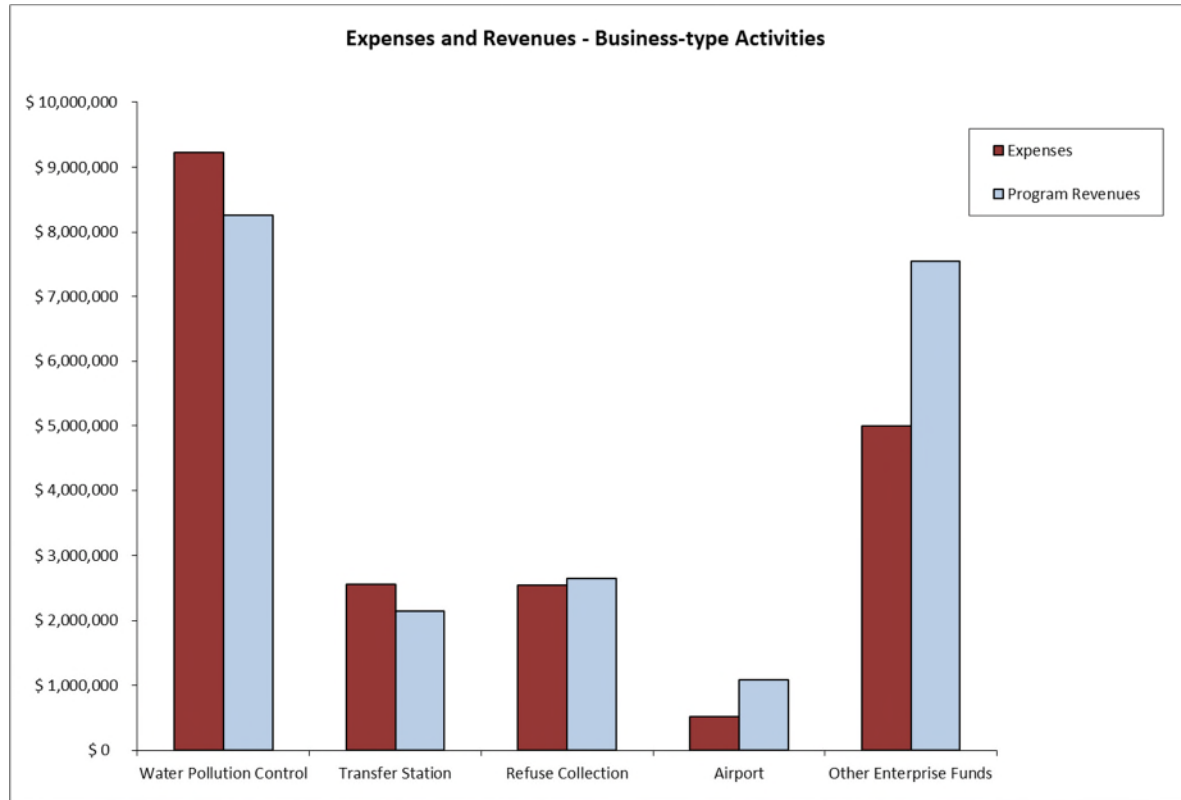
- Property taxes increased by \$64,444 (.3%). The City's property tax rate of \$15.67219 per \$1,000 for the current year, was the same as the tax rate in the prior year. The small increase was due a change in taxable valuations.
- Local option sales tax revenue increased by \$7,436 (.2%).
- Charges for services for governmental activities decreased by \$704,888 (18.0%) compared to the prior year. Public safety charges for services increased by \$27,349, public works charges decreased by \$505,301, culture and recreation charges decreased by \$35,984, community development charges decreased by \$185,850, and general government charges decreased by \$5,102. The decrease in public works is primarily due to a decrease in capital project cost reimbursements. The decrease in community development charges for services is primarily due to a \$169,136 decrease in building permits.
- Operating grants, contributions, and restricted interest increased by \$2,127,338. There were increases of \$178,676 in public safety, \$161,377 in public works, \$68,915 in culture and recreation, \$1,717,904 in community and economic development, and \$466 in general government. The increase in community and economic development is from \$909,901 in increased American Rescue Plan Act (ARPA) funds earned and increased community development grant revenues compared to the prior year.
- Capital grants and contributions decreased by \$101,891 compared to the previous year. Capital grants and contributions fluctuate from year to year based on construction schedules for capital projects with grant funding.
- Unrestricted investment earnings increased by \$160,925 in the current year compared to the prior year.
- Expenses for governmental activities increased by \$3,315,615 (9.7%) from the previous year.
- Governmental expenses increased in the public safety function (\$1,229,667), decreased in public works (\$238,086), increased in culture and recreation (\$596,629), increased in community and economic development (\$1,316,597), increased in general government (\$202,778), and increased in interest and fees on long-term debt (\$208,030).



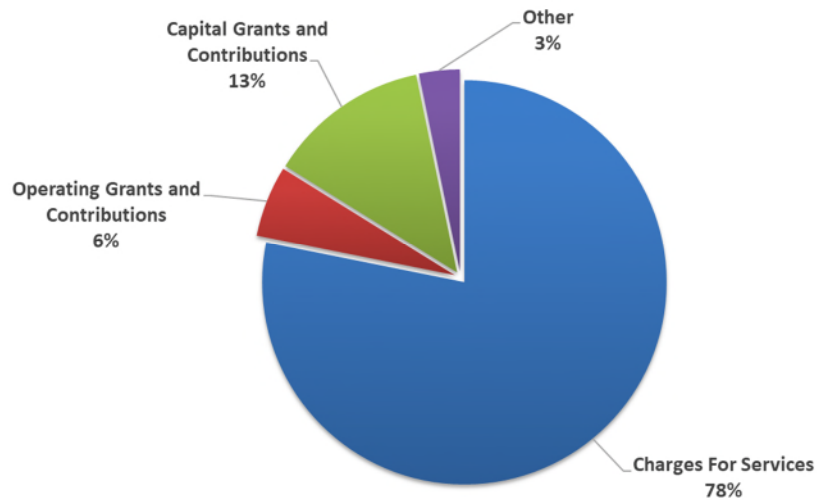
**Business-type activities.** Business-type activities increased the City's total net position by \$9,741,485 during the year. Increases in net position were reported in the Water Pollution Control, Refuse Collection, Airport, Transit, Golf Course, and Public Housing funds. Decreases in net position were reported in the Transfer Station, Parking, Boat Harbor, Convention and Visitors Bureau, Ambulance, and Soccer Events funds.

- Net position of the Water Pollution Control fund increased by \$7,896,819 during the year. This overall increase is primarily due to transfers from the Local Option Sales Tax fund which funded \$8,383,550 of sewer-related capital project costs during the year.
- Net position of the Transfer Station fund decreased by \$349,607 during the year.
- Net position of the Refuse Collection fund increased by \$39,930 during the year.
- Net position of the Airport fund increased by \$600,602 during the year.
- Net position of the non-major enterprise funds increased by \$1,348,538 during the year due to increases in the Transit (\$960,825), Golf Course (\$162,617), and Public Housing (\$604,019) funds. These increases were partially offset by decreases in the Parking (\$38,649), Boat Harbor (\$18,482), Convention and Visitors Bureau (\$102,562), Ambulance (\$186,516), and Soccer Events (\$32,714) funds.
- Revenues for the business-type activities decreased in total by \$663,938 (2.9%).
- Charges for services increased in total by \$460,013 (2.7%). Water pollution control charges for services increased by \$576,504, transfer station charges decreased by \$51,775, refuse collection charges increased by \$2,431, airport charges increased by \$6,760, and non-major business type fund charges decreased in total by \$73,907.
- For non-major business-type activities, there was a decrease of \$913 in parking charges, an increase of \$3,188 in transit charges, an increase of \$120,042 in golf course charges, an increase of \$3,593 in boat harbor charges, a decrease of \$573 in marina charges, a decrease of \$166,529 in ambulance charges, an increase of \$50 in soccer event charges, and a decrease of \$32,765 in public housing charges.
- Operating grants and contributions had a minimal increase of \$447. Operating grants and contributions increased by \$269 in the water pollution control fund, decreased by \$847 in the refuse collection fund, decreased by \$28,317 in the transit fund, and increased by \$29,342 in the public housing fund.
- Capital grants and contributions decreased in total by \$977,688. Water pollution control capital grants and contributions decreased by \$3,572,930 (developer contribution in the prior year), airport capital grants increased by \$937,839, transit capital grants increased by \$1,071,616, and public housing capital grants increased by \$585,787.
- Expenses for the business-type activities increased \$1,116,921 (6.0%). Expenses increased by \$635,266 in the water pollution control fund; increased by \$63,677 in the transfer station fund;

increased by \$34,405 in the refuse collection fund; increased by \$49,007 in the airport fund; increased by \$9,268 in the parking fund; decreased by \$8,025 in the transit fund; increased by \$106,368 in the golf course fund; increased by \$1,657 in the boat harbor fund; decreased by \$951 in the marina fund; increased by \$26,858 in the ambulance fund; and increased by \$199,391 in the public housing fund.



#### Revenues By Source - Business-type Activities



#### Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$22,305,360, a decrease of \$2,637,797 (10.6%) in comparison with the prior year. There was a decrease in fund balance of \$301,985 in the general fund, a decrease of \$41,912 in the employee benefits fund, an increase of \$1,776,806 in the local option sales tax fund, an increase of \$59,222 in the road use tax fund, a decrease of \$93,457 in the American Rescue Plan Act (ARPA) fund, a decrease of \$22,642 in the debt service fund, a decrease of \$2,495,149 in the other public improvements fund, and a decrease of \$1,518,680 in other governmental funds.

Of the combined \$22,305,360 governmental fund balances at year-end, \$1,225,249 (5.5%) is classified as nonspendable and includes prepaid items, advances to other funds, and permanent fund principal. A total of \$15,813,135 (70.9%) is classified as restricted by grantors, state or federal laws, or enabling legislation. Assigned fund balances total \$299,006 (1.3%) with these funds assigned for purchases on order and future equipment purchases. The remaining \$4,967,970 is classified as unassigned (22.3%). By definition unassigned balances include all deficit balances. There were deficit fund balances in five community development special revenue funds due to the timing of receipt of grant funds for these projects. There were deficit balances in two nonmajor capital project funds that will be funded from future bond issues. The remaining governmental funds had positive fund balances at the end of the fiscal year.

The General Fund is the chief operating fund of the City of Muscatine. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$6,104,669, while the total fund balance was \$6,569,318. The General Fund balance includes a total of \$165,643 classified as nonspendable for prepaid items and advances to other funds. The assigned portion of the balance totals \$299,006 which includes \$18,627 for purchases on order and \$280,379 for future equipment purchases. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The unassigned and total general fund balances at the end of the fiscal year represent 23.8% and 25.6%, respectively, of total general fund expenditures. The unassigned and total general fund balance percentages were slightly lower than the prior year percentages of 25.9% and 28.8%, respectively.

The City of Muscatine's total general fund balance decreased by \$301,985 (4.4%) during the current fiscal year. The City's unassigned general fund balance decreased by \$77,784 (1.3%). The unassigned balance decrease was in line with the unassigned balance decrease of \$279,667 that was projected at the time the budget was amended in April of 2025. Actual general fund revenues varied compared to the projected amounts with several revenue sources exceeding the projected amounts (utility franchise fees, community development fees, police grant and other revenues, and interest), and other revenues being less than projected (hotel/motel taxes, library, and cemetery). Most general fund departments had expenditures less than their budget appropriations.

The State of Iowa had in prior years allowed a maximum levy rate of \$8.10 per thousand dollars of assessed value and an additional \$0.27 in an emergency levy. The City had been at the maximum levy rates for many years. However, in 2023, the State of Iowa adopted House File 718, introducing significant overhauls to the property tax system that has existed since 2013. The updated legislation consolidates a number of property tax levies into one new general fund levy, the Consolidated General Fund Levy (CGF). Depending upon tax base growth in communities, this change restricts city revenue growth. This change will challenge the City with potential revenue reductions as costs continue to rise. The City continues to evaluate the revenue impact of this legislation. The General Fund balances discussed above are considered adequate by management. The City's policy on fund balance of the General Fund, is to have unassigned fund balance maintained at no lower than 16.7% and up to 25 percent of general fund expenditures, which maximum level represents 90 days of cash flow. Fund balances on June 30 cover the City's cash flow needs before collecting property taxes (in September and March each year) so that cash flow borrowings are unnecessary. Fund balances also provide flexibility (for example, should revenue projections fall short), and can be used in cases of emergencies (for example, flooding or storm clean-up).

The Employee Benefits fund balance decreased during the year by \$41,912. Taxes are levied in this fund for employee benefits for general fund employees. This fund is generally budgeted to have a zero balance each year. Any balance in this fund is due to savings from vacancies and changes in insurance coverages in the current and prior fiscal years.

The Local Option Sales Tax fund balance increased during the fiscal year by \$1,776,806. Funds are transferred to sewer and street capital project funds as needed to fund project costs. The fund balance of \$5,316,327 at year-end will be used to fund costs and debt service payments for the ongoing multiple phases of the West Hill Sewer Separation project required by an E.P.A. Consent Order to be completed by 2028 (\$4,653,944), and future street projects (\$662,383). Per the voter referendum, 80% of the local option sales tax funds are to be used for sewer projects and 20% for street projects.

The Road Use Tax fund balance increased by \$59,222 during the year. Funds are transferred to the General fund and street-related capital project funds as needed to fund street-related operating and capital project costs. The fund balance of \$1,884,030 at year-end will be used for future street maintenance and capital project costs.

The American Rescue Plan Act (ARPA) fund balance decreased by \$93,457 during the year.

The Debt Service fund balance decreased by \$22,642 during the year due to the budgeted use of a portion of the accumulated fund balance. The ending fund balance of \$105,478 will be used for future year bond principal and interest payments.

The Other Public Improvements Fund balance decreased by \$2,495,149 during the year to \$4,825,583. This decrease is primarily due to the expenditure of prior year bond proceeds.

The fund balances in the Other Governmental Funds decreased by \$1,518,680. Fund balances decreased by \$425,791 in the non-major special revenue funds, decreased by \$1,103,964 in the non-major capital projects funds, and increased by \$11,075 in the non-major permanent funds. The decrease in the non-major capital project funds is primarily due to the expenditure of prior year bond proceeds.

**Proprietary funds.** The City of Muscatine's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net position for the City's enterprise funds as of June 30, 2025 was \$119,099,627, an increase of \$9,536,282 (8.7%) from the previous fiscal year's restated net position. Of the net position of the enterprise funds, \$103,032,862 is the net investment in capital assets of the enterprise funds. Restricted net position totaled \$200,485. Unrestricted net position totaled \$15,877,280, a decrease of \$64,948 compared to the previous year.

The City's internal service funds include Equipment Services, Central Supplies, Health Insurance, and Dental Insurance. Net position for the internal service funds totaled \$4,059,047 as of June 30, 2025, an increase of \$636,908 from the previous year's restated net position. Net position decreased by \$114,008 in the Equipment Services fund, increased by \$740,082 in the Health Insurance fund, increased by \$10,822 in the Dental Insurance fund, and increased by \$12 in the Central Supplies fund.

### **General Fund Budgetary Highlights**

During the year there was a \$142,800 decrease in General Fund appropriations between the original General Fund budget and the final amended budget. Budgeted revenues and transfers in to the General Fund decreased by \$701,791 from the original to the amended budget.

Following are the main components of the overall budget appropriation decrease during the year:

- There was a \$273,500 increase in the public safety function budgets. This includes an increase of \$110,500 in the police department budget and \$163,000 in the fire department budget.
- Public works function budgeted expenditures were decreased in total by \$167,900. There were increases and decreases in the various public works activity budgets which resulted in this overall decrease.

- The culture and recreation function appropriation decreased in total by \$98,400. There were increases and decreases in the art center, cable television, and the various parks and recreation activity budgets which resulted in this overall decrease.
- The community and economic development function appropriation decreased by \$50,700.
- There was a \$99,300 decrease in the general government function appropriation from the original budget to the amended budget. There were increases and decreases in the various general government activity budgets; however, the overall decrease is primarily due to savings from a vacancy in the City Administrator position for a portion of the fiscal year and a reduction in the budget allocation for legal services.

### Capital Asset and Debt Administration

**Capital assets.** The City of Muscatine's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$212,093,893 (net of accumulated depreciation), an increase of \$13,418,253 compared to the prior year. This investment in capital assets includes land, buildings and building improvements, machinery and equipment, park facilities, streets, and bridges. The City of Muscatine's investment in capital assets for the current fiscal year increased by \$4,396,373 for governmental activities compared to the prior year and increased by \$9,021,880 for business-type activities.

Major capital asset events during the current fiscal year included the following:

- Additions to capital assets (net of asset retirements) totaled \$21,783,791.
- Major asset additions included \$862,516 in street improvements; \$8,129,197 in sewer system improvements; \$682,286 in park improvements; \$998,765 for buildings and building improvements, \$959,842 for airport improvements, \$5,759,950 for the new indoor sports dome, and \$802,827 for water pollution control plant improvements.
- Depreciation and amortization expense totaled \$9,668,386 for the year with \$5,247,803 in the governmental activities and \$4,420,583 in the business-type activities.

| City of Muscatine Capital Assets<br>(Net of Depreciation)           |                         |                      |                          |                       |                       |                       |
|---|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
|   | Governmental activities |                      | Business-type activities |                       | Total                 |                       |
|   | 2025                    | 2024                 | 2025                     | 2024                  | 2025                  | 2024                  |
| Land, art work, and construction in progress, not being depreciated | \$ 26,818,353           | \$ 20,789,336        | \$ 19,803,696            | \$ 9,517,777          | \$ 46,622,049         | \$ 30,307,113         |
| Other capital assets net of accumulated depreciation                | 73,626,310              | 75,258,954           | 91,845,534               | 93,109,573            | 165,471,844           | 168,368,527           |
| Total capital assets  | <u>\$ 100,444,663</u>   | <u>\$ 96,048,290</u> | <u>\$ 111,649,230</u>    | <u>\$ 102,627,350</u> | <u>\$ 212,093,893</u> | <u>\$ 198,675,640</u> |



Additional information on the City of Muscatine's capital assets can be found in note 5 on pages 71-73 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$32,723,452. Of this amount, \$26,171,452 is general obligation debt backed by the full faith and credit of the City with \$25,905,782 of this debt reflected as debt of the governmental activities and \$265,670 reflected as debt of the business-type activities. The remainder of the City of Muscatine's debt represents revenue bonds secured solely by specific revenue sources.

**City of Muscatine Outstanding Debt  
General Obligation and Revenue Bonds**

|                          | Governmental activities |                      | Business-type activities |                     | Total                |                      |
|--------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
|                          | 2025                    | 2024                 | 2025                     | 2024                | 2025                 | 2024                 |
| General obligation bonds | \$ 25,905,782           | \$ 21,472,283        | \$ 265,670               | \$ 349,990          | \$ 26,171,452        | \$ 21,822,273        |
| Revenue bonds            | -                       | -                    | 6,552,000                | 7,374,000           | 6,552,000            | 7,374,000            |
| Total                    | <u>\$ 25,905,782</u>    | <u>\$ 21,472,283</u> | <u>\$ 6,817,670</u>      | <u>\$ 7,723,990</u> | <u>\$ 32,723,452</u> | <u>\$ 29,196,273</u> |

The City's total bonded debt increased in total by \$3,527,179 during the year. The City did not issue any new general obligation bonds during the year, but drew down \$7,434,890 in general obligation state revolving fund (SRF) loan debt. There was no additional revenue debt issued during the year. Debt retired totaled \$3,743,000, which included \$2,190,000 in general obligation bonds, \$731,000 in general obligation SRF loan debt, and \$822,000 in sewer revenue bonds.

State statutes limit the amount of general obligation debt to 5% of the total actual valuation of property in the City of Muscatine. The current debt limit of the City of Muscatine is \$96,258,240. The face value of the bonded debt applicable to the debt limit totals \$25,574,797. The City also has Tax Increment Financing rebate agreements that total to a maximum obligation of \$1,981,847, lease obligations of \$170,785, and subscription-based information technology arrangements (SBITAs) of \$140,833 as of the end of the year. The bonded debt, rebate agreements, lease obligations, and SBITAs total to \$27,868,262. Although tax increment rebate agreements are required to be included in the computation of debt subject to the debt limit, these obligations are totally financed by incremental taxes received from the benefitted properties. The City's debt, including the rebate agreement obligations, is significantly less than the maximum debt limit allowed.

The City was assigned an Aa2 rating from Moody's Investor Services for the City's most recent general obligation bond issue in June of 2024. This rating was the same rating as that assigned for the June 2022 bond issue.

Additional information on the City's long-term debt can be found in note 6 on pages 73-81 of this report.

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

- The average annual unemployment rate for Muscatine County was 3.5% in calendar year 2024, 3.2% in calendar year 2023, 3.0% in calendar year 2022, 4.2% in calendar year 2021, 5.8% in calendar year 2020, and 2.8% in calendar year 2019. Separate unemployment figures are not maintained for the

City of Muscatine. The higher unemployment rates in calendar years 2020 and 2021 are attributed to the COVID-19 pandemic.

- The City's taxable value increased by 4.88% for the 2021/2022 year, remained relatively flat with a .04% increase for the 2022/2023 fiscal year, increased by 8.36% for the 2023/2024 year, decreased by .18% for 2024/2025, and increased by 3.22% for the upcoming 2025/2026 fiscal year.
- The 3.22% taxable valuation increase for 2025/2026 reflects (1) the mandated rollback factor for residential properties increasing from 46.3428% to 47.4316%, an increase of 2.35%, and (2) the exemption for residential property owners age 65 and more increasing from \$3,250 in 2024/2025 to \$6,500 in 2025/2026.
- In 2013 State legislation for property tax reform implemented a 10% rollback at 5% per year over two years (2014/2015 and 2015/2016), on commercial, industrial, and railroad property, after which this property has been taxed at 90%. This legislation included some backfill funding for local governments. There was no further change to the rollback factor on commercial, industrial, or railroad valuations for the 2016/2017 through 2023/2024 budgets.
- In the 2021 legislative session, Senate File 619 was enacted which will phase out the backfill funding for the commercial, industrial, and railroad property rollback included in the 2013 property tax reform legislation discussed above. The City of Muscatine's base backfill amount totaled \$610,325. Based on the City's 18.68% increase in taxable valuation (without gas and electric) between fiscal years 2013/2014 and 2020/2021, the City qualified for the 8-year phase-out of the backfill reimbursement. This calculates to a 12.5% annual reduction in the reimbursement beginning in fiscal year 2022/2023. The backfill for 2022/2023 was \$538,792; it decreased to \$461,821 for 2023/2024; and it further decreased to \$384,851 for 2024/2025. The backfill will decrease to \$307,881, to \$230,911, to \$153,940, and to \$76,970, for the following four years. The backfill funding will be fully eliminated beginning in the 2029/2030 budget year.
- In the 2023 legislative session, House File 718 was enacted which began impacting city governments in the 2024/2025 fiscal year. This legislation created a newly-defined adjusted city general fund levy (ACGFL) and eliminated several separate tax levies that had been available to city governments. The new ACGFL is subject to potential limitation or reductions in the fiscal year 2024/2025 through 2027/2028 budgets, depending on the city's non-tax increment growth compared to the previous year. The full impact to the City of Muscatine from this legislation has not yet been determined.
- The upcoming budget provides funding for capital improvement projects to continue. Local option sales tax funds will continue to be used to fund sanitary and storm sewer projects in the City (80%) and also ongoing costs of the City's pavement management program (20%). On March 6, 2018, voters approved a 15-year extension (to June 30, 2034) to the local option sales tax which was previously scheduled to end on June 30, 2019.
- Engineering design was underway in 2024/2025 for the roundabout at the Carver Corner intersection, which is the final phase of the Mississippi Drive/Grandview Corridor project. The City has been awarded a \$2.5 million STBG grant effective in 2026 for construction of the Carver Corner roundabout. Construction is scheduled to begin in the spring of 2026 and continue in 2026/2027. The Mississippi Drive/Grandview Avenue Corridor project reconstructed and enhanced over three miles of the

Highway 61 Business Route through Muscatine from the Mississippi River Bridge to the Highway 61 Bypass. This project was constructed in accordance with the City's Complete Streets Policy and included reconstruction of the roadway, installation of sidewalks, street lighting enhancements, lane reconfiguration, landscaping, gateway features, and burial of overhead utility lines.

- Isett Avenue Reconstruction – Planning Phase – The City was awarded a \$2.1 million federal grant for the planning phase of the Isett Avenue Reconstruction project. This grant will fund 100% of the planning costs for this project. The consultant selection process for this project was completed in 2023/2024 and the consultant began work on this project in 2024/2025. The planning phase of this project is scheduled to be completed in 2025/2026.
- Muscatine Indoor Sports Dome – Engineering design was completed and bids were received in July of 2024 for this new multi-use year-round facility. Total project costs are expected to total over \$8 million. Funding will be from a \$1 million Iowa Economic Development Administration grant; \$4,387,000 in private contributions; \$400,000 in funding from Muscatine County; \$700,000 in City bond proceeds; with additional funding from the City's ARPA (American Rescue Plan Act) allocation and balances remaining in several capital project funds. Now named the Musco Sports Center, construction began in 2024/2025 and the project is expected to be completed in the fall of 2025.
- The Airport Fuel Tank Relocation project, with State grant funding, and the Airport Lights, PAPIs, REILs for Runway 12/30 and Parallel Taxiway project, with substantial federal funding, were underway in 2024/2025 and are scheduled to be completed in 2025/2026.
- Several other capital projects were underway in 2024/2025 and are scheduled to be completed in 2025/2026 and 2026/2027. These include the final work on the contracts for phases 6-A and 6-B, and Phase 6-C, of the West Hill Sewer Separation project. Work on Phase 6-D of this project began in the spring of 2025 and is scheduled to continue in 2025/2026 and 2026/2027. The Phase 6 projects are funded from general obligation state revolving fund (SRF) loan proceeds with the debt service payments on the loans to be funded from future local option sales tax funds.
- In 2007, the City signed a Consent Order with the Environmental Protection Agency (E.P.A.) that requires the City to complete specific major sewer separation projects by 2028. The West Hill Sewer Separation project is the remaining project mandated by this Consent Order. This is a multi-year, multi-phase project estimated to reach or exceed \$55 million in total costs. Local option sales tax funded project costs through the Phase 5 contracts. The local option sales tax funds, however, will be supplemented with SRF loans to complete the multiple phases of Phase 6 of this project. Local option sales taxes will be used to fund the annual debt service requirements for the SRF loans. The City is also setting aside annual allocations from the Water Pollution Control fund operating budget so these funds will also be available to assist with financing this project as well as the work needed at the Papoose Pumping Station after completion of the sewer work.
- In 2025/2026, the City will continue the ongoing maintenance portion of the Comprehensive Pavement Management Program. Prior year funding allocations totaling over \$5 million were used to complete the initial upgrade of the City's streets. Annual allocations to maintain streets at this higher level will continue to be funded from the 20% allocation of local option sales tax and road use taxes. The final phase of the Fulliam Avenue reconstruction project was underway in 2024/2025 and is scheduled to be completed in the late summer of 2025.

- The 2025/2026 budget provides for increases in sewer fees. No fee increases are budgeted for the transfer station, refuse collection, parking, transit, or boat harbor.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Muscatine'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 be addressed to the Finance Director, 215 Sycamore Street, Muscatine, Iowa, 52761.

City of Muscatine, Iowa

Statement of Net Position  
June 30, 2025

|   | Primary Government         |                             |               | Component Units                           |                               |
|---|----------------------------|-----------------------------|---------------|---|-------------------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total         | Muscatine<br>County Solid<br>Waste Agency | Muscatine<br>Power &<br>Water |
| <b>ASSETS</b>   |                            |                             |               |   |                               |
| Cash and pooled investments   | \$ 25,472,259              | \$ 14,136,665               | \$ 39,608,924 | \$ 2,722,534                              | \$ 21,009,738                 |
| Investments   | 1,407,738                  | 694,329                     | 2,102,067     | -   | 51,978,872                    |
| Receivables (net of allowance<br>for uncollectibles):                 |                            |                             |               |   |                               |
| Interest  | 314,850                    | 154,431                     | 469,281       | 61,231                                    | 1,047,117                     |
| Taxes   | 20,194,046                 | -                           | 20,194,046    | -   | -                             |
| Accounts  | 605,028                    | 2,101,370                   | 2,706,398     | -   | 11,470,721                    |
| Intergovernmental   | 3,138,264                  | 1,938,807                   | 5,077,071     | -   | -                             |
| Lease receivables   | 761,385                    | 497,142                     | 1,258,527     | -   | -                             |
| Internal balances   | (1,231,068)                | 1,231,068                   | -             | -   | -                             |
| Inventories   | 116,383                    | 43,295                      | 159,678       | -   | 23,189,152                    |
| Prepays   | 145,505                    | 10,880                      | 156,385       | -   | 1,223,747                     |
| Restricted assets:  |                            |                             |               |   |                               |
| Temporarily restricted:   |                            |                             |               |   |                               |
| Cash and pooled investments   | -                          | 226,745                     | 226,745       | 3,486,517                                 | 946,700                       |
| Restricted accrued interest   | -                          | 7,565                       | 7,565         | -   | -                             |
| Capital assets:   |                            |                             |               |   |                               |
| Land, art work and construction<br>in progress, not being depreciated | 26,818,353                 | 19,803,696                  | 46,622,049    | 1,120,958                                 | 14,049,940                    |
| Other capital assets net of accumulated<br>depreciation               | 73,441,315                 | 91,837,010                  | 165,278,325   | 286,496                                   | -                             |
| Utility plant in service  | -                          | -                           | -             | -   | 112,197,825                   |
| Intangible assets (net of accumulated amortization)                   | 184,995                    | 8,524                       | 193,519       | -   | -                             |
| Joint venture rights  | -                          | -                           | -             | -   | 153,040                       |
| Total assets  | 151,369,053                | 132,691,527                 | 284,060,580   | 7,677,736                                 | 237,266,852                   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                 |                            |                             |               |   |                               |
| Pension related deferred outflows                                     | 4,524,994                  | 684,776                     | 5,209,770     | -   | 9,771,063                     |
| OPEB related deferred outflows  | 694,891                    | 208,802                     | 903,693       | -   | 221,626                       |
| Plant decommissioning   | -                          | -                           | -             | -   | 8,824,905                     |
| Total deferred outflows of resources                                  | 5,219,885                  | 893,578                     | 6,113,463     | -   | 18,817,594                    |
| <b>LIABILITIES</b>  |                            |                             |               |   |                               |
| Accounts payable and accruals   | 3,311,181                  | 1,780,523                   | 5,091,704     | 80,276                                    | 7,927,572                     |
| Retainages payable  | 321,367                    | 722,227                     | 1,043,594     | -   | -                             |
| Deposits  | -                          | 45,167                      | 45,167        | -   | 1,247,254                     |
| Accrued interest payable  | 72,123                     | 11,641                      | 83,764        | -   | -                             |
| Escrow liability  | 187,841                    | 5,397                       | 193,238       | -   | -                             |
| Unearned revenue  | 16,575                     | 32,074                      | 48,649        | -   | 28,147,734                    |
| Leases and subscriptions  | 65,421                     | -                           | 65,421        | -   | -                             |
| Liabilities payable from restricted assets:                           |                            |                             |               |   |                               |
| Current installment of long-term debt                                 | -                          | -                           | -             | -   | 470,000                       |
| Accrued interest payable  | -                          | -                           | -             | -   | 39,954                        |
| Noncurrent liabilities:   |                            |                             |               |   |                               |
| Due within one year   | 5,530,095                  | 1,563,358                   | 7,093,453     | 4,698                                     | 1,903,661                     |
| Due in more than one year   | 38,652,322                 | 8,558,780                   | 47,211,102    | 5,383,453                                 | 41,027,560                    |
| Total liabilities   | 48,156,925                 | 12,719,167                  | 60,876,092    | 5,468,427                                 | 80,763,735                    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                            |                             |               |   |                               |
| Pension related deferred inflows                                      | 324,389                    | 52,674                      | 377,063       | -   | 4,282,485                     |
| OPEB related deferred inflows   | 82,185                     | 24,697                      | 106,882       | -   | 76,403                        |
| Deferred inflow - property taxes                                      | 19,444,402                 | -                           | 19,444,402    | -   | -                             |
| Deferred inflow - leases  | 743,285                    | 457,872                     | 1,201,157     | -   | -                             |
| Total deferred inflows of resources                                   | 20,594,261                 | 535,243                     | 21,129,504    | -   | 4,358,888                     |

(Continued)

(Continued)

**NET POSITION**

|                                    | Primary Government         |                             |                       | Component Units                           |                               |
|------------------------------------|----------------------------|-----------------------------|-----------------------|---|-------------------------------|
|                                    | Governmental<br>Activities | Business-type<br>Activities | Total                 | Muscatine<br>County Solid<br>Waste Agency | Muscatine<br>Power &<br>Water |
| Net investment in capital assets   | 76,286,620                 | 103,021,862                 | 179,308,482           | 1,407,454                                 | 108,199,461                   |
| Restricted for:                    |                            |                             |                       |   |                               |
| Debt service                       | 105,478                    | 200,485                     | 305,963               | -   | 906,746                       |
| Public works                       | 7,200,357                  | -                           | 7,200,357             | -   | -                             |
| Community and economic development | 538,722                    | -                           | 538,722               | -   | -                             |
| Public safety                      | 18,372                     | -                           | 18,372                | -   | -                             |
| Employee benefits                  | 211,300                    | -                           | 211,300               | -   | -                             |
| Tax increment financing projects   | 804,079                    | -                           | 804,079               | -   | -                             |
| Culture and recreation             | -                          | -                           | -                     | -   | -                             |
| Capital projects                   | 98,098                     | -                           | 98,098                | -   | -                             |
| Perpetual care, nonexpendable      | 927,606                    | -                           | 927,606               | -   | -                             |
| Endowments:                        |                            |                             |                       |   |                               |
| Nonexpendable                      | 132,000                    | -                           | 132,000               | -   | -                             |
| Expendable                         | 929,504                    | -                           | 929,504               | -   | -                             |
| Unrestricted                       | 585,616                    | 17,108,348                  | 17,693,964            | 801,855                                   | 61,855,616                    |
| Total net position                 | <u>\$ 87,837,752</u>       | <u>\$ 120,330,695</u>       | <u>\$ 208,168,447</u> | <u>\$ 2,209,309</u>                       | <u>\$ 170,961,823</u>         |

The notes to the financial statements are an integral part of this statement.

City of Muscatine, Iowa  
Statement of Activities  
For the Year Ended June 30, 2025

|                                     |                | Program Revenues        |   |  | Net (Expense) Revenue and<br>Changes in Net Position |                             |                 |   |                            |
|-------------------------------------|----------------|-------------------------|---|--|--|-----------------------------|-----------------|---|----------------------------|
|                                     |                |                         |   |  | Primary Government                                   |                             |                 | Component Units                           |                            |
|                                     |                |                         | Operating Grants,<br>Contributions and<br>Restricted Interest | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-Type<br>Activities | Total           | Muscatine County<br>Solid Waste<br>Agency | Muscatine<br>Power & Water |
| Functions:                          | Expenses       | Charges for<br>Services |   |  |  |                             |                 |   |                            |
| Primary Government:                 |                |                         |   |  |  |                             |                 |   |                            |
| Governmental activities:            |                |                         |   |  |  |                             |                 |   |                            |
| Public safety                       | \$ 13,051,509  | \$ 848,040              | \$ 641,213  | \$ 19,430                              | \$ (11,542,826)                                      | \$ -                        | \$ (11,542,826) |   |                            |
| Public works                        | 6,247,178      | 278,964                 | 3,391,051   | 519,971                                | (2,057,192)  | -                           | (2,057,192)     |   |                            |
| Health and social services          | 60,000         | -                       | -   | -                                      | (60,000)   | -                           | (60,000)        |   |                            |
| Culture and recreation              | 5,727,830      | 535,260                 | 419,755   | 3,678,770                              | (1,094,045)  | -                           | (1,094,045)     |   |                            |
| Community and economic development  | 8,020,840      | 707,423                 | 5,865,904   | -                                      | (1,447,513)  | -                           | (1,447,513)     |   |                            |
| General government                  | 3,950,823      | 832,617                 | 5,530   | -                                      | (3,112,676)  | -                           | (3,112,676)     |   |                            |
| Interest and fees on long-term debt | 606,421        | -                       | -   | -                                      | (606,421)  | -                           | (606,421)       |   |                            |
| Total governmental activities       | 37,664,601     | 3,202,304               | 10,323,453  | 4,218,171                              | (19,920,673)   | -                           | (19,920,673)    |   |                            |
| Business-type activities:           |                |                         |   |  |  |                             |                 |   |                            |
| Water pollution control             | 9,224,729      | 8,233,397               | 26,301  | -                                      | -  | (965,031)                   | (965,031)       |   |                            |
| Transfer station                    | 2,559,465      | 2,149,406               | -   | -                                      | -  | (410,059)                   | (410,059)       |   |                            |
| Refuse collection                   | 2,546,247      | 2,608,244               | 40,578  | -                                      | -  | 102,575                     | 102,575         |   |                            |
| Airport                             | 519,646        | 102,303                 | -   | 989,378                                | -  | 572,035                     | 572,035         |   |                            |
| Parking                             | 219,585        | 182,113                 | -   | -                                      | -  | (37,472)                    | (37,472)        |   |                            |
| Transit                             | 1,296,662      | 153,566                 | 822,246   | 1,157,891                              | -  | 837,041                     | 837,041         |   |                            |
| Golf course                         | 1,070,819      | 1,228,595               | -   | -                                      | -  | 157,776                     | 157,776         |   |                            |
| Boat harbor                         | 41,485         | 18,443                  | -   | -                                      | -  | (23,042)                    | (23,042)        |   |                            |
| Marina                              | 9,416          | 4,965                   | -   | -                                      | -  | (4,451)                     | (4,451)         |   |                            |
| Convention and visitors bureau      | 135,000        | -                       | -   | -                                      | -  | (135,000)                   | (135,000)       |   |                            |
| Ambulance                           | 877,054        | 2,326,977               | -   | -                                      | -  | 1,449,923                   | 1,449,923       |   |                            |
| Soccer events                       | -              | 50                      | -   | -                                      | -  | 50                          | 50              |   |                            |
| Public housing                      | 1,349,364      | 525,521                 | 387,655   | 745,891                                | -  | 309,703                     | 309,703         |   |                            |
| Total business-type activities      | 19,849,472     | 17,533,580              | 1,276,780   | 2,893,160                              | -  | 1,854,048                   | 1,854,048       |   |                            |
| Total primary government            | \$ 57,514,073  | \$ 20,735,884           | \$ 11,600,233   | \$ 7,111,331                           | (19,920,673)   | 1,854,048                   | (18,066,625)    |   |                            |
| Component Units:                    |                |                         |   |  |  |                             |                 |   |                            |
| Muscatine County Solid Waste Agency | 1,368,147      | 1,116,628               | 117,177   | -                                      |  |                             |                 | \$ (134,342)                              | \$ -                       |
| Muscatine Power & Water             | 117,655,406    | 115,311,915             | -   | 1,031,302                              |  |                             |                 | -   | (1,312,189)                |
| Total component units               | \$ 119,023,553 | \$ 116,428,543          | \$ 117,177  | \$ 1,031,302                           |  |                             |                 | (134,342)                                 | (1,312,189)                |

(Continued)

(Continued)

| Net (Expense) Revenue and<br>Changes in Net Position              |                            |                             |                       |   |
|---|----------------------------|-----------------------------|-----------------------|---|
|   | Primary Government         |                             |                       | Component Units   |
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                 | Muscatine County<br>Solid Waste<br>Agency      Muscatine<br>Power & Water |
| General revenues:   |                            |                             |                       |   |
| Property taxes  | 18,804,236                 | -                           | 18,804,236            | -   |
| Utility taxes   | 62,375                     | -                           | 62,375                | -   |
| Local option sales tax  | 4,121,686                  | -                           | 4,121,686             | -   |
| Hotel/motel taxes   | 563,311                    | -                           | 563,311               | -   |
| Cable franchise taxes   | 96,417                     | -                           | 96,417                | -   |
| Utility franchise fees  | 332,628                    | -                           | 332,628               | -   |
| Intergovernmental, unrestricted                                   | 864,820                    | -                           | 864,820               | -   |
| Unrestricted investment income                                    | 1,237,018                  | 725,691                     | 1,962,709             | 269,193   |
| Gain on sale of capital assets                                    | -                          | 4,285                       | 4,285                 | -   |
| Contributions to endowments                                       | 4,109                      | -                           | 4,109                 | -   |
| Transfers   | (7,157,461)                | 7,157,461                   | -                     | -   |
| Total general revenues, contributions to endowments and transfers | 18,929,139                 | 7,887,437                   | 26,816,576            | 269,193   |
| Change in net position  | (991,534)                  | 9,741,485                   | 8,749,951             | 134,851   |
| Net position, June 30, 2024, as restated                          | 88,829,286                 | 110,589,210                 | 199,418,496           | 2,074,458   |
| Net position, June 30, 2025                                       | <u>\$ 87,837,752</u>       | <u>\$ 120,330,695</u>       | <u>\$ 208,168,447</u> | <u>\$ 2,209,309</u>   |
|   |                            |                             |                       | <u>\$ 170,961,823</u>   |

The notes to the financial statements are an integral part of this statement.



City of Muscatine, Iowa

Balance Sheet  
Governmental Funds  
June 30, 2025

|   | General              | Employee<br>Benefits | Local Option<br>Sales Tax | Road Use<br>Tax     | American<br>Rescue Plan<br>Act | Debt<br>Service     |
|---|----------------------|----------------------|---------------------------|---------------------|--------------------------------|---------------------|
| <b>ASSETS</b>   |                      |                      |                           |                     |                                |                     |
| Cash and pooled investments   | \$ 7,141,872         | \$ 169,231           | \$ 4,845,123              | \$ 1,351,919        | \$ 126,968                     | \$ 77,621           |
| Investments   | -                    | -                    | -                         | -                   | -                              | -                   |
| Receivables (net of allowance for uncollectibles):                  |                      |                      |                           |                     |                                |                     |
| Interest  | 76,794               | -                    | 55,286                    | -                   | 17,461                         | 7,274               |
| Taxes   | 9,512,824            | 5,247,641            | 415,918                   | -                   | -                              | 2,445,955           |
| Accounts  | 270,043              | -                    | -                         | -                   | -                              | -                   |
| Intergovernmental   | 528,134              | -                    | -                         | 532,111             | -                              | -                   |
| Lease receivables   | 761,385              | -                    | -                         | -                   | -                              | -                   |
| Prepaid items   | 145,505              | -                    | -                         | -                   | -                              | -                   |
| Advances to other funds   | 20,138               | -                    | -                         | -                   | -                              | -                   |
| Total assets  | <u>18,456,695</u>    | <u>5,416,872</u>     | <u>5,316,327</u>          | <u>1,884,030</u>    | <u>144,429</u>                 | <u>2,530,850</u>    |
| <b>LIABILITIES</b>  |                      |                      |                           |                     |                                |                     |
| Accounts payable and accruals                                       | \$ 1,489,522         | \$ -                 | \$ -                      | \$ -                | \$ 46,034                      | \$ -                |
| Retainages payable  | -                    | -                    | -                         | -                   | -                              | -                   |
| Escrow liability  | -                    | -                    | -                         | -                   | -                              | -                   |
| Advances from other funds   | -                    | -                    | -                         | -                   | -                              | -                   |
| Unearned revenue  | 13,896               | -                    | -                         | -                   | -                              | -                   |
| Total liabilities   | <u>1,503,418</u>     | <u>-</u>             | <u>-</u>                  | <u>-</u>            | <u>46,034</u>                  | <u>-</u>            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                |                      |                      |                           |                     |                                |                     |
| Unavailable revenue - property taxes                                | 9,291,458            | 5,205,572            | -                         | -                   | -                              | 2,425,372           |
| Unavailable revenue - intergovernmental                             | 349,216              | -                    | -                         | -                   | -                              | -                   |
| Deferred inflows - leases   | 743,285              | -                    | -                         | -                   | -                              | -                   |
| Total deferred inflows of resources                                 | <u>10,383,959</u>    | <u>5,205,572</u>     | <u>-</u>                  | <u>-</u>            | <u>-</u>                       | <u>2,425,372</u>    |
| <b>FUND BALANCES</b>  |                      |                      |                           |                     |                                |                     |
| <b>Nonspendable</b>   |                      |                      |                           |                     |                                |                     |
| Prepaid items   | 145,505              | -                    | -                         | -                   | -                              | -                   |
| Advances to other funds   | 20,138               | -                    | -                         | -                   | -                              | -                   |
| Permanent fund principal  | -                    | -                    | -                         | -                   | -                              | -                   |
| <b>Restricted for:</b>  |                      |                      |                           |                     |                                |                     |
| Grant purposes  | -                    | -                    | -                         | -                   | -                              | -                   |
| Streets and sidewalks   | -                    | -                    | -                         | 1,884,030           | 98,395                         | -                   |
| Law enforcement   | -                    | -                    | -                         | -                   | -                              | -                   |
| Building improvements   | -                    | -                    | -                         | -                   | -                              | -                   |
| Public safety projects  | -                    | -                    | -                         | -                   | -                              | -                   |
| Public works projects   | -                    | -                    | -                         | -                   | -                              | -                   |
| Tax levy purposes   | -                    | 211,300              | -                         | -                   | -                              | -                   |
| Sewer and street projects   | -                    | -                    | 5,316,327                 | -                   | -                              | -                   |
| Debt service  | -                    | -                    | -                         | -                   | -                              | 105,478             |
| Housing and community development                                   | -                    | -                    | -                         | -                   | -                              | -                   |
| Art center  | -                    | -                    | -                         | -                   | -                              | -                   |
| Library   | -                    | -                    | -                         | -                   | -                              | -                   |
| Cemetery  | -                    | -                    | -                         | -                   | -                              | -                   |
| Other purposes  | -                    | -                    | -                         | -                   | -                              | -                   |
| <b>Assigned to:</b>   |                      |                      |                           |                     |                                |                     |
| Purchases on order - public safety                                  | 10,891               | -                    | -                         | -                   | -                              | -                   |
| Purchases on order - culture and recreation                         | 2,472                | -                    | -                         | -                   | -                              | -                   |
| Purchases on order - community and economic development             | 1,700                | -                    | -                         | -                   | -                              | -                   |
| Purchases on order - general government                             | 3,564                | -                    | -                         | -                   | -                              | -                   |
| Future equipment purchases  | 280,379              | -                    | -                         | -                   | -                              | -                   |
| <b>Unassigned</b>   | <u>6,104,669</u>     | <u>-</u>             | <u>-</u>                  | <u>-</u>            | <u>-</u>                       | <u>-</u>            |
| Total fund balances   | <u>6,569,318</u>     | <u>211,300</u>       | <u>5,316,327</u>          | <u>1,884,030</u>    | <u>98,395</u>                  | <u>105,478</u>      |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 18,456,695</u> | <u>\$ 5,416,872</u>  | <u>\$ 5,316,327</u>       | <u>\$ 1,884,030</u> | <u>\$ 144,429</u>              | <u>\$ 2,530,850</u> |

The notes to the financial statements are an integral part of this statement.

| <b>Other Public<br/>Improvements</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--------------------------------------|---|---|
| \$ 4,708,288                         | \$ 3,249,044                            | \$ 21,670,066                           |
| -                                    | 1,407,738                               | 1,407,738                               |
| 57,329                               | 61,843                                  | 275,987                                 |
| -                                    | 2,571,708                               | 20,194,046                              |
| 153,380                              | 141,798                                 | 565,221                                 |
| 900,000                              | 1,178,019                               | 3,138,264                               |
| -                                    | -                                       | 761,385                                 |
| -                                    | -                                       | 145,505                                 |
| 1,140,524                            | 131,640                                 | 1,292,302                               |
| <u>6,959,521</u>                     | <u>8,741,790</u>                        | <u>49,450,514</u>                       |
| \$ 952,810                           | \$ 540,973                              | \$ 3,029,339                            |
| 281,128                              | 40,239                                  | 321,367                                 |
| -                                    | 187,841                                 | 187,841                                 |
| -                                    | 1,292,302                               | 1,292,302                               |
| -                                    | -                                       | 13,896                                  |
| <u>1,233,938</u>                     | <u>2,061,355</u>                        | <u>4,844,745</u>                        |
| -                                    | 2,522,000                               | 19,444,402                              |
| 900,000                              | 863,506                                 | 2,112,722                               |
| -                                    | -                                       | 743,285                                 |
| <u>900,000</u>                       | <u>3,385,506</u>                        | <u>22,300,409</u>                       |
| -                                    | -                                       | 145,505                                 |
| -                                    | -                                       | 20,138                                  |
| -                                    | 1,059,606                               | 1,059,606                               |
| -                                    | 311,836                                 | 311,836                                 |
| -                                    | 1,048,100                               | 3,030,525                               |
| -                                    | 18,372                                  | 18,372                                  |
| 155,167                              | -                                       | 155,167                                 |
| 1,135,544                            | -                                       | 1,135,544                               |
| 3,534,872                            | -                                       | 3,534,872                               |
| -                                    | 776,456                                 | 987,756                                 |
| -                                    | -                                       | 5,316,327                               |
| -                                    | -                                       | 105,478                                 |
| -                                    | 287,754                                 | 287,754                                 |
| -                                    | 268,989                                 | 268,989                                 |
| -                                    | 169,387                                 | 169,387                                 |
| -                                    | 25,641                                  | 25,641                                  |
| -                                    | 465,487                                 | 465,487                                 |
| -                                    | -                                       | 10,891                                  |
| -                                    | -                                       | 2,472                                   |
| -                                    | -                                       | 1,700                                   |
| -                                    | -                                       | 3,564                                   |
| -                                    | -                                       | 280,379                                 |
| -                                    | (1,136,699)                             | 4,967,970                               |
| <u>4,825,583</u>                     | <u>3,294,929</u>                        | <u>22,305,360</u>                       |
| <u>\$ 6,959,521</u>                  | <u>\$ 8,741,790</u>                     | <u>\$ 49,450,514</u>                    |

**City of Muscatine, Iowa**

**Reconciliation of Governmental Funds Balance Sheet  
to the Statement of Net Position  
June 30, 2025**

|                                  |               |
|----------------------------------|---------------|
| Total governmental fund balances | \$ 22,305,360 |
|----------------------------------|---------------|

Amounts reported for governmental activities in the statement of net position are different because:

|   |            |
|---|------------|
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 99,893,178 |
|---|------------|

|   |           |
|---|-----------|
| Other long-term assets are not available to pay for current period expenditures and, therefore are reported as a deferred inflow of resources in the funds. | 2,112,722 |
|---|-----------|

Deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore are not reported in the governmental funds, as follows:

Pensions:

|                                |                  |           |
|--------------------------------|------------------|-----------|
| Deferred outflows of resources | \$ 4,482,548     |           |
| Deferred inflows of resources  | <u>(320,984)</u> | 4,161,564 |

Other post-employment benefits:

|                                |                 |         |
|--------------------------------|-----------------|---------|
| Deferred outflows of resources | \$ 678,309      |         |
| Deferred inflows of resources  | <u>(80,223)</u> | 598,086 |

|  |           |
|--|-----------|
| Internal service funds are used by management to charge the costs of equipment services, central supplies and health insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | 4,059,047 |
|--|-----------|

|   |             |
|---|-------------|
| Internal service fund allocations to business-type activities | (1,231,068) |
|---|-------------|

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

|                                |                  |
|--------------------------------|------------------|
| Bonds payable                  | (25,905,782)     |
| Accrued interest payable       | (72,123)         |
| Compensated absences           | (2,926,691)      |
| Other post-employment benefits | (1,574,589)      |
| Pension liability              | (13,435,499)     |
| Lease liability                | (12,399)         |
| Subscription liability         | <u>(134,052)</u> |

|   |                             |
|---|-----------------------------|
| Net position of governmental activities | <u><u>\$ 87,837,752</u></u> |
|---|-----------------------------|

The notes to the financial statements are an integral part of this statement.

City of Muscatine, Iowa

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds

For the Year Ended June 30, 2025

|                                       | General      | Employee<br>Benefits | Local Option<br>Sales Tax | Road Use Tax | American<br>Rescue Plan<br>Act (ARPA) | Debt<br>Service |
|---------------------------------------|--------------|----------------------|---------------------------|--------------|---------------------------------------|-----------------|
| <b>REVENUES</b>                       |              |                      |                           |              |                                       |                 |
| Taxes:                                |              |                      |                           |              |                                       |                 |
| Property                              | \$ 9,109,084 | \$ 4,875,309         | \$ -                      | \$ -         | \$ -                                  | \$ 2,190,546    |
| Utility                               | 35,475       | 18,999               | -                         | -            | -                                     | 7,901           |
| Hotel/motel                           | 563,310      | -                    | -                         | -            | -                                     | -               |
| Cable franchise                       | 96,417       | -                    | -                         | -            | -                                     | -               |
| Utility franchise                     | 332,628      | -                    | -                         | -            | -                                     | -               |
| Local option sales                    | -            | -                    | 4,121,686                 | -            | -                                     | -               |
| Licenses and permits                  | 455,621      | -                    | -                         | -            | -                                     | -               |
| Fines and forfeitures                 | 519,022      | -                    | -                         | -            | -                                     | -               |
| Intergovernmental                     | 1,285,363    | 251,678              | -                         | 3,391,051    | 1,808,447                             | 104,660         |
| Charges for services                  | 646,172      | -                    | -                         | -            | -                                     | -               |
| Use of money and property             | 448,992      | -                    | 182,388                   | -            | 83,809                                | 30,288          |
| Other                                 | 1,384,181    | -                    | -                         | -            | -                                     | -               |
| Total revenues                        | 14,876,265   | 5,145,986            | 4,304,074                 | 3,391,051    | 1,892,256                             | 2,333,395       |
| <b>EXPENDITURES</b>                   |              |                      |                           |              |                                       |                 |
| Current:                              |              |                      |                           |              |                                       |                 |
| Public safety                         | 12,366,820   | -                    | -                         | -            | -                                     | -               |
| Public works                          | 2,522,820    | -                    | -                         | -            | -                                     | -               |
| Health and social services            | 60,000       | -                    | -                         | -            | -                                     | -               |
| Culture and recreation                | 4,003,593    | -                    | -                         | -            | -                                     | -               |
| Community and economic<br>development | 1,070,260    | -                    | -                         | -            | 82,450                                | -               |
| General government                    | 3,336,551    | -                    | -                         | -            | -                                     | -               |
| Debt service:                         |              |                      |                           |              |                                       |                 |
| Principal                             | 130,527      | -                    | -                         | -            | -                                     | 2,841,000       |
| Interest                              | 2,073        | -                    | -                         | -            | -                                     | 752,168         |
| Paying agent                          | -            | -                    | -                         | -            | -                                     | 2,900           |
| Capital outlay:                       |              |                      |                           |              |                                       |                 |
| Public safety                         | 487,886      | -                    | -                         | -            | 15,988                                | -               |
| Public works                          | 930,577      | -                    | -                         | -            | -                                     | -               |
| Culture and recreation                | 391,132      | -                    | -                         | -            | 162,748                               | -               |
| Community and economic<br>development | 26,352       | -                    | -                         | -            | -                                     | -               |
| General government                    | 297,443      | -                    | -                         | -            | 48,147                                | -               |
| Total expenditures                    | 25,626,034   | -                    | -                         | -            | 309,333                               | 3,596,068       |
| Revenues over (under) expenditures    | (10,749,769) | 5,145,986            | 4,304,074                 | 3,391,051    | 1,582,923                             | (1,262,673)     |
| <b>OTHER FINANCING SOURCES (USES)</b> |              |                      |                           |              |                                       |                 |
| Issuance of subscription obligation   | 192,551      | -                    | -                         | -            | -                                     | -               |
| State revolving loans issued          | -            | -                    | -                         | -            | -                                     | -               |
| Transfers in                          | 10,394,368   | -                    | -                         | -            | -                                     | 1,240,031       |
| Transfers out                         | (139,135)    | (5,187,898)          | (2,527,268)               | (3,331,829)  | (1,676,380)                           | -               |
| Total other financing sources (uses)  | 10,447,784   | (5,187,898)          | (2,527,268)               | (3,331,829)  | (1,676,380)                           | 1,240,031       |
| Net change in fund balances           | (301,985)    | (41,912)             | 1,776,806                 | 59,222       | (93,457)                              | (22,642)        |
| Fund balances, June 30, 2024          | 6,871,303    | 253,212              | 3,539,521                 | 1,824,808    | 191,852                               | 128,120         |
| Fund balances, June 30, 2025          | \$ 6,569,318 | \$ 211,300           | \$ 5,316,327              | \$ 1,884,030 | \$ 98,395                             | \$ 105,478      |

The notes to the financial statements are an integral part of this statement.

| <b>Other Public<br/>Improvements</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--------------------------------------|---|---|
| \$ -                                 | \$ 2,629,297                            | \$ 18,804,236                           |
| -                                    | -                                       | 62,375                                  |
| -                                    | -                                       | 563,310                                 |
| -                                    | -                                       | 96,417                                  |
| -                                    | -                                       | 332,628                                 |
| -                                    | -                                       | 4,121,686                               |
| -                                    | -                                       | 455,621                                 |
| -                                    | -                                       | 519,022                                 |
| -                                    | 4,221,954                               | 11,063,153                              |
| -                                    | -                                       | 646,172                                 |
| 286,273                              | 250,436                                 | 1,282,186                               |
| <u>2,697,772</u>                     | <u>165,319</u>                          | <u>4,247,272</u>                        |
| <u>2,984,045</u>                     | <u>7,267,006</u>                        | <u>42,194,078</u>                       |
| -                                    | 380                                     | 12,367,200                              |
| -                                    | -                                       | 2,522,820                               |
| -                                    | -                                       | 60,000                                  |
| -                                    | 45,014                                  | 4,048,607                               |
| -                                    | 6,173,902                               | 7,326,612                               |
| -                                    | -                                       | 3,336,551                               |
| -                                    | 16,824                                  | 2,988,351                               |
| -                                    | 774                                     | 755,015                                 |
| -                                    | -                                       | 2,900                                   |
| 44,239                               | -                                       | 548,113                                 |
| 27,703                               | 1,503,052                               | 2,461,332                               |
| 6,616,415                            | 599,004                                 | 7,769,299                               |
| 49,928                               | 620,493                                 | 696,773                                 |
| <u>151,559</u>                       | <u>-</u>                                | <u>497,149</u>                          |
| <u>6,889,844</u>                     | <u>8,959,443</u>                        | <u>45,380,722</u>                       |
| <u>(3,905,799)</u>                   | <u>(1,692,437)</u>                      | <u>(3,186,644)</u>                      |
| -                                    | -                                       | 192,551                                 |
| 7,434,890                            | -                                       | 7,434,890                               |
| 1,410,650                            | 1,659,269                               | 14,704,318                              |
| <u>(7,434,890)</u>                   | <u>(1,485,512)</u>                      | <u>(21,782,912)</u>                     |
| <u>1,410,650</u>                     | <u>173,757</u>                          | <u>548,847</u>                          |
| (2,495,149)                          | (1,518,680)                             | (2,637,797)                             |
| <u>7,320,732</u>                     | <u>4,813,609</u>                        | <u>24,943,157</u>                       |
| <u>\$ 4,825,583</u>                  | <u>\$ 3,294,929</u>                     | <u>\$ 22,305,360</u>                    |

**City of Muscatine, Iowa**

**Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities**

**Year Ended June 30, 2025**

|  |                |
|--|----------------|
| Net change in fund balances - total governmental funds | \$ (2,637,797) |
|--|----------------|

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation and amortization expense to allocate those expenditures over the estimated useful lives of the assets:

|                                       |             |
|---------------------------------------|-------------|
| Capital asset purchases capitalized   | 9,666,865   |
| Depreciation and amortization expense | (5,215,581) |

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase (decrease) net position:

|                                    |          |
|------------------------------------|----------|
| Capital contributions - land       | 6,810    |
| Loss on disposal of capital assets | (43,067) |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

2,046,209

Revenues in the governmental funds not reflected as revenue in the statement of activities since recognized in prior years

(665,028)

The issuance of long-term debt (i.e. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:

|  |             |
|--|-------------|
| General obligation state revolving loan proceeds   | (7,434,890) |
| Issuance of subscription obligation                | (179,325)   |
| General obligation and SRF loan principal payments | 2,841,000   |
| Net effects of bond premiums and discounts         | 160,391     |
| Lease principal payments                           | 5,932       |
| Subscription principal payments                    | 141,419     |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

|  |           |
|--|-----------|
| Change in compensated absences           | (161,738) |
| Change in other post-employment benefits | (210,999) |
| Pension expense                          | 265,530   |
| Change in accrued interest payable       | (8,970)   |

Internal service funds are used by management to charge the costs of equipment services, central office supplies, health and dental insurance to individual funds. The net revenue (expense) of internal service funds is allocated between governmental and business-type activities in the Statement of Activities:

|   |                  |
|---|------------------|
| Net revenue (expense) of internal service funds                 | 636,908          |
| Allocation of net revenue (expense) to business-type activities | <u>(205,203)</u> |

|   |                            |
|---|----------------------------|
| Change in net position of governmental activities | <u><u>\$ (991,534)</u></u> |
|---|----------------------------|

The notes to the financial statements are an integral part of this statement.

City of Muscatine, Iowa  
Statement of Net Position  
Proprietary Funds  
June 30, 2025

|  | Business-type Activities - Enterprise Funds |                     |                      |               |                              |                |                              |
|--|---|---------------------|----------------------|---------------|------------------------------|----------------|------------------------------|
|  | Water<br>Pollution<br>Control               | Transfer<br>Station | Refuse<br>Collection | Airport       | Other<br>Enterprise<br>Funds | Total          | Internal<br>Service<br>Funds |
| <b>ASSETS</b>  |   |                     |                      |               |                              |                |                              |
| Current assets:  |   |                     |                      |               |                              |                |                              |
| Cash and pooled investments  | \$ 12,649,230                               | \$ 332,925          | \$ 126,616           | \$ -          | \$ 1,027,894                 | \$ 14,136,665  | \$ 3,802,193                 |
| Investments  | -   | -                   | -                    | -             | 694,329                      | 694,329        | -                            |
| Receivables (net of allowance<br>for uncollectibles):                |   |                     |                      |               |                              |                |                              |
| Interest   | 137,192                                     | 3,351               | 1,276                | -             | 12,612                       | 154,431        | 38,863                       |
| Accounts   | 1,186,791                                   | 158,148             | 300,343              | 4,123         | 451,965                      | 2,101,370      | 39,807                       |
| Lease receivable   | -   | -                   | -                    | 245,014       | 252,128                      | 497,142        | -                            |
| Intergovernmental:   |   |                     |                      |               |                              |                |                              |
| Federal  | -   | -                   | -                    | 322,487       | 611,678                      | 934,165        | -                            |
| State  | -   | -                   | -                    | 604,642       | 400,000                      | 1,004,642      | -                            |
| Advances to other funds  | 974,959                                     | -                   | -                    | -             | 3,410                        | 978,369        | 207,866                      |
| Inventories  | -   | -                   | -                    | -             | 43,295                       | 43,295         | 116,383                      |
| Prepaid items  | -   | -                   | -                    | -             | 10,880                       | 10,880         | -                            |
| Total current assets   | 14,948,172                                  | 494,424             | 428,235              | 1,176,266     | 3,508,191                    | 20,555,288     | 4,205,112                    |
| Noncurrent assets:   |   |                     |                      |               |                              |                |                              |
| Restricted cash and pooled investments                               | 192,920                                     | 33,825              | -                    | -             | -                            | 226,745        | -                            |
| Restricted accrued interest  | 7,565                                       | -                   | -                    | -             | -                            | 7,565          | -                            |
| Capital assets:  |   |                     |                      |               |                              |                |                              |
| Land   | 603,020                                     | 175,000             | -                    | 1,408,973     | 764,686                      | 2,951,679      | -                            |
| Land improvements  | 395,923                                     | 1,019,897           | -                    | 16,710,115    | 3,291,040                    | 21,416,975     | -                            |
| Buildings and building improvements                                  | 56,639,439                                  | 7,925,445           | 1,312,083            | 2,545,814     | 10,162,397                   | 78,585,178     | -                            |
| Equipment  | 7,830,731                                   | 1,184,636           | 130,580              | 565,101       | 1,502,140                    | 11,213,188     | 718,674                      |
| Vehicles   | 1,352,674                                   | 673,236             | 1,652,438            | 117,342       | 2,475,646                    | 6,271,336      | 35,830                       |
| Right-to-use leased assets   | -   | -                   | -                    | -             | 168,849                      | 168,849        | -                            |
| Right-to-use subscriptions   | -   | -                   | -                    | -             | 26,578                       | 26,578         | -                            |
| Infrastructure   | 78,322,281                                  | -                   | -                    | -             | -                            | 78,322,281     | -                            |
| Construction in progress   | 14,416,715                                  | -                   | -                    | 1,126,805     | 1,308,497                    | 16,852,017     | -                            |
| Less accumulated depreciation/<br>amortization                       | (68,795,648)                                | (8,071,194)         | (1,826,510)          | (12,001,927)  | (13,463,572)                 | (104,158,851)  | (203,017)                    |
| Total capital assets net of accumulated<br>depreciation/amortization | 90,765,135                                  | 2,907,020           | 1,268,591            | 10,472,223    | 6,236,261                    | 111,649,230    | 551,487                      |
| Total noncurrent assets  | 90,965,620                                  | 2,940,845           | 1,268,591            | 10,472,223    | 6,236,261                    | 111,883,540    | 551,487                      |
| Total assets   | 105,913,792                                 | 3,435,269           | 1,696,826            | 11,648,489    | 9,744,452                    | 132,438,828    | 4,756,599                    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                |   |                     |                      |               |                              |                |                              |
| Pension related deferred outflows                                    | 250,920                                     | 35,499              | 99,085               | -             | 299,272                      | 684,776        | 42,446                       |
| OPEB related deferred outflows                                       | 108,277                                     | 17,825              | 35,650               | -             | 47,050                       | 208,802        | 16,582                       |
| Total deferred outflows of resources                                 | 359,197                                     | 53,324              | 134,735              | -             | 346,322                      | 893,578        | 59,028                       |
| <b>LIABILITIES</b>   |   |                     |                      |               |                              |                |                              |
| Current liabilities:   |   |                     |                      |               |                              |                |                              |
| Accounts payable and accruals  | 1,116,623                                   | 78,909              | 136,265              | 122,267       | 326,459                      | 1,780,523      | 281,842                      |
| Retainages payable   | 582,431                                     | -                   | -                    | 42,754        | 97,042                       | 722,227        | -                            |
| Compensated absences payable   | 303,311                                     | 50,022              | 73,966               | -             | 146,741                      | 574,040        | 82,573                       |
| Other post-employment benefits                                       | 9,350                                       | 1,539               | 3,079                | -             | 4,063                        | 18,031         | 1,432                        |
| Advance from other funds   | -   | -                   | -                    | 715,977       | 262,392                      | 978,369        | 207,866                      |
| Deposits   | -   | -                   | -                    | -             | 45,167                       | 45,167         | -                            |
| Accrued interest payable   | 11,641                                      | -                   | -                    | -             | -                            | 11,641         | -                            |
| Escrow liability   | -   | -                   | -                    | -             | 5,397                        | 5,397          | -                            |
| Unearned revenue   | -   | -                   | 261                  | 8,356         | 23,457                       | 32,074         | 2,679                        |
| State revolving fund loan  | 849,000                                     | -                   | -                    | -             | -                            | 849,000        | -                            |
| General obligation bonds   | 85,000                                      | -                   | -                    | -             | -                            | 85,000         | -                            |
| Lease liability - current  | -   | -                   | -                    | -             | 30,506                       | 30,506         | -                            |
| Subscription liability - current                                     | -   | -                   | -                    | -             | 6,781                        | 6,781          | -                            |
| Total current liabilities  | 2,957,356                                   | 130,470             | 213,571              | 889,354       | 948,005                      | 5,138,756      | 576,392                      |
| Noncurrent liabilities:  |   |                     |                      |               |                              |                |                              |
| General obligation bonds   | 180,670                                     | -                   | -                    | -             | -                            | 180,670        | -                            |
| State revolving fund loan  | 5,703,000                                   | -                   | -                    | -             | -                            | 5,703,000      | -                            |
| Compensated absences   | 104,910                                     | 28,482              | 30,206               | -             | 66,067                       | 229,665        | 17,866                       |
| Other post-employment benefits                                       | 241,999                                     | 39,839              | 79,678               | -             | 105,157                      | 466,673        | 37,059                       |
| Net pension liability  | 739,296                                     | 85,915              | 263,142              | -             | 728,714                      | 1,817,067      | 119,896                      |
| Lease liability - non-current  | -   | -                   | -                    | -             | 127,880                      | 127,880        | -                            |
| Transfer station closure obligation                                  | -   | 33,825              | -                    | -             | -                            | 33,825         | -                            |
| Total noncurrent liabilities   | 6,969,875                                   | 188,061             | 373,026              | -             | 1,027,818                    | 8,558,780      | 174,821                      |
| Total liabilities  | 9,927,231                                   | 318,531             | 586,597              | 889,354       | 1,975,823                    | 13,697,536     | 751,213                      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                 |   |                     |                      |               |                              |                |                              |
| Pension related deferred inflows                                     | 19,395                                      | 1,885               | 6,208                | -             | 25,186                       | 52,674         | 3,405                        |
| OPEB related deferred inflows  | 12,806                                      | 2,108               | 4,217                | -             | 5,566                        | 24,697         | 1,962                        |
| Deferred inflows from leases   | -   | -                   | -                    | 224,275       | 233,597                      | 457,872        | -                            |
| Total deferred inflows of resources                                  | 32,201                                      | 3,993               | 10,425               | 224,275       | 264,349                      | 535,243        | 5,367                        |
| <b>NET POSITION</b>  |   |                     |                      |               |                              |                |                              |
| Net investment in capital assets                                     | 82,575,125                                  | 2,907,020           | 1,268,591            | 10,308,228    | 5,962,898                    | 103,021,862    | 551,487                      |
| Restricted for:  |   |                     |                      |               |                              |                |                              |
| Debt service   | 200,485                                     | -                   | -                    | -             | -                            | 200,485        | -                            |
| Unrestricted   | 13,537,947                                  | 259,049             | (34,052)             | 226,632       | 1,887,704                    | 15,877,280     | 3,507,560                    |
| Total net position   | \$ 96,313,557                               | \$ 3,166,069        | \$ 1,234,539         | \$ 10,534,860 | \$ 7,850,602                 | \$ 119,099,627 | \$ 4,059,047                 |

The notes to the financial statements are an integral part of this statement.

**City of Muscatine, Iowa**

**Reconciliation of Enterprise Funds Net Position  
to the Net Position of Business-Type Activities**

**June 30, 2025**

|                                    |                |
|------------------------------------|----------------|
| Total enterprise fund net position | \$ 119,099,627 |
|------------------------------------|----------------|

Amounts reported for proprietary activities in the statement of net position are different because:

Internal service funds are used by management to charge the costs of certain services to individual funds. Internal service fund net position increased during the year. A portion of this increase has been allocated to business-type activities in the statement of net position

|           |
|-----------|
| 1,231,068 |
|-----------|

|  |                              |
|--|------------------------------|
| Net position of business-type activities | <u><u>\$ 120,330,695</u></u> |
|--|------------------------------|

The notes to the financial statements are an integral part of this statement.



City of Muscatine, Iowa

Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Funds  
For the Year Ended June 30, 2025

|  | Business-type Activities - Enterprise Funds |                     |                      |               |                              |                |                              |
|--|---|---------------------|----------------------|---------------|------------------------------|----------------|------------------------------|
|  | Water<br>Pollution<br>Control               | Transfer<br>Station | Refuse<br>Collection | Airport       | Other<br>Enterprise<br>Funds | Total          | Internal<br>Service<br>Funds |
| Operating revenues:                                      |   |                     |                      |               |                              |                |                              |
| Charges for sales and services                           | \$ 7,917,929                                | \$ 2,131,075        | \$ 2,591,133         | \$ 89,104     | \$ 4,378,161                 | \$ 17,107,402  | \$ 1,183,158                 |
| Employer contributions                                   | -   | -                   | -                    | -             | -                            | -              | 4,223,832                    |
| Employee contributions                                   | -   | -                   | -                    | -             | -                            | -              | 506,180                      |
| Other contributions                                      | -   | -                   | -                    | -             | -                            | -              | 81,511                       |
| Other  | 315,468                                     | 18,331              | 17,111               | 13,199        | 62,069                       | 426,178        | 16,002                       |
| Total operating revenues                                 | 8,233,397                                   | 2,149,406           | 2,608,244            | 102,303       | 4,440,230                    | 17,533,580     | 6,010,683                    |
| Operating expenses:                                      |   |                     |                      |               |                              |                |                              |
| Cost of sales and services:                              |   |                     |                      |               |                              |                |                              |
| Personal services  | 2,818,905                                   | 381,313             | 884,922              | -             | 2,236,647                    | 6,321,787      | 431,103                      |
| Commodities  | 480,075                                     | 41,045              | 86,474               | 1,721         | 589,968                      | 1,199,283      | 538,987                      |
| Contractual services                                     | 2,529,019                                   | 1,843,812           | 1,319,268            | 151,863       | 1,549,425                    | 7,393,387      | 4,434,747                    |
| Administration   | 277,400                                     | 4,700               | 106,700              | 11,500        | 131,000                      | 531,300        | 24,800                       |
| Depreciation/amortization                                | 3,078,816                                   | 288,668             | 173,604              | 354,562       | 524,933                      | 4,420,583      | 32,222                       |
| Total operating expenses                                 | 9,184,215                                   | 2,559,538           | 2,570,968            | 519,646       | 5,031,973                    | 19,866,340     | 5,461,859                    |
| Operating income (loss)                                  | (950,818)                                   | (410,132)           | 37,276               | (417,343)     | (591,743)                    | (2,332,760)    | 548,824                      |
| Non-operating revenues (expenses):                       |   |                     |                      |               |                              |                |                              |
| Intergovernmental  | -   | -                   | 40,578               | -             | 1,209,901                    | 1,250,479      | -                            |
| Interest revenue   | 609,269                                     | 19,947              | 2,654                | 7,633         | 86,188                       | 725,691        | 166,951                      |
| Interest revenue - restricted                            | 26,301                                      | -                   | -                    | -             | -                            | 26,301         | -                            |
| Interest expense   | (154,106)                                   | -                   | -                    | -             | (2,667)                      | (156,773)      | -                            |
| Gain (loss) on sale of capital assets                    | (17,377)                                    | -                   | -                    | -             | (9,900)                      | (27,277)       | -                            |
| Non-operating revenues (expenses), net                   | 464,087                                     | 19,947              | 43,232               | 7,633         | 1,283,522                    | 1,818,421      | 166,951                      |
| Income (loss) before capital contributions and transfers | (486,731)                                   | (390,185)           | 80,508               | (409,710)     | 691,779                      | (514,339)      | 715,775                      |
| Capital contributions - grants                           | -   | -                   | -                    | 892,495       | 1,903,782                    | 2,796,277      | -                            |
| Capital contributions - government                       | -   | -                   | -                    | 96,883        | -                            | 96,883         | -                            |
| Transfers in   | 8,383,550                                   | 40,578              | -                    | 20,934        | 438,747                      | 8,883,809      | -                            |
| Transfers out  | -   | -                   | (40,578)             | -             | (1,685,770)                  | (1,726,348)    | (78,867)                     |
| Change in net position                                   | 7,896,819                                   | (349,607)           | 39,930               | 600,602       | 1,348,538                    | 9,536,282      | 636,908                      |
| Net position, June 30, 2024, as restated                 | 88,416,738                                  | 3,515,676           | 1,194,609            | 9,934,258     | 6,502,064                    | 109,563,345    | 3,422,139                    |
| Net position, June 30, 2025                              | \$ 96,313,557                               | \$ 3,166,069        | \$ 1,234,539         | \$ 10,534,860 | \$ 7,850,602                 | \$ 119,099,627 | \$ 4,059,047                 |

The notes to the financial statements are an integral part of this statement.

**City of Muscatine, Iowa**

**Reconciliation of the Change in Net Position of Enterprise Funds  
to the Statement of Activities**

**For the Year Ended June 30, 2025**

|  |              |
|--|--------------|
| Change in net position in enterprise funds | \$ 9,536,282 |
|--|--------------|

Amounts reported for proprietary activities in the statement of activities  
are different because:

Internal service funds are used by management to charge the costs of various  
activities internally to individual funds. Internal service fund net position increased during  
the year. A portion of this increase has been allocated to business-type activities  
in the statement of net position

|         |
|---------|
| 205,203 |
|---------|

|  |
|--|
| Change in net position of business-type activities |
|--|

|                     |
|---------------------|
| <u>\$ 9,741,485</u> |
|---------------------|

The notes to the financial statements are an integral part of this statement.

City of Muscatine, Iowa

Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2025

|   | Business-type Activities - Enterprise Funds |                     |                      |                       |                              |                |                           |
|---|---|---------------------|----------------------|-----------------------|------------------------------|----------------|---------------------------|
|   | Water<br>Pollution<br>Control               | Transfer<br>Station | Refuse<br>Collection | Airport<br>Operations | Other<br>Enterprise<br>Funds | Total          | Internal<br>Service Funds |
| <b>Cash flows from operating activities</b>   |   |                     |                      |                       |                              |                |                           |
| Receipts from customers and users   | \$ 8,124,957                                | \$ 2,174,153        | \$ 2,692,711         | \$ 98,792             | \$ 4,357,456                 | \$ 17,448,069  | \$ -                      |
| Receipts from interfund services provided   | -   | -                   | -                    | -                     | -                            | -              | 6,144,121                 |
| Payments to suppliers   | (3,130,102)                                 | (1,828,573)         | (1,224,315)          | (154,080)             | (1,992,092)                  | (8,329,162)    | (5,017,567)               |
| Payments to employees   | (1,948,341)                                 | (273,636)           | (617,386)            | -                     | (1,680,258)                  | (4,519,621)    | (274,574)                 |
| Payments for employee benefits  | (1,394,665)                                 | (114,548)           | (299,229)            | -                     | (557,700)                    | (2,366,142)    | (148,412)                 |
| Payments for interfund services used  | (373,892)                                   | (40,558)            | (235,595)            | (11,500)              | (446,754)                    | (1,108,299)    | (24,800)                  |
| Net cash provided (used) by operating activities  | 1,277,957                                   | (83,162)            | 316,186              | (66,788)              | (319,348)                    | 1,124,845      | 678,768                   |
| <b>Cash flows from noncapital financing activities</b>  |   |                     |                      |                       |                              |                |                           |
| Transfers to other funds  | -   | -                   | (40,578)             | -                     | (1,651,500)                  | (1,692,078)    | (78,867)                  |
| Transfers from other funds  | -   | 40,578              | -                    | 20,934                | 104,477                      | 165,989        | -                         |
| Advances from other funds   | -   | -                   | -                    | 715,977               | 262,392                      | 978,369        | 207,866                   |
| Advances to other funds   | (974,959)                                   | -                   | -                    | -                     | (3,410)                      | (978,369)      | (207,866)                 |
| Repayment of advances from other funds  | -   | -                   | -                    | -                     | (4,176)                      | (4,176)        | (140,038)                 |
| Repayment of advances to other funds  | -   | -                   | -                    | -                     | 4,176                        | 4,176          | 140,038                   |
| Subsidies from federal, state and local grants  | -   | -                   | 40,578               | -                     | 1,268,170                    | 1,308,748      | -                         |
| Net cash provided (used) by noncapital financing activities   | (974,959)                                   | 40,578              | -                    | 736,911               | (19,871)                     | (217,341)      | (78,867)                  |
| <b>Cash flows from capital and related financing activities</b>                                       |   |                     |                      |                       |                              |                |                           |
| Capital contributions   | 7,434,890                                   | -                   | -                    | 21,571                | 1,326,628                    | 8,783,089      | -                         |
| Transfers from other funds  | 948,660                                     | -                   | -                    | -                     | -                            | 948,660        | -                         |
| Purchase of capital assets  | (8,875,250)                                 | (106,849)           | (348,825)            | (814,977)             | (2,714,042)                  | (12,859,943)   | (451,039)                 |
| Principal paid on capital debt  | (902,000)                                   | -                   | -                    | -                     | -                            | (902,000)      | -                         |
| Interest paid on capital debt   | (160,130)                                   | -                   | -                    | -                     | -                            | (160,130)      | -                         |
| Principal paid on leases & subscriptions  | -   | -                   | -                    | -                     | (17,094)                     | (17,094)       | -                         |
| Interest paid on leases & subscriptions   | -   | -                   | -                    | -                     | (2,667)                      | (2,667)        | -                         |
| Interest received from leases & subscriptions   | -   | -                   | -                    | 4,751                 | 5,412                        | 10,163         | -                         |
| Proceeds from sale of capital assets  | -   | -                   | -                    | -                     | 4,285                        | 4,285          | -                         |
| Net cash provided (used) by capital and related financing activities                                  | (1,553,830)                                 | (106,849)           | (348,825)            | (788,655)             | (1,397,478)                  | (4,195,637)    | (451,039)                 |
| <b>Cash flows from investing activities</b>   |   |                     |                      |                       |                              |                |                           |
| Proceeds from sales and maturities of investments   | -   | -                   | -                    | -                     | 2,961,011                    | 2,961,011      | -                         |
| Purchase of investments   | -   | -                   | -                    | -                     | (2,719,863)                  | (2,719,863)    | -                         |
| Interest received   | 703,252                                     | 22,792              | 6,170                | 3,217                 | 95,055                       | 830,486        | 174,991                   |
| Net cash provided (used) by investing activities  | 703,252                                     | 22,792              | 6,170                | 3,217                 | 336,203                      | 1,071,634      | 174,991                   |
| Net increase (decrease) in cash and pooled investments  | (547,580)                                   | (126,641)           | (26,469)             | (115,315)             | (1,400,494)                  | (2,216,499)    | 323,853                   |
| Cash and pooled investments, June 30, 2024  | 13,389,730                                  | 493,391             | 153,085              | 115,315               | 2,428,388                    | 16,579,909     | 3,478,340                 |
| Cash and pooled investments, June 30, 2025  | \$ 12,842,150                               | \$ 366,750          | \$ 126,616           | \$ -                  | \$ 1,027,894                 | \$ 14,363,410  | \$ 3,802,193              |
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b> |   |                     |                      |                       |                              |                |                           |
| Cash flows from operating activities:   |   |                     |                      |                       |                              |                |                           |
| Operating income (loss)   | \$ (950,818)                                | \$ (410,132)        | \$ 37,276            | \$ (417,343)          | \$ (591,743)                 | \$ (2,332,760) | \$ 548,824                |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |   |                     |                      |                       |                              |                |                           |
| Depreciation / amortization   | 3,078,816                                   | 288,668             | 173,604              | 354,562               | 524,933                      | 4,420,583      | 32,222                    |
| Changes in assets and liabilities:  |   |                     |                      |                       |                              |                |                           |
| (Increase) decrease in:   |   |                     |                      |                       |                              |                |                           |
| Accounts receivable   | (108,440)                                   | 24,747              | 84,743               | (2,845)               | (93,245)                     | (95,040)       | 133,438                   |
| Lease Receivable  | -   | -                   | -                    | (11,746)              | 23,767                       | 12,021         | -                         |
| Prepaid expenses  | -   | -                   | -                    | -                     | (1,020)                      | (1,020)        | -                         |
| Inventories   | -   | -                   | -                    | -                     | 6,133                        | 6,133          | 26,244                    |
| Pension related deferred outflows   | 86,326                                      | 11,933              | 28,914               | -                     | (1,142)                      | 126,031        | 11,932                    |
| OPEB related deferred outflows  | (35,086)                                    | (5,776)             | (11,552)             | -                     | (15,246)                     | (67,660)       | (5,373)                   |
| Increase (decrease) in:   |   |                     |                      |                       |                              |                |                           |
| Accounts payable and accruals   | (701,837)                                   | 17,470              | 58,546               | (496)                 | (141,911)                    | (768,228)      | (66,449)                  |
| Escrow liability payable  | -   | -                   | -                    | -                     | 5,397                        | 5,397          | -                         |
| Compensated absences payable  | 27,668                                      | 5,093               | (13,534)             | -                     | 50,040                       | 69,267         | 14,385                    |
| Other post-employment benefits  | 70,709                                      | 11,640              | 23,281               | -                     | 30,724                       | 136,354        | 10,828                    |
| Deferred revenue  | -   | -                   | (276)                | 3,815                 | (6,949)                      | (3,410)        | (500)                     |
| Deposits  | -   | -                   | -                    | -                     | 1,850                        | 1,850          | -                         |
| Net pension liability   | (171,411)                                   | (24,221)            | (58,690)             | -                     | (122,771)                    | (377,093)      | (24,221)                  |
| Pension related deferred inflows  | (16,029)                                    | (2,265)             | (5,487)              | -                     | 41,116                       | 17,335         | (2,265)                   |
| OPEB related deferred inflows   | (1,941)                                     | (319)               | (639)                | -                     | (844)                        | (3,743)        | (297)                     |
| Deferred inflows from leases  | -   | -                   | -                    | 7,265                 | (28,437)                     | (21,172)       | -                         |
| Total adjustments   | 2,228,775                                   | 326,970             | 278,910              | 350,555               | 272,395                      | 3,457,605      | 129,944                   |
| Net cash provided (used) by operating activities  | \$ 1,277,957                                | \$ (83,162)         | \$ 316,186           | \$ (66,788)           | \$ (319,348)                 | \$ 1,124,845   | \$ 678,768                |
| <b>Non-cash capital and related financing activities:</b>   |   |                     |                      |                       |                              |                |                           |
| Capital accounts and retainages payable   | \$ 3,572,930                                | \$ -                | \$ -                 | \$ -                  | \$ 108,196                   | \$ 3,681,126   | \$ -                      |
| Capital contributions   | -   | -                   | -                    | -                     | 300,000                      | 300,000        | -                         |

The notes to the financial statements are an integral part of this statement.

**CITY OF MUSCATINE, IOWA**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2025**

The notes to the financial statements contain a summary of significant accounting policies and other information considered necessary for an understanding of the financial statements of the City and are an integral part of this report. The index to the notes is as follows:

1. Summary of Significant Accounting Policies
2. Deposits and Investments
3. Lease Receivables
4. Interfund Receivables, Payables, and Transfers
5. Capital Assets
6. Long-Term Debt
7. Landfill Closure and Postclosure Care Cost
8. Retirement Systems
9. Deficit Fund Equity
10. Post-Employment Benefits Other than Pensions (OPEB)
11. Industrial Revenue Bonds
12. Risk Management
13. Commitments and Contingencies
14. Urban Renewal Development Agreements and Tax Abatements
15. Pending Governmental Accounting Standards Board (GASB) Standards
16. Restatements

## CITY OF MUSCATINE, IOWA

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Reporting Entity

The City of Muscatine, Iowa, was chartered in 1851 under the laws of the state of Iowa, later amended in July 1975 under the Home Rule City Act. The City operates under a Mayor/Council/City Administrator form of government and provides a broad range of services to its residents, including general government, public safety, public works, community development, and cultural and park facilities. The City also operates an airport, parking facilities, public housing facilities, transit system, sewer and sanitation utilities, a municipal golf course, public library, and a municipal museum and art center.

As required by accounting principles generally accepted in the United States of America, these financial statements present the City of Muscatine and its component units, entities for which the City is considered to be financially accountable. The City has no blended component units. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City.

##### **Discretely Presented Component Units**

**Muscatine County Solid Waste Agency (Agency).** The Agency has been organized as a joint venture under Chapter 28E of the Code of Iowa between the City of Muscatine; Muscatine County; and the municipalities of Fruitland, Stockton, West Liberty, Nichols, Conesville, and Atalissa, Iowa. The Agency is responsible for the disposal of all solid waste for member municipalities and unincorporated portions of Muscatine County.

The City of Muscatine appoints a representative to the Agency's governing board whose vote (based on the City's population) accounts for 59% of the board's voting authority. A two-thirds vote is required for board action; therefore, the City does not appoint a voting majority of the Agency's governing board. Nonetheless, the Agency is considered a component unit of the City because of its fiscal dependence on the City, the financial benefit/burden relationship, and the City's ability to impose its will on the Agency. The City is financially accountable for the Agency and can significantly influence the Agency. The City Council approves the Agency's budget, sets its rates, and approves any debt issuances. See also note to landfill closure and postclosure care costs regarding the City's ongoing financial relationship.

The Agency has a June 30 year-end. Separate financial statements are not issued for the Agency, and the Agency accounts for all of its financial transactions in a single fund.

**Muscatine Power & Water (MP&W).** MP&W is a municipal utility which provides water, electric, and communication service to users within the City of Muscatine and in other urban and rural areas within Muscatine County. MP&W's governing board is appointed by the City Council. MP&W provides a financial benefit to the City by providing electricity for City buildings and all street and traffic lighting free of charge to the City.

MP&W has a December 31 year-end. Complete financial statements for MP&W may be obtained at its administrative offices at Muscatine Power & Water, 3205 Cedar Street, Muscatine, Iowa 52761.

### **Joint Venture**

The City is a member organization along with Muscatine County and Muscatine Power and Water in a joint venture organized under Chapter 28E of the Iowa Code to develop and operate the Muscatine Area Geographic Information Consortium (MAGIC). The purpose of MAGIC is to improve the efficiency and effectiveness of its member organizations through the coordinated development of geographic and land information systems technology and data. A six-member board composed of two appointees from each member organization governs MAGIC. Each member organization has one vote on all matters. Each member organization is responsible for one-third of the operating expenses incurred by MAGIC. In the event MAGIC is terminated, the material benefits realized from the liquidation of any and all of its assets shall be divided among the participating organizations on a pro rata basis after any and all claims against MAGIC have been satisfied. The intent of the organization is not to accumulate excess funds and based upon the balance at year end the future contributions are adjusted accordingly. In accordance with the Governmental Accounting Standards Board's *Codification*, a claim to assets upon the joint venture's dissolution is not considered to be an equity interest. Therefore no investment in the joint venture is reported on the face of the financial statements of the City. There are no separately issued financial statements for this joint venture.

### **Jointly Governed Organizations**

The City also 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: Muscatine County Joint Communications Commission; Muscatine County/Municipal Disaster Services Board; Muscatine Island Flood Control Commission; Muscatine County Assessor's Conference Board; and Muscatine County Drug Task Force.

### **B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The Statement of Net Position presents the City's nonfiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

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

*Unrestricted net position* consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants, contributions, and interest that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### **C. Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied and budgeted for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period and all other revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The City has determined that there are various revenues, except for property tax revenues, including reimbursement of expenditures that are received between 60 and 90 days and therefore have adopted a 90 day availability period in order to keep the revenues and expenditures in the same current period.

However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are recognized as revenue in the year for which taxes have been levied and budgeted for, provided they are collected within 60 days after year-end. Sales taxes are considered measurable and available at the time the underlying transaction occurs provided they are collected within 90 days after year-end. Income and other taxes are considered measurable and available when they have been collected by the state or other levying authority. Special assessments receivable are recognized at the time of their levy. The related revenue is recognized at the time the assessment is due or collected. Licenses and permits, fines and forfeitures, and miscellaneous revenue are recognized as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recognized as earned.

The government reports the following major governmental funds:

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

The *employee benefits fund* accounts for property taxes levied for police and fire retirement contributions, FICA and IPERS, and other employee benefits, as provided in Section 384.6 of the Code of Iowa.

The *local option sales tax fund* accounts for revenue from the 1% local option tax. Effective July 1, 2009, voters approved using up to 20% of future local option tax for the City's pavement management program with the remaining funds to be used for storm and sanitary sewer improvements.

The *road use tax fund* accounts for road use tax allocated to the city to be used to maintain and improve the City's street system.

The *American Rescue Plan Act (ARPA) fund* accounts for funds awarded to the City of Muscatine under this Act which totaled \$3,533,377. These funds were all expended or obligated by December 31, 2024, as required by the grant award.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *other public improvements fund* accounts for major park and other public facility projects.

The government reports the following major proprietary funds:

The *water pollution control fund* accounts for the operation of a municipally owned sewer treatment plant which provides services to the City. All activities necessary for such services are provided for in this fund as well as plant and various sewer system improvement projects.

The *transfer station fund* accounts for the operation of the refuse transfer station and recycling center.

The *refuse collection fund* accounts for the collection of solid waste from residential property in the City as well as from some commercial customers.

The *airport fund* accounts for the activities of the Municipal Airport. This activity is supported by user charges and a subsidy from the general fund.

Additionally, the government reports the following fund type:

*Internal service funds* account for equipment services, central supply distribution, and employee health and dental benefits provided to other departments of the government on a cost reimbursement basis.



As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer and transfer station functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

## **D. Assets, Liabilities and Equity**

### **1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statute authorizes the City, the Agency, and MP&W to invest public funds in obligations of the United States government and 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 is authorized by the City Council to invest in obligations of the United States government and its agencies and instrumentalities; in certificates of deposit or other evidences of deposit at federally insured depository institutions; and investments in joint investment trusts authorized by resolution of the City Council.

Investments of the City, the Agency, and Muscatine Power & Water are stated at fair value with the exception of the investment in the Iowa Public Agency Investment Trust which is stated at amortized cost, which approximates fair value.

## **2. Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "advances to/from other funds" to indicate the non-current nature of the interfund loans. All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance nonspendable amount in the General Fund to indicate they are not available for appropriation and are not available financial resources.

The County Treasurer bills and collects taxes for the City. Taxes for the year ended June 30, 2025, were certified with the County during the preceding fiscal year and were due in two equal installments by September 30, 2024 and March 31, 2025. Any County collections on the 2024-2025 tax levy remitted to the City within sixty days subsequent to June 30, 2025, are recorded as property tax revenues in the governmental fund statements. Taxes not collected and remitted to the City within sixty days subsequent to June 30, 2025, are delinquent and have been recorded as receivables and deferred inflows of resources in the governmental fund statements. By statute, the City is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is reported as a deferred inflow of resources and will not be recognized as revenue until the year for which it is levied and budgeted for in both the governmental fund statements and the government-wide statements.

## **3. Inventories and Prepaid Items**

Inventories of proprietary funds are recorded as expenditures when consumed rather than when purchased. The City's inventories are valued at cost using the weighted average cost method. MP&W's inventories are also valued at their weighted average cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

## **4. Restricted Assets**

Restricted assets of the Transfer Station fund represents amounts set aside under law to provide for Transfer Station closure costs. Transfer Station assets of \$33,825 at June 30, 2025 are classified as restricted because their use is restricted to provide for Transfer Station closure costs.

Restricted assets of the Water Pollution Control fund represent amounts set aside as required under the 2008 State Revolving Fund loan to pay interest and principal of the bonds and any parity obligations. Water Pollution Control assets of \$200,485 at June 30, 2025 are classified as restricted because their use is restricted under the State Revolving Fund loan.

Restricted assets of the Muscatine County Solid Waste Agency represent amounts set aside under law to provide for the cost of future landfill closure and post-closure costs. Solid Waste Agency assets of \$3,486,517, at June 30, 2025 are classified as restricted because their use is restricted to provide for the cost of future landfill closure and post-closure costs.

Muscatine Power & Water's restricted assets represent amounts set aside under the terms of the water loan agreement. In accordance with the covenants of the bond resolutions, the amounts have been segregated into a bond sinking fund. In accordance with the loan agreement, the sinking fund is used solely for the purpose of paying the interest on and principal of the outstanding loan. The composition of the restricted assets at December 31, 2024 relates to the water utility sinking fund of \$946,700.

## 5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position and in the proprietary funds statement of net position. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

| <u>Assets</u>         | <u>Years</u> |
|-----------------------|--------------|
| Land improvements     | 10-50        |
| Buildings             | 15-40        |
| Building improvements | 5-40         |
| Equipment             | 4-20         |
| Vehicles              | 4-15         |
| Sewer system          | 50           |
| Infrastructure        | 7-75         |

MP&W's utility plant is stated at original cost, which includes the cost of contracted services, material, labor, overhead, and on significant projects, an allowance for borrowed funds used during construction. Capital assets are generally defined by the utility as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year.

## 6. Leases

**Lessee:** The City of Muscatine is a lessee for five noncancellable leases of equipment in governmental funds and one noncancellable lease of equipment in an enterprise fund. The City of Muscatine recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements and the enterprise fund.

At the commencement of a lease, the City of Muscatine initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City of Muscatine determines (1) the discount rate if used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City of Muscatine uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City of Muscatine generally uses its estimated incremental borrowing rate as the discount rates for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City of Muscatine is reasonably certain to exercise.

The City of Muscatine monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**Lessor:** The City of Muscatine is a lessor for nine noncancellable leases with five in governmental funds and four in enterprise funds. The City of Muscatine recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements or business-type enterprise fund financial statements, respectively.

At the commencement of a lease, the City of Muscatine initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City of Muscatine determines (1) the discount rate it used to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City of Muscatine uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City of Muscatine monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

## **7. Subscription-Based Information Technology Arrangements (SBITA)**

The City has entered into various contracts that convey control of the right to use information technology software. The City has recognized IT subscription liabilities and intangible right-to-use IT subscription assets in the government-wide financial statements.

At the commencement of the IT subscription term, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the IT subscription liability is reduced by the principal portion of payments made. The right-to-use an IT subscription asset is initially measured as the sum of the initial IT subscription liability, adjusted for payments made at or before the commencement date, plus capitalization of implementation costs less any incentives received from the SBITA vendor at or before the commencement of the subscription term. Subsequently, the right-to-use IT subscription asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to IT subscription arrangements include how the City determines the discount rate it uses to discount the expected payments to present value, term, and payments.

The City uses the interest rate charged by the IT subscription vendor as the discount rate. When the interest rate charged by the vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate.

The IT subscription term includes the noncancellable period of the subscription. Payments included in the measurement of the liability are composed of fixed payments.

The City monitors changes in circumstances that would require a remeasurement of its IT subscriptions and will remeasure the right-to-use IT subscription assets and liabilities if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Right-to-use IT subscription assets are reported with other capital assets and IT subscription liabilities are reported with long-term debt on the statement of net position.

## **8. Deferred Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category: the pension related deferred outflows and OPEB related deferred outflows. The Muscatine Power & Water component unit also has plant decommissioning reported as a deferred outflow of resources.

## **9. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Vacation pay is payable to employees upon retirement or termination. Sick pay is payable upon retirement, in which event employees are paid for 40% of all eligible hours. Beginning July 1, 2000, retirement sick pay for non-union employees is paid to a post-employment health plan to be used for health care cost of the retirees. Beginning July 1, 2001, retirement sick pay for Fire bargaining unit and Blue/White Collar bargaining unit employees is also paid to the post employment health plan. For the Blue/White Collar bargaining unit, accrued vacation pay at retirement is also paid to the post employment health plan.

A liability is recorded when each of the following have occurred: the leave is attributable to services already rendered, the leave accumulates and carries forward from one reporting period to the next, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

The City estimates the compensated absences liability for leave benefits that are more likely than not to be used or otherwise paid or settled based on historical information on employees use or payment of the benefits provided. The liability is measure using the pay rates in effect at year-end, the measurement date, and includes salary-related payments that are directly and incrementally associated with the leave liability measurement.

## **10. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenses at the time the debt is incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

## **11. Deferred Inflows of Resources and Unearned Revenue**

Deferred Inflows of Resources: In addition to liabilities, the statement of net position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues from three sources: property taxes, intergovernmental grants, and leases. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In the City's government-wide statements, the City reports deferred amounts for property taxes, leases, pension, and OPEB inflows.

Unearned Revenues: Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The Muscatine Power & Water electric utility's unearned revenue is a result of prepayments for a land lease, capacity sales, and renewable energy credits. MP&W's water utility's unearned revenue is deposits received for future construction projects. MP&W's communications utility's unearned revenue is a result of a 20-year contract to lease dark fiber to Iowa Health System, and a contract for municipal area network service. Unearned revenues for the City relate primarily to unexpended grant funds.

## **12. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System and the Municipal Fire and Police Retirement System (Systems) and additions to/deductions from the Systems' fiduciary net position have been determined on the same basis as they are reported by the Systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid primarily by the General Fund.

## **13. Fund Equity**

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

Nonspendable – Amounts which cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

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

Committed – Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the City Council through resolutions approved prior to year-end. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned – Amounts constrained by the City's intent to use them for a specific purpose. The City's fund balance policy dated November 7, 2013 provides that assigned uses of fund balances can be established by the City Council, City Administrator, or Finance Director.

Unassigned – All amounts not included in other spendable classifications. The General fund is the only fund that would report a positive amount in unassigned fund balance. Residual deficit amounts of other governmental funds would also be reported as unassigned.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the City policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications – committed, assigned, then unassigned.

## 14. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net investment in capital assets excludes unspent bond proceeds. As of June 30, 2025, there were unspent bond proceeds totaling \$3,522,364 in governmental activities. Net position is reported as restricted when there are limitations imposed on its use through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Net position restricted through enabling legislation consists of \$7,200,357 for public works, \$211,300 for employee benefits, \$18,372 for public safety, and \$804,079 for tax increment financing projects.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then unrestricted resources as they are needed.

## NOTE 2. DEPOSITS AND INVESTMENTS

The deposits and investments of the Solid Waste Agency are pooled with those of the City. Disclosures referring to deposits and investments of the City include the pooled amounts belonging to the Agency.

As of June 30, 2025, the deposits and investments of the City consist of the following:

|                                     |                      |
|-------------------------------------|----------------------|
| Petty cash and undeposited cash     | \$ 77,142            |
| Cash in bank                        | 591,460              |
| Savings accounts                    | 50,109               |
| Money market accounts               | 2,749,721            |
| Iowa Public Agency Investment Trust | 7,728,355            |
| Certificates of deposit             | 36,950,000           |
|                                     | <u>\$ 48,146,787</u> |

The City invests in the Diversified portfolio of the Iowa Public Agency Investment Trust (IPAIT). IPAIT was created pursuant to Iowa Code Chapter 28E in 1987 to enable eligible Iowa public agencies to safely and effectively invest their available operating and reserve funds. The Diversified portfolio has followed established money market mutual fund investment parameters designed to maintain a \$1 per unit net asset value since inception and was registered with the Securities and Exchange Commission (SEC) in accordance with 17 C.F.R. Section 270.2a-7 in May 1993. The Diversified Fund was among the first local government investment pools in the country to do so and has been formally regulated by the SEC since that time. The City has investments in IPAIT which were valued at an amortized cost of \$7,728,355 pursuant to Rule 2 a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals of the IPAIT investments.

**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.



**Credit risk** – The City’s investment policy provides that City funds may be invested in interest bearing money market accounts, interest bearing checking accounts, and certificates of deposit at any approved bank in the State of Iowa. Approved banks must be on the list of banks approved for public investments by the Treasurer of the State of Iowa and investments must be entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. City funds may also be invested in obligations of the United States government, its agencies and instrumentalities, and in the Iowa Public Agency Investment Trust (IPAIT). The City’s investment in IPAIT is unrated.

**Concentration of credit risk** – The City’s investment policy is to diversify its investment portfolio. Assets shall be diversified, where possible, to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

**Custodial credit risk – deposits** – In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. As of June 30, 2025 the carrying amount of the City’s deposits with financial institutions totaled \$48,069,645 and the bank balances were \$48,357,645. These bank balances 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.

**Custodial credit risk – investments** – For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City had no custodially-held investments during the year.

### **Muscatine Power and Water**

As of December 31, 2024 MP&W’s deposits 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.

It is the policy of Muscatine Power & Water to maintain all deposits and investments in authorized investment vehicles that are insured or registered or which are collateralized by or evidenced by securities held by the utility or its agent in the utility’s name.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the utility will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All investments held at December 31, 2024 were considered to be in risk category one (investments held in trust on behalf of the utility), therefore, not subject to custodial credit risk.

It is the policy of the utility to maintain all deposits and investments in authorized investment vehicles that are insured or registered in the utility’s name or which are collateralized by or evidenced by securities held by the utility or its agent in the utility’s name.

The cash and investment balances reported in the financial statements include investments in the Iowa Public Agency Investment Trust (IPAIT) which are valued at an amortized cost of \$15,167,577. There are no limitations or restrictions on withdrawals for the IPAIT investments. The utilities’ investment in IPAIT is unrated.

At December 31, 2024, the utilities had the following investments:

| Investments:                               | Fair Value           |
|--|----------------------|
| U.S. Treasury obligations                  | \$ 36,978,872        |
| Certificate of Deposits (reported at cost) | 15,000,000           |
| Total Investments                          | <u>\$ 51,978,872</u> |

**Credit Risk** – Credit risk is the risk an issuer or other counterparty to an investment will not fulfill its obligations. It is the policy of the utility to have securities held by the utility or a third party custodian and rated within the highest or second highest rating category of a nationally recognized rating agency. As of December 31, 2024, the utility had no investments subject to credit risk.

**Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. It is the policy of the utility to diversify its investment portfolio. Assets are diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. At December 31, 2024, MP&W held 51% of its cash and investments in U.S. Treasury's; however, these investments are considered risk-free and therefore not a concentration of risk. The utility held no investments as of December 31, 2024 that were subject to concentration of credit risk.

**Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. All of the U.S. Treasury investments held at December 31, 2024 mature within two years. The utility held no investments as of December 31, 2024 that were subject to interest rate risk if the investments are held to maturity.

The utility's investment policy addresses maturity limitations by requiring operating funds to be invested in instruments that mature within 397 days. Non-operating funds may be invested in instruments with maturities longer than 397 days as long as the maturities are consistent with the needs and use of the utility. One of the investment policy's primary objectives is to maintain the necessary liquidity to match expected liabilities.

**Fair Value Measurements** – The utility categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is 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 measurement for the U.S. Treasury obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions (level 2 inputs). There have been no changes in valuation methodologies at December 31, 2024 compared to December 31, 2023.

### **NOTE 3. LEASE RECEIVABLES**

#### **Governmental Activities:**

On October, 15, 2000, the City entered into an agreement to lease cemetery land for a cellular tower. The initial term of the lease was for a five-year term with extensions of up to 4 additional 5-year terms. The City believes it is more likely than not the term will be for twenty-five years. Annual rent is \$15,493. The City recognized \$14,851 in lease revenue and \$243 in interest revenue during the current fiscal year related to this lease. As of June 30, 2025, the City's receivable for lease payments was \$3,860. The City has a deferred inflow of resources associated with this lease of \$3,713 that will be recognized as revenue over the lease term.

The City entered into an agreement to lease cemetery land for a cellular tower which commences October 1, 2025. The initial term of the lease was for a five-year term with extensions of up to 6 additional 5-year terms. The City believes it is more likely than not the term will be for twenty years. Monthly rental is \$1,529 with a 3% escalation annually. The City recognized \$0 in lease revenue and \$0 in interest revenue during the current fiscal year related to this lease. As of June 30, 2025, the City's receivable for lease payments was \$398,856. The City has a deferred inflow of resources associated with this lease of \$398,856 that will be recognized as revenue over the lease term.

On August 20, 1998, the City entered into an agreement to lease cemetery land for a cellular tower. The initial term of the lease was for a five-year term with extensions of up to 5 additional 5-year terms. The City believes it is more likely than not the term will be for thirty years. Monthly rent is currently \$805. The City recognized \$8,762 in lease revenue and \$675 in interest revenue during the current fiscal year related to this lease. As of June 30, 2025, the City's receivable for lease payments was \$28,862. The City has a deferred inflow of resources associated with this lease of \$27,017 that will be recognized as revenue over the lease term.

The City entered into an agreement to lease cemetery land for a cellular tower which commences August 20, 2028. The initial term of the lease was for three additional five-year terms. The City believes it is more likely than not the term will be for fifteen years. Monthly rental is \$886 for the first five-year term, \$974 for the second five-year term, and \$1,072 for the third five-year term. The City recognized \$0 in lease revenue and \$0 in interest revenue during the current fiscal year related to this lease. As of June 30, 2025, the City's receivable for lease payments was \$151,201. The City has a deferred inflow of resources associated with this lease of \$151,201 that will be recognized as revenue over the lease term.

On November 20, 2000, the City entered into an agreement for a public safety cell tower lease. The initial term of the lease was for a five-year term with extensions of up to 5 additional 5-year terms. The City believes it is more likely than not the term will be for thirty years. Monthly rent is \$2,582. The City recognized \$30,468 in lease revenue and \$3,867 in interest revenue during the current fiscal year related to this lease. As of June 30, 2025, the City's receivable for lease payments was \$178,606. The City has a deferred inflow of resources associated with this lease of \$162,498 that will be recognized as revenue over the lease term.

**Business-type Activities:**

On July 1, 2020, the City entered into an airport fixed base operator lease. The initial term of the lease was for a term of twenty years at an annual base rent starting at \$12,540 with a 3% escalation each year thereafter. The City recognized \$13,563 in lease revenue and \$4,582 in interest revenue during the current fiscal year related to this lease. As of June 30, 2025, the City's receivable for lease payments was \$224,147. The City has a deferred inflow of resources associated with this lease of \$203,447 that will be recognized as revenue over the lease term.

On March 10, 2025, the City entered into an airport land lease agreement of 140 acres for a Solar Energy Facility with Muscatine Power and Water, a component unit. The development period initial term of the lease was for \$40 per acre annually through June 30, 2029. The City recognized \$1,736 in lease revenue and \$169 in interest revenue during the current fiscal year related to this lease. As of June 30, 2025, The City's receivable for lease payments was \$20,866. The City has a deferred inflow of resources associated with the lease of \$20,828 that will be recognized as revenue over the term of the lease.

On July 3, 2018, the City entered into an agreement to lease the Clark House rooftop for a cellular tower. The initial term of the lease was for a five-year term with extensions of up to 5 additional 5-year terms. The City believes it is more likely than not the term will be for twenty years. The first four years annual base rent started at \$15,722 with a 3% escalation each year thereafter. The City recognized \$17,017 in lease revenue and \$5,029 in interest revenue during the current fiscal year related to this lease. As of June 30, 2025, the City's receivable for lease payments was \$239,278. The City has a deferred inflow of resources associated with this lease of \$221,225 that will be recognized as revenue over the lease term.

On August 1, 2001, the City entered into another agreement to lease the Clark House rooftop for a cellular tower. The initial term of the lease was for a five-year term with extensions of up to 4 additional 5-year terms. The City believes it is more likely than not the term will be for twenty-five years. Rent is \$1,000 per month. The City recognized \$11,420 in lease revenue and \$383 in interest revenue during the current fiscal year related to this lease. As of June 30, 2025, the City's receivable for lease payments was \$12,850. The City has a deferred inflow of resources associated with this lease of \$12,372 that will be recognized as revenue over the lease term.

#### NOTE 4. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund balances at June 30, 2025 consist of the following:

|                           | Due from/Advance to      |            |                        |                     |              |
|---------------------------|--------------------------|------------|------------------------|---------------------|--------------|
|                           | Nonmajor<br>Governmental | Airport    | Nonmajor<br>Enterprise | Internal<br>Service | Totals       |
| General                   | \$ 20,138                |            | \$ -                   | \$ -                | \$ 20,138    |
| Other Public Improvements | 1,140,524                |            |                        |                     | 1,140,524    |
| Nonmajor governmental     | 131,640                  |            | -                      | -                   | 131,640      |
| Water Pollution Control   |                          | 715,977    | 258,982                |                     | 974,959      |
| Nonmajor enterprise       | -                        |            | 3,410                  | -                   | 3,410        |
| Internal service          | -                        |            | -                      | 207,866             | 207,866      |
| Total                     | \$ 1,292,302             | \$ 715,977 | \$ 262,392             | \$ 207,866          | \$ 2,478,537 |

These balances result from (1) the time lag of interest receipts into the Cemetery Perpetual Care fund resulted in the advance of \$20,138, (2) the time lag of grant receipts in the Other Public Improvements and Nonmajor Governmental funds resulted in advances totaling \$1,272,164, (3) the time lag of grant receipts in the Airport and Nonmajor Enterprise Funds totaling \$974,959, (4) working capital for inventory in the Central Supplies and Equipment Services Internal Service funds resulted in advances totaling \$207,866, (5) working capital for inventory in the Marina fund resulted in the advance of \$3,410.

Interfund transfers for the year are as follows:

|                     |                           | Transfers from |              |              |                 |              |              |              |            |              |           |               |
|---------------------|---------------------------|----------------|--------------|--------------|-----------------|--------------|--------------|--------------|------------|--------------|-----------|---------------|
| Transfers to        |                           | Employee       | Local Option | Road Use     | American Rescue | Other Public | Nonmajor     | Refuse       | Nonmajor   | Internal     |           |               |
|                     | General                   | Benefits       | Sales Tax    | Tax          | Plan Act (ARPA) | Improvements | Governmental | Collection   | Enterprise | Service      | Totals    |               |
|                     | General                   | \$ -           | \$ 5,187,898 | \$ -         | \$ 3,210,130    | \$ -         | \$ -         | \$ 286,519   | \$ -       | \$ 1,651,500 | \$ 58,321 | \$ 10,394,368 |
|                     | Debt service              | -              | -            | 885,331      | -               | -            | -            | 354,700      | -          | -            | -         | 1,240,031     |
|                     | Other public improvements | -              | -            | -            | -               | 1,303,500    | -            | 107,150      | -          | -            | -         | 1,410,650     |
|                     | Nonmajor governmental     | -              | -            | 693,277      | 121,699         | 372,880      | -            | 471,413      | -          | -            | -         | 1,659,269     |
|                     | Water pollution control   | -              | -            | 948,660      | -               | -            | 7,434,890    | -            | -          | -            | -         | 8,383,550     |
|                     | Transfer station          | -              | -            | -            | -               | -            | -            | -            | 40,578     | -            | -         | 40,578        |
|                     | Airport                   | 20,934         | -            | -            | -               | -            | -            | -            | -          | -            | -         | 20,934        |
| Nonmajor enterprise | 118,201                   | -              | -            | -            | -               | -            | 286,276      | -            | 34,270     | -            | 438,747   |               |
| Total               |                           | \$ 139,135     | \$ 5,187,898 | \$ 2,527,268 | \$ 3,331,829    | \$ 1,676,380 | \$ 7,434,890 | \$ 1,506,058 | \$ 40,578  | \$ 1,685,770 | \$ 58,321 | \$ 23,588,127 |

The most significant transfers in the above table include (1) the Employee Benefits fund collects property taxes to fund employee benefits which are expended in the General Fund which totaled \$5,187,898, (2) the Local Option Sales Tax fund transferred \$948,660 to the Water Pollution Control Fund and \$693,277 to nonmajor governmental funds to fund capital projects, (3) the Road Use Tax fund transferred \$3,210,130 to the General Fund to fund street maintenance costs and \$121,699 to fund street projects, (4) the nonmajor enterprise fund transfer of \$1,651,500 was from the Ambulance fund to the General fund to fund Fire department wage and benefit costs allocated to the Ambulance fund, and (5) the Other Public Improvements fund transferred \$7,434,890 to Water Pollution Control to fund capital improvement projects.

## NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 is as follows:

### Primary government

|  | Beginning<br>Balance | Increases    | Decreases      | Ending<br>Balance |
|--|----------------------|--------------|----------------|-------------------|
| <b>Governmental activities:</b>              |                      |              |                |                   |
| Capital assets, not being depreciated:       |                      |              |                |                   |
| Land   | \$ 11,789,783        | \$ 388,083   | \$ -           | \$ 12,177,866     |
| Art work                                     | 8,016,036            | -            | -              | 8,016,036         |
| Construction in progress                     | 983,517              | 8,208,175    | (2,567,241)    | 6,624,451         |
| Total capital assets, not being depreciated  | 20,789,336           | 8,596,258    | (2,567,241)    | 26,818,353        |
| Capital assets, being depreciated:           |                      |              |                |                   |
| Land improvements                            | 27,828,674           | 1,063,889    | -              | 28,892,563        |
| Buildings                                    | 10,824,185           | -            | -              | 10,824,185        |
| Building improvements                        | 6,586,795            | 75,218       | -              | 6,662,013         |
| Equipment                                    | 8,495,492            | 982,131      | (120,465)      | 9,357,158         |
| Vehicles                                     | 7,565,770            | 574,598      | (347,019)      | 7,793,349         |
| Right-to-use leased equipment                | 41,738               | -            | (10,004)       | 31,734            |
| Right-to-use subscription asset              | 426,235              | 192,551      | (135,409)      | 483,377           |
| Other Assets                                 | 42,992               | -            | -              | 42,992            |
| Infrastructure                               | 108,494,979          | 769,841      | -              | 109,264,820       |
| Total capital assets, being depreciated      | 170,306,860          | 3,658,228    | (612,897)      | 173,352,191       |
| Less accumulated depreciation for:           |                      |              |                |                   |
| Land improvements                            | (17,114,228)         | (990,184)    | -              | (18,104,412)      |
| Buildings                                    | (7,063,846)          | (205,510)    | -              | (7,269,356)       |
| Building improvements                        | (2,866,052)          | (310,470)    | -              | (3,176,522)       |
| Equipment                                    | (5,665,604)          | (445,818)    | 115,965        | (5,995,457)       |
| Vehicles                                     | (4,425,362)          | (527,721)    | 308,452        | (4,644,631)       |
| Right-to-use leased equipment                | (23,579)             | (6,005)      | 10,004         | (19,580)          |
| Right-to-use subscription asset              | (320,614)            | (125,330)    | 135,409        | (310,535)         |
| Other Assets                                 | (42,991)             | (1)          | -              | (42,992)          |
| Infrastructure                               | (57,525,630)         | (2,636,764)  | -              | (60,162,394)      |
| Total accumulated depreciation               | (95,047,906)         | (5,247,803)  | 569,830        | (99,725,879)      |
| Total capital assets, being depreciated, net | 75,258,954           | (1,589,575)  | (43,067)       | 73,626,312        |
| Governmental activities capital assets, net  | \$ 96,048,290        | \$ 7,006,683 | \$ (2,610,308) | \$ 100,444,665    |

|  | Beginning<br>Balance | Increases     | Decreases      | Transfers | Ending<br>Balance |
|--|----------------------|---------------|----------------|-----------|-------------------|
| <b>Business-type Activities:</b>             |                      |               |                |           |                   |
| Capital assets, not being depreciated:       |                      |               |                |           |                   |
| Land   | \$ 2,923,819         | \$ 27,860     | \$ -           | \$ -      | \$ 2,951,679      |
| Construction in progress                     | 6,593,958            | 11,665,505    | (1,407,446)    | -         | 16,852,017        |
| Total capital assets, not being depreciated  | 9,517,777            | 11,693,365    | (1,407,446)    | -         | 19,803,696        |
| Capital assets, being depreciated:           |                      |               |                |           |                   |
| Land improvements                            | 21,589,462           | -             | (140,919)      | 206,511   | 21,655,054        |
| Buildings                                    | 69,115,371           | -             | -              | (2,480)   | 69,112,891        |
| Building improvements                        | 8,046,344            | 1,460,106     | (44,163)       | (228,079) | 9,234,208         |
| Equipment                                    | 10,493,896           | 786,322       | (298,547)      | 274,789   | 11,256,460        |
| Vehicles                                     | 5,986,929            | 772,827       | (280,951)      | (250,741) | 6,228,064         |
| Right-to-use leased equipment                | -                    | 168,849       | -              | -         | 168,849           |
| Right-to-use subscription asset              | 26,578               | -             | -              | -         | 26,578            |
| Sewer system                                 | 78,322,281           | -             | -              | -         | 78,322,281        |
| Total capital assets, being depreciated      | 193,580,861          | 3,188,104     | (764,580)      | -         | 196,004,385       |
| Less accumulated depreciation for:           |                      |               |                |           |                   |
| Land improvements                            | (13,807,362)         | (360,104)     | 140,919        | -         | (14,026,547)      |
| Buildings                                    | (44,382,475)         | (1,172,198)   | -              | -         | (45,554,673)      |
| Building improvements                        | (4,378,060)          | (254,566)     | 19,171         | -         | (4,613,455)       |
| Equipment                                    | (7,044,710)          | (553,623)     | 294,362        | 62,414    | (7,241,557)       |
| Vehicles                                     | (3,448,692)          | (512,943)     | 278,566        | (62,414)  | (3,745,483)       |
| Right-to-use leased equipment                | -                    | (11,257)      | -              | -         | (11,257)          |
| Right-to-use subscription asset              | (12,036)             | (6,018)       | -              | -         | (18,054)          |
| Sewer system                                 | (27,397,953)         | (1,549,874)   | -              | -         | (28,947,827)      |
| Total accumulated depreciation               | (100,471,288)        | (4,420,583)   | 733,018        | -         | (104,158,853)     |
| Total capital assets, being depreciated, net | 93,109,573           | (1,232,479)   | (31,562)       | -         | 91,845,532        |
| Business type activities capital assets, net | \$ 102,627,350       | \$ 10,460,886 | \$ (1,439,008) | \$ -      | \$ 111,649,228    |

Depreciation/amortization expense was charged to functions of the primary government as follows:

|   |                     |
|---|---------------------|
| Governmental activities:  |                     |
| Public Safety   | \$ 514,763          |
| Public Works  | 3,396,985           |
| Culture and recreation  | 968,271             |
| Community and economic development  | 31,174              |
| General Government  | 304,389             |
| Capital assets held by the Government's<br>internal service funds are charged<br>to the various functions based on their<br>usage of the assets | <u>32,222</u>       |
| Total Depreciation Expense - governmental activities  | <u>\$ 5,247,804</u> |
| Business-type activities:   |                     |
| Water pollution control   | \$ 3,078,816        |
| Refuse Collection   | 173,604             |
| Transfer Station  | 288,668             |
| Airport   | 354,562             |
| Parking   | 25,017              |
| Transit   | 151,631             |
| Golf Course   | 92,166              |
| Boat harbor   | 17,204              |
| Ambulance   | 149,457             |
| Public Housing  | <u>89,458</u>       |
| Total Depreciation Expense - business-type activities   | <u>\$ 4,420,583</u> |

### Discretely presented component units

Activity for the Solid Waste Agency for the year ended June 30, 2025 was as follows:

|  | Beginning<br>Balance | Increases          | Decreases   | Ending<br>Balance   |
|--|----------------------|--------------------|-------------|---------------------|
| Capital assets, not being depreciated:       |                      |                    |             |                     |
| Land   | \$ 1,120,958         | \$ -               | \$ -        | \$ 1,120,958        |
| Construction in progress                     | -                    | -                  | -           | -                   |
| Total capital assets, not being depreciated  | <u>1,120,958</u>     | <u>-</u>           | <u>-</u>    | <u>1,120,958</u>    |
| Capital assets, being depreciated:           |                      |                    |             |                     |
| Land improvements                            | 2,726,364            | -                  | -           | 2,726,364           |
| Buildings                                    | 37,314               | -                  | -           | 37,314              |
| Building improvements                        | 38,784               | -                  | -           | 38,784              |
| Equipment                                    | 126,201              | -                  | -           | 126,201             |
| Leachate collection system                   | 663,435              | -                  | -           | 663,435             |
| Total capital assets, being depreciated      | <u>3,592,098</u>     | <u>-</u>           | <u>-</u>    | <u>3,592,098</u>    |
| Less accumulated depreciation for:           |                      |                    |             |                     |
| Land improvements                            | (2,588,839)          | (60,765)           | -           | (2,649,604)         |
| Buildings                                    | (27,521)             | (933)              | -           | (28,454)            |
| Building improvements                        | (14,005)             | (2,155)            | -           | (16,160)            |
| Equipment                                    | (64,149)             | (8,000)            | -           | (72,149)            |
| Leachate collection system                   | (517,816)            | (21,419)           | -           | (539,235)           |
| Total accumulated depreciation               | <u>(3,212,330)</u>   | <u>(93,272)</u>    | <u>-</u>    | <u>(3,305,602)</u>  |
| Total capital assets, being depreciated, net | <u>379,768</u>       | <u>(93,272)</u>    | <u>-</u>    | <u>286,496</u>      |
| Solid Waste Agency capital assets, net       | <u>\$ 1,500,726</u>  | <u>\$ (93,272)</u> | <u>\$ -</u> | <u>\$ 1,407,454</u> |

Activity for Muscatine Power & Water for the year ended December 31, 2024 was as follows:

|   | Beginning<br>Balance | Increases     | Decreases      | Ending<br>Balance |
|---|----------------------|---------------|----------------|-------------------|
| Capital assets, not being depreciated:      |                      |               |                |                   |
| Land and land rights                        | \$ 5,640,769         | \$ -          | -              | \$ 5,640,769      |
| Construction work in progress               | 2,048,300            | 12,841,836    | (6,480,964)    | 8,409,172         |
| Total capital assets, not being depreciated | 7,689,069            | 12,841,836    | (6,480,964)    | 14,049,941        |
| Capital assets being depreciated:           |                      |               |                |                   |
| Generation plant                            | 329,661,168          | 2,722,923     | (51)           | 332,384,040       |
| Transmission and distribution plant         | 79,593,457           | 3,622,852     | (151,432)      | 83,064,877        |
| General plant                               | 33,226,673           | 779,425       | (311,429)      | 33,694,669        |
| Source of supply                            | 4,281,701            | 32,248        | -              | 4,313,949         |
| Pumping equipment                           | 3,419,429            | -             | -              | 3,419,429         |
| Purification equipment                      | 3,145,665            | 28,200        | (5,329)        | 3,168,536         |
| Distribution system                         | 28,384,849           | 762,799       | -              | 29,147,648        |
| Network operations plant                    | 27,948,188           | 1,385,754     | (5,618)        | 29,328,324        |
| Right-to-use subscription asset             | 1,444,132            | 775,255       | -              | 2,219,387         |
| Total capital assets being depreciated      | 511,105,262          | 10,109,456    | (473,859)      | 520,740,859       |
| Less accumulated depreciation for:          |                      |               |                |                   |
| Generation plant                            | (312,325,903)        | 4,238,935     | (51)           | (316,564,787)     |
| Transmission and distribution plant         | (38,766,837)         | 1,864,593     | (147,536)      | (40,483,894)      |
| General plant                               | (22,550,054)         | 1,120,622     | (270,446)      | (23,400,230)      |
| Source of supply                            | (2,158,913)          | 105,491       | -              | (2,264,404)       |
| Pumping equipment                           | (1,289,397)          | 98,665        | -              | (1,388,062)       |
| Purification equipment                      | (1,164,863)          | 56,739        | (2,556)        | (1,219,046)       |
| Distribution system                         | (8,193,250)          | 688,799       | -              | (8,882,049)       |
| Network operations plant                    | (11,338,270)         | 2,344,293     | (5,584)        | (13,676,979)      |
| Right-to-use subscription asset             | (287,917)            | 375,666       | -              | (663,583)         |
| Total accumulated depreciation              | (398,075,404)        | 10,893,803    | (426,173)      | (408,543,034)     |
| Total capital assets, being depreciated net | 113,029,858          | (784,347)     | (47,686)       | 112,197,825       |
| Muscatine Power & Water capital assets, net | \$ 120,718,927       | \$ 12,057,489 | \$ (6,528,650) | \$ 126,247,766    |

## NOTE 6. LONG-TERM DEBT

**General Obligation Bonds.** The general obligation bonds outstanding as of June 30, 2025 total \$15,396,655. These bonds bear interest at rates ranging from 2.00% to 5.00%.

General obligation bonds as of June 30, 2025 consist of the following individual issues:

|                                 | Issue<br>Date | Amount<br>Issued | Interest<br>Rates | Balance<br>6/30/2025 | Governmental<br>Activities | Business-Type<br>Activities |
|---------------------------------|---------------|------------------|-------------------|----------------------|----------------------------|-----------------------------|
| General obligation bonds:       |               |                  |                   |                      |                            |                             |
| General corporate               | 5/26/2016     | 4,550,000        | 2.00-2.50         | 474,894 (1)          | 474,894                    | -                           |
| General corporate and refunding | 5/23/2018     | 4,090,000        | 3.00-5.00         | 1,665,361 (2)        | 1,399,691                  | 265,670                     |
| General corporate               | 5/7/2020      | 6,310,000        | 2.00              | 3,179,231 (3)        | 3,179,231                  | -                           |
| General corporate               | 6/2/2022      | 6,190,000        | 3.25-4.00         | 4,903,975 (4)        | 4,903,975                  | -                           |
| General corporate               | 6/5/2024      | 4,880,000        | 4.00-5.00         | 5,173,194 (5)        | 5,173,194                  | -                           |
| Totals                          |               |                  |                   | \$ 15,396,655        | \$ 15,130,985              | \$ 265,670                  |

1. Net of unamortized premium of \$4,894
2. Net of unamortized premium of \$35,361
3. Net of unamortized premium of \$34,231
4. Net of unamortized premium of \$148,975
5. Net of unamortized premium of \$393,194



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

| Year Ending<br>June 30 | Governmental         |                     | Business-Type     |                  |
|------------------------|----------------------|---------------------|-------------------|------------------|
|                        | Principal            | Interest            | Principal         | Interest         |
| 2026                   | \$ 2,430,000         | \$ 530,826          | \$ 85,000         | \$ 8,650         |
| 2027                   | 2,070,000            | 449,813             | 85,000            | 5,250            |
| 2028                   | 2,260,000            | 380,313             | 90,000            | 2,700            |
| 2029                   | 1,850,000            | 302,213             | -                 | -                |
| 2030                   | 1,915,000            | 235,763             | -                 | -                |
| 2031-2034              | 3,995,000            | 365,676             | -                 | -                |
|                        | <u>\$ 14,520,000</u> | <u>\$ 2,264,604</u> | <u>\$ 260,000</u> | <u>\$ 16,600</u> |

**State Revolving Fund (SRF) General Obligation Loan.** On July 20, 2024 the City Council approved the Resolution Authorizing and Approving the Loan and Disbursement Agreement and providing for the issuance of \$8,000,000 in General Obligation Annual Appropriation Sewer Improvement Bonds, Series 2024, to pay costs for construction of Phases 6-A and 6-B of the West Hill Sewer Separation project. The closing date of the loan was August 11, 2023. This loan is through the State Revolving Fund (SRF) Loan program and has an interest rate of 1.75% with a .25% loan servicing fee. Funds are being drawn down as needed to pay project costs as they are incurred. As of June 30, 2025, \$6,862,788 had been drawn down. The initial interest payments will be based on the amount of loan funds drawn down as of the payment dates. Principal payments on the loan began June 1, 2025 and continue through June 1, 2034. The City plans to pay the annual debt service costs for this SRF loan with future local option sales tax funds.

On October 17, 2024, the City Council approved the Resolution authorizing and Approving the Loan and Disbursement Agreement and providing for the issuance of \$7,960,000 in General Obligation Annual Appropriation Sewer Improvement Bonds, Series 2024 issued November 1, 2024. This loan is through the State Revolving Fund (SRF) Loan program and has an interest rate of 2.43% with a .25% loan servicing fee. Funds are being drawn down as needed to pay project costs as they are incurred. As of June 30, 2025, \$4,643,009 had been drawn down. Interest is due on June 1<sup>st</sup> and December 1<sup>st</sup>. Principal payments on the loan will begin June 1, 2026 and continue through June 1, 2034. The City plans to pay the annual debt service costs for this SRF loan with future local option sales tax funds.

Annual debt service requirements to maturity on the general obligation SRF loans are estimated as follows:

| Year Ending<br>June 30 | Governmental Activities |                     |                   |
|------------------------|-------------------------|---------------------|-------------------|
|                        | Principal               | Interest            | Fees              |
| 2026                   | \$ 1,539,000            | \$ 298,823          | \$ 35,830         |
| 2027                   | 1,575,000               | 288,304             | 34,225            |
| 2028                   | 1,612,000               | 255,199             | 30,288            |
| 2029                   | 1,650,000               | 221,297             | 26,258            |
| 2030                   | 1,690,000               | 186,581             | 22,133            |
| 2031-2034              | 7,163,000               | 382,003             | 45,292            |
|                        | <u>\$ 15,229,000</u>    | <u>\$ 1,632,207</u> | <u>\$ 194,026</u> |

**State Revolving Fund (SRF) Revenue Loan.** In November of 2008, the City entered into a State Revolving Fund Revenue Loan with the State of Iowa in the amount of \$16,500,000 to finance comprehensive improvements at the City's Water Pollution Control Plant. As of June 30, 2025, the loan balance is \$6,552,000. The original Loan had an interest rate of 3% and a loan servicing fee of .25% per annum of the principal amount of the loan outstanding. Effective December 1, 2018, the interest rate on this loan decreased to 1.75% plus the .25% loan servicing fee. Repayment of this loan is to come from future revenues of the Plant.

State Revolving Fund Loan Revenues Pledged. The City is required to establish, impose, adjust, and provide for the collection of fees to be charged to customers of the Water Pollution Control Plant to produce gross revenues at least sufficient to pay operating and maintenance costs of the plant and to leave a net balance equal to at least 110% of the principal and interest on all of the bonds and any other parity obligations due in such fiscal year as they become due. The City is also required to establish a Sewer Revenue Bond Sinking Fund into which there shall be set aside from net revenues, sufficient funds to pay interest on and principal of all of the bonds and any parity obligations as the same become due.

Annual debt service requirements for the state revolving fund revenue loan are as follows:

| Year Ending<br><u>June 30</u> | Business-Type       |                   |                  |
|-------------------------------|---------------------|-------------------|------------------|
|                               | Principal           | Interest          | Fees             |
| 2026                          | \$ 849,000          | \$ 114,660        | \$ 16,380        |
| 2027                          | 876,000             | 99,802            | 14,258           |
| 2028                          | 905,000             | 84,472            | 12,068           |
| 2029                          | 934,000             | 68,635            | 9,805            |
| 2030                          | 964,000             | 52,290            | 7,470            |
| 2031-2034                     | 2,024,000           | 53,410            | 7,630            |
|                               | <u>\$ 6,552,000</u> | <u>\$ 473,269</u> | <u>\$ 67,611</u> |

## Leases

### Governmental Activities:

In fiscal year 2020, the City entered into a 60-month lease agreement as lessee for the use of copier equipment for the Finance department. The initial lease liability was \$6,814. At June 30, 2025 the lease liability was completed. The City was required to make monthly principal and interest payments totaling \$118.55. The lease had an interest rate of 1.70%.

In fiscal year 2021, the City entered into a 60-month lease agreement as lessee for the use of copier equipment for the Community Development department. The initial lease liability was \$1,585. At June 30, 2025 the lease liability is \$219. The City is required to make monthly principal and interest payments totaling \$27.58. The lease has an interest rate of 1.70%.

On September 1, 2022, the City entered into a 60-month lease as lessee for the use of copier equipment for the Library. An initial lease liability was recorded in the amount of \$6,155. As of June 30, 2025, the value of the lease liability is \$1,860. The City is required to make monthly fixed payments of \$134.97. The lease has an interest rate of 2.536%.

On December 1, 2022, the City entered into a 60-month lease as lessee for the use of copier equipment for City Hall. An initial lease liability was recorded in the amount of \$9,189. As of June 30, 2025, the value of the lease liability is \$4,626. The City is required to make monthly fixed payments of \$166.47. The lease has an interest rate of 3.445%.

On January 30, 2024, the City entered into a 60-month lease as lessee for the use of postage equipment. The initial lease liability was \$8,044. At June 30, 2025 the lease liability is \$5,694. The City is required to make monthly principal and interest payments totaling \$141.44. The lease has an interest rate of 1.7%.

The future principal and interest payments on the Governmental Activities leases are as follows:

| <u>Year ending June 30:</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>    |
|-----------------------------|------------------|-----------------|-----------------|
| 2026                        | \$ 5,259         | \$ 276          | \$ 5,535        |
| 2027                        | 3,819            | 146             | 3,965           |
| 2028                        | 2,479            | 50              | 2,529           |
| 2029                        | 842              | 7               | 849             |
|                             | <u>\$ 12,399</u> | <u>\$ 472</u>   | <u>\$ 5,535</u> |

## Leases

### Business-type Activities:

On March 12, 2025, the City entered into a lease for 55 golf carts. The lease term is for five years with payments of \$6,188 during the months of May through October in each of the five years. The lease has an interest rate of 5.64%. The initial lease liability was \$168,849. At June 30, 2025, the lease liability is \$158,386.

The future principal and interest payments on the golf carts lease are as follows:

| <u>Year ending June 30:</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|-----------------------------|-------------------|------------------|-------------------|
| 2026                        | \$ 30,506         | \$ 7,969         | \$ 38,475         |
| 2027                        | 32,272            | 6,203            | 38,475            |
| 2028                        | 34,140            | 4,335            | 38,475            |
| 2029                        | 36,116            | 2,359            | 38,475            |
| 2030                        | 25,352            | 299              | 25,651            |
|                             | <u>\$ 158,386</u> | <u>\$ 18,507</u> | <u>\$ 179,551</u> |

## Subscriptions Payable

### Government Activities:

On December 1, 2021, the City entered into a 60-month subscription for the use of MRI Software for the Section 8 Housing Choice Voucher Program. An initial subscription liability was recorded as of July 1, 2022 in the amount of \$67,438. As of June 30, 2025, the value of the subscription liability is \$17,206. The City is required to make annual fixed payments of \$17,597.81. The subscription has an interest rate of 2.275%.

On July 1, 2022, the City entered into a 36 month subscription for the use of Springbrook Financial Software - Cloud Version. An initial subscription liability was recorded in the amount of \$177,519. As of June 30, 2025, the subscription was completed.

On July 12, 2024, the City entered into a 36 month subscription for the use of Google Workspace. An initial subscription liability was recorded in the amount of \$89,592. As of June 30, 2025, the value of the subscription liability is \$58,809. The City is required to make annual fixed payments of \$30,783. The subscription has an interest rate of 3.1100%.

On November 11, 2024, the City entered into a 60 month subscription for the use of Cisco Amp - Converge One software. An initial subscription liability was recorded in the amount of \$33,259. As of June 30, 2025, the value of the subscription liability is \$26,366. The City is required to make annual fixed payments of \$6,989. The subscription has an interest rate of 2.3810%.

On November 11, 2024, the City entered into a 60 month subscription for the use of Cisco Umbrella software. An initial subscription liability was recorded in the amount of \$39,960. As of June 30, 2025, the value of the subscription liability is \$31,671. The City is required to make annual fixed payments of \$8,395. The subscription has an interest rate of 2.3810%.

On December 23, 2024, the City entered into a 60 month subscription for the use of SHI Vmware software.. An initial subscription liability was recorded in the amount of \$16,514. As of June 30, 2025, the value of the subscription liability is \$0. The subscription has an interest rate of 2.3810%.

The future principal and interest payments on Governmental Activities subscriptions are as follows:

| <u>Year ending June 30:</u> | <u>Principal</u>  | <u>Interest</u> | <u>Total</u>      |
|-----------------------------|-------------------|-----------------|-------------------|
| 2026                        | \$ 60,162         | \$ 391          | \$ 60,553         |
| 2027                        | 44,189            | 1,976           | 46,165            |
| 2028                        | 14,676            | 707             | 15,383            |
| 2029                        | 15,025            | 358             | 15,383            |
|                             | <u>\$ 134,052</u> | <u>\$ 3,432</u> | <u>\$ 137,484</u> |

#### **Business-Type Activities:**

On December 1, 2021, the City entered into a 60 month subscription for the use of MRI Software for the Public Housing Program. An initial subscription liability was recorded as of July 1, 2022 in the amount of \$26,579. As of June 30, 2025, the value of the subscription liability is \$6,781. The City is required to make annual fixed payments of \$6,935.62. The subscription has an interest rate of 2.275%. The future principal and interest payments on the subscription are as follows:

| <u>Year ending June 30:</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>    |
|-----------------------------|------------------|-----------------|-----------------|
| 2026                        | \$ 6,781         | \$ 154          | \$ 6,935        |
|                             | <u>\$ 6,781</u>  | <u>\$ 154</u>   | <u>\$ 6,935</u> |

Long-term liability activity for the year ended June 30, 2025 was as follows:

## Primary government

### Primary Government

|  | Restated<br>Beginning<br>Balance | Additions     | Reductions     | Ending<br>Balance | Due Within<br>One Year |
|--|----------------------------------|---------------|----------------|-------------------|------------------------|
| <b>Governmental activities:</b>          |                                  |               |                |                   |                        |
| Bonds payable:                           |                                  |               |                |                   |                        |
| General obligation bonds                 | \$ 16,630,000                    | \$ -          | \$ (2,110,000) | \$ 14,520,000     | \$ 2,430,000           |
| State revolving fund loan                | 4,090,907                        | 7,434,890     | (731,000)      | 10,794,797        | 731,000                |
| Premiums/discounts                       | 771,376                          | -             | (160,391)      | 610,985           | -                      |
| Total bonds payable                      | 21,492,283                       | 7,434,890     | (3,001,391)    | 25,925,782        | 3,161,000              |
| Leases                                   | 18,331                           | -             | (5,932)        | 12,399            | 5,259                  |
| Subscriptions                            | 96,146                           | 179,325       | (141,419)      | 134,052           | 60,162                 |
| Compensated absences                     | 2,851,008                        | 1,871,901     | (1,695,778)    | 3,027,131         | 2,309,089              |
| Net pension liability                    | 13,441,709                       | 113,686       | -              | 13,555,395        | -                      |
| Other post-employment benefits liability | 1,159,292                        | 453,788       | -              | 1,613,080         | 60,007                 |
| Governmental activity                    |                                  |               |                |                   |                        |
| long-term liabilities                    | \$ 30,048,484                    | \$ 10,053,590 | \$ (4,844,520) | \$ 44,267,839     | \$ 5,595,517           |
| <b>Business-type activities:</b>         |                                  |               |                |                   |                        |
| Bonds and loans payable:                 |                                  |               |                |                   |                        |
| General obligation bonds                 | \$ 340,000                       | \$ -          | \$ (80,000)    | \$ 260,000        | \$ 85,000              |
| State revolving fund loan                | 7,374,000                        | -             | (822,000)      | 6,552,000         | 849,000                |
| Premiums                                 | 9,990                            | -             | (4,320)        | 5,670             | -                      |
| Total bonds and loans payable            | 7,723,990                        | -             | (906,320)      | 6,817,670         | 934,000                |
| Leases                                   | -                                | 168,849       | (10,463)       | 158,386           | 30,506                 |
| Subscriptions                            | 13,412                           | -             | (6,631)        | 6,781             | 6,781                  |
| Compensated absences                     | 734,438                          | 274,371       | (205,105)      | 803,704           | 574,038                |
| Net pension liability                    | 2,194,160                        | -             | (377,094)      | 1,817,066         | 18,031                 |
| Other post-employment benefits liability | 348,348                          | 136,356       | -              | 484,704           | -                      |
| Closure/post-closure obligation          | 33,825                           | -             | -              | 33,825            | -                      |
| Business-type activity                   |                                  |               |                |                   |                        |
| long-term liabilities                    | \$ 11,364,009                    | \$ 579,576    | \$ (1,505,613) | \$ 10,122,136     | \$ 1,563,356           |

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. At year-end \$100,440, of internal service funds compensated absences are included in the above amounts. Pension liability and other post-employment benefits liability for the internal service funds of \$119,896 and \$38,491, respectively, have also been included with governmental activities.

The net pension liability and other post-employment benefits liability are generally liquidated by the general fund and employee benefits fund for governmental activities and the respective funds for business-type activities.

## Discretely presented component units

Activity for the Solid Waste Agency for the year ended June 30, 2025, was as follows:

|                                 | Beginning<br>Balance | Additions  | Reductions | Ending<br>Balance | Due Within<br>One Year |
|---------------------------------|----------------------|------------|------------|-------------------|------------------------|
| Compensated absences            | \$ 8,362             | \$ 969     | \$ -       | \$ 9,331          | \$ 4,698               |
| Closure/post-closure obligation | 5,035,576            | 343,244    | -          | 5,378,820         | -                      |
| Total liabilities               | \$ 5,043,938         | \$ 344,213 | \$ -       | \$ 5,388,151      | \$ 4,698               |

Activity for Muscatine Power & Water for the year ended December 31, 2024, was as follows:

|   | Restated<br>Beginning<br>Balance | Additions          | Reductions          | Ending<br>Balance    |
|---|----------------------------------|--------------------|---------------------|----------------------|
| Net pension liability                       | \$ 24,268,432                    | \$ (2,482,481)     | \$ (11,066,114)     | \$ 10,719,837        |
| Water revenue bonds                         | 12,485,000                       | -                  | (445,000)           | 12,040,000           |
| Unamortized bond premiums                   | 388,145                          | -                  | (69,717)            | 318,428              |
| Note payable to bank                        | 5,708,536                        | -                  | (1,468,994)         | 4,239,542            |
| Post-employment health benefit provision    | 1,119,202                        | 101,495            | (75,225)            | 1,145,472            |
| Subscription based IT arrangement           | 1,153,278                        | 775,256            | (478,200)           | 1,450,334            |
| Plant decommissioning                       | 12,012,000                       | -                  | -                   | 12,012,000           |
| Landfill closure and post-closure liability | 1,220,335                        | 255,273            | -                   | 1,475,608            |
| Total long-term debt                        | 58,354,928                       | <u>(1,350,457)</u> | <u>(13,603,250)</u> | 43,401,221           |
| Less current installments                   | 2,256,781                        |                    |                     | 2,373,661            |
| Long-term debt, net of current portion      | <u>\$ 56,098,147</u>             |                    |                     | <u>\$ 41,027,560</u> |

In May 2017, the Board approved the issuance and securing the payment of future obligations for the purposes of borrowing money for constructing water improvements and extensions. The water utility issued \$14,865,000 Water Revenue Bonds, Series 2017 in June 2017 for that purpose. The premium bonds are A&P “A” rated, a non-bank qualified issue, callable June 1, 2027 at par. The effective interest cost is approximately 3.51%. The interest payments that are due each June 1 and December 1 began December 1, 2017. Principal payments are due annually on December 1 and began in 2018. Total outstanding bonds payable at December 31, 2024 was \$12,040,000.

Events of default are defined as either: 1) the non-payment of interest, principal, or premium when the same shall become due and payable, or 2) through a bankruptcy proceeding there is an admission of the inability to pay this debt, or 3) any event of default under any parity obligation or parity obligation issuance document. In the event of default, the principal of and the accrued interest on all bonds then outstanding will be due and payable immediately.

Prior to 2004, the electric utility advanced \$35,327,000 to the communications utility for capital improvements and acquisition of a cable television system. On November 25, 2014, the Board approved an amendment to this loan agreement that included loan forgiveness of \$25,327,000, changing the fixed interest rate from 3.53% to 0.50%, and modifying the amortization of the note from a 30-year period to a 20-year period. These new terms became effective January 1, 2015. Annual principal payments began January 1, 2016; semi-annual payments of interest are due each January 1 and July 1.

On September 8, 2020, the Communications Revenue Bond, Series 2020 was signed with a local bank providing \$3,700,000 for telecommunications systems improvements and extensions to the municipal communications utility. Principal bears interest at the rate of 2.73% per annum. Both principal and interest are payable in twenty-eight equal quarterly installments of \$145,860 each, due on March 30, June 30, September 30, and December 30, which began December 30, 2020; final payment is due September 30, 2027. Upon default of the bond obligations, a proceeding may be brought in law or in equity by suit, action or mandamus to enforce compliance with the bond’s terms, or action may be brought to obtain the appointment of a receiver to take possession of and operate the communications utility and to perform the duties required by the bond resolution and the Code of Iowa. This bond was issued as a first step of a refinancing of the Series 2017 Bond.

On January 5, 2021, the communications utility closed on the \$6,300,000 Communications Revenue Bond, Series 2021, issued at a rate of 2.73% per annum. Both principal of and interest on this bond are payable in 26 equal quarterly installments in the amount of \$256,611 each, due on December 30,

March 30, June 30, and September 30 in each of the years 2021 to 2027. The final payment is September 30, 2027. Upon breach or default of the bond or parity obligations and the related Board bond resolution, a proceeding may be brought in law or in equity by suit, action, or mandamus to enforce and compel compliance with the bond's terms, or action may be brought to obtain the appointment of a receiver to take possession of and operate the communications utility and to perform the duties required by the bond resolution and the Code of Iowa. The Communications Revenue Bond, Series 2017, was paid off with proceeds from this bond issue.

Annual debt service requirements for the revenue bonds and bank loan are as follows:

| Year Ending<br>December 31 | Revenue Bonds        |                     | Bank Loan           |                   |
|----------------------------|----------------------|---------------------|---------------------|-------------------|
|                            | Principal<br>Amount  | Interest            | Principal<br>Amount | Interest          |
| 2025                       | \$ 470,000           | \$ 479,450          | \$ 1,509,510        | \$ 100,373        |
| 2026                       | 490,000              | 455,950             | 1,551,143           | 58,740            |
| 2027                       | 515,000              | 431,450             | 1,178,890           | 16,043            |
| 2028                       | 535,000              | 410,850             | -                   | -                 |
| 2029                       | 560,000              | 389,450             | -                   | -                 |
| 2030-2033                  | 2,430,000            | 1,355,700           | -                   | -                 |
| 2034-2038                  | 3,605,000            | 1,131,200           | -                   | -                 |
| 2039-2042                  | 3,435,000            | 350,200             | -                   | -                 |
| Totals                     | <u>\$ 12,040,000</u> | <u>\$ 5,004,250</u> | <u>\$ 4,239,543</u> | <u>\$ 175,156</u> |

Water utility revenues, net of specified operating expenses, are pledged as security of the water debt until fully paid. Principal and interest paid in 2024 and water utility net revenues are as follows:

|                             | <u>Water</u> |
|-----------------------------|--------------|
| Principal and interest paid | \$ 946,700   |
| Net revenues                | 2,834,659    |

Annual future principal and interest payments are expected to require 33% of the water utility net revenues.

All MP&W communications utility revenues, net of specified operating expenses, are pledged as security of the communications debt until fully paid. Annual future principal and interest payments are expected to require 36% of communications utility net revenues.

Principal and interest paid in 2024 and communications utility net revenue, are as follows:

|                             | <u>Communications</u> |
|-----------------------------|-----------------------|
| Principal and interest paid | \$ 1,609,883          |
| Net revenues                | 4,463,203             |

Restricted assets represent amounts set aside under the terms of the water bond agreement. In accordance with the covenants of the bond resolutions, the amounts have been segregated into funds. In accordance with the bond agreement, the bond fund is used solely for the purpose of paying the interest on and principal of the outstanding debt. The composition of the restricted assets at December 31, 2024 is as follows:

|                         |                      |
|-------------------------|----------------------|
|                         | <u>Water Utility</u> |
| Bond Fund               | \$ <u>946,700</u>    |
| Total restricted assets | \$ <u>946,700</u>    |

In the prior year, the utility entered into a SBITA contract for the use of Imprivata Proximity USB readers and mobile device access. As of December 31, 2024, the value of the subscription liability was \$0. The utility is required to make annual principal and interest payments of \$21,760 through March 2025. The subscription liability was valued using a discount rate of 4.5% based on the utility's incremental borrowing rate.

In the prior year, the utility entered into a SBITA contract for the use of Journyx payroll software. As of December 31, 2024, the value of the subscription liability was \$0. The utility is required to make annual principal and interest payments of \$24,660 through April 2025. The subscription liability was valued using a discount rate of 4.5% based on the utility's incremental borrowing rate.

In the prior year, the utility entered into a SBITA contract for the use of Sphera Cloud CM Pro Software. As of December 31, 2024, the value of the subscription liability was \$0. The utility is required to make annual principal and interest payments of \$12,807 through June 2025. The subscription liability was valued using a discount rate of 4.5% based on the utility's incremental borrowing rate.

In the prior year, the utility entered into a SBITA contract for the use of NISC customer service software. As of December 31, 2024, the value of the subscription liability was \$826,991. The utility is required to make monthly principal and interest payment of \$23,630 through March 2028. The subscription liability was valued using a discount rate of 4.5% based on the utility's incremental borrowing rate.

In the current year, the utility entered into a SBITA contract for the use of Secureworks iSensor Software. As of December 31, 2024, the value of the subscription liability was \$29,840. The utility is required to recognize annual principal and interest payments of \$15,747 through December 31, 2026. The subscription liability was valued using a discount rate of 4.5% based on the utility's incremental borrowing rate.

In the current year, the utility entered into a SBITA contract for the use of OSI Monarch Gold support services. As of December 31, 2024, the value of the subscription liability was \$514,752. The utility is required to recognize annual principal and interest payments of \$107,461 or more through August 31, 2030. The subscription liability was valued using a discount rate of 4.5% based on the utility's incremental borrowing rate.

In the current year, the utility entered into a SBITA Contract for the use of Ion Wave Software and support services. As of December 31, 2024, the value of the subscription liability was \$28,585. The utility is required to recognize annual principal and interest payments of \$15,000 or more through July 31, 2027. The subscription liability was valued using a discount rate of 4.5% based on the utility's incremental borrowing rate.

In the current year, the utility entered into a SBITA contract for the use of Pomeroy IT Solutions Vsphere software. As of December 31, 2024, the value of the subscription liability was \$45,079. The utility is required to recognize annual principal and interest payments of \$24,244 or more through November 14, 2027. The subscription liability was valued using a discount rate of 4.5% based on the utility's incremental borrowing rate.



The future principal and interest payments on the subscriptions are as follows:

| Year ending June 30: | Principal           | Interest        | Total               |
|----------------------|---------------------|-----------------|---------------------|
| 2025                 | \$ 394,151          | \$ 2,488        | \$ 396,639          |
| 2026                 | 412,295             | 2,153           | 414,448             |
| 2027                 | 378,544             | 855             | 379,399             |
| 2028                 | 148,160             | 170             | 148,330             |
| 2029                 | 117,187             | -               | 117,187             |
|                      | <u>\$ 1,450,337</u> | <u>\$ 5,666</u> | <u>\$ 1,456,003</u> |

#### **NOTE 7. LANDFILL CLOSURE AND POSTCLOSURE CARE COST**

State and federal laws and regulations require the Muscatine County Solid Waste Management Agency to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure.

Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Agency reports a portion of these closure and post closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$5,378,820 reported as landfill closure and post closure care liability at June 30, 2025, represents the cumulative amount reported to date based on the use of 82% of the estimated capacity of the current landfill property. The Agency will recognize the remaining estimated cost of closure and post closure care of \$1,075,764 as the remaining estimated capacity is filled over the 10 remaining years.

These amounts are based on what it would cost to perform all closure and post closure care in 2025. The Agency expects the currently-permitted landfill property to reach its capacity in 2035. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Financial assurances for closure and post-closure care is demonstrated through the Financial Test as specified in IAC 567 Chapter 113.14(6)f. The Agency has begun to accumulate resources to fund these costs in accordance with state and federal requirements.

#### **NOTE 8. RETIREMENT SYSTEMS**

##### **Iowa Public Employees Retirement System (IPERS) 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 Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive, P.O. Box 9117, Des Moines, Iowa 50306-9117 or at [www.ipers.org](http://www.ipers.org).

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 member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a regular member's monthly IPERS benefit includes:

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

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

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

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

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

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

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

In fiscal year 2025, pursuant to the required rate, Regular members contributed 6.29 percent of covered payroll and the City and MP&W contributed 9.44 percent of covered payroll, for a total rate

of 15.73 percent. Protection occupation members contributed 6.21 percent of covered payroll and the City contributed 9.31 percent of covered payroll for a total rate of 15.52 percent.

The City's contributions to IPERS for the year ended June 30, 2025 were \$993,818. The MP&W contributions for the year ended December 31, 2024 were \$110,137.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2025, the City reported a liability of \$3,914,632 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2024, the City's proportion was 0.107501 percent, which was an increase of 0.000062 from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City recognized pension expense (income) of \$436,228. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience   | \$ 315,292                        | \$ 2,437                         |
| Changes of assumptions   | -                                 | 941                              |
| Net difference between projected and actual earnings<br>on pension plan investments                          | 49,122                            | -                                |
| Changes in proportion and differences between City<br>contributions and proportionate share of contributions | 80,885                            | 102,954                          |
| City contributions subsequent to the measurement date  | 993,818                           | -                                |
| Total  | <u>\$ 1,439,117</u>               | <u>\$ 106,332</u>                |

The \$993,818 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date, but before the end of the City's reporting period, will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended June 30,</u> |                   |
|----------------------------|-------------------|
| 2026                       | \$ (520,249)      |
| 2027                       | 958,991           |
| 2028                       | 27,009            |
| 2029                       | (130,013)         |
| 2030                       | 3,229             |
| Thereafter                 | -                 |
| Total                      | <u>\$ 338,967</u> |

At December 31, 2024, MP&W reported a liability of \$369,181 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. MP&W's proportion of the net pension liability was based on the utility's share of contributions to the pension plan relative to the contributions of all IPERS participating employers. At June 30, 2024,

MP&W's collective proportion was 0.009997 percent, which was an increase of 0.000633 percent from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the utility recognized IPERS expense (income) of \$77,624. At December 31, 2024, MP&W reported deferred outflows of resources and deferred inflows of resources related to IPERS from the following sources.

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience   | \$ 29,376                         | \$ 229                           |
| Changes of assumptions   | -                                 | 5                                |
| Net difference between projected and actual earnings<br>on pension plan investments                          | 4,617                             | -                                |
| Changes in proportion and differences between MP&W<br>contributions and proportionate share of contributions | 82,349                            | 82,782                           |
| MP&W contributions subsequent to the measurement date  | 61,713                            | -                                |
| Total  | <u>\$ 178,055</u>                 | <u>\$ 83,016</u>                 |

The \$61,713 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to IPERS will be recognized in the pension expense as follows:

| <u>Year Ended December 31,</u> |                  |
|--------------------------------|------------------|
| 2025                           | \$ 23,293        |
| 2026                           | 21,742           |
| 2027                           | 16,421           |
| 2028                           | (9,106)          |
| 2029                           | (12,603)         |
| 2030                           | (6,421)          |
| Total                          | <u>\$ 33,326</u> |

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

The actuarial assumptions used in the June 30, 2024 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 2024 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 pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u>       | <u>Asset<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|--------------------------|-----------------------------|---|
| Domestic equity          | 21.0%                       | 3.52%   |
| International equity     | 13.0%                       | 5.18%   |
| Global smart beta equity | 5.0%                        | 4.12%   |
| Core plus fixed income   | 25.5%                       | 3.04%   |
| Public credit            | 3.0%                        | 4.53%   |
| Cash                     | 1.0%                        | 1.69%   |
| Private equity           | 17.0%                       | 8.89%   |
| Private real assets      | 9.0%                        | 4.25%   |
| Private credit           | 5.5%                        | 6.62%   |
| Total                    | 100%                        |   |

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

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

|  | 1%<br>Decrease<br>(6.0%) | Discount<br>Rate<br>(7.0%) | 1%<br>Increase<br>(8.0%) |
|--|--------------------------|----------------------------|--------------------------|
| City's proportionate share of the<br>net pension liability (asset) | \$ 9,635,315             | \$ 3,914,632               | \$ (876,484)             |

|  | 1%<br>Decrease<br>(6.00%) | Discount<br>Rate<br>(7.00%) | 1%<br>Increase<br>(8.00%) |
|--|---------------------------|-----------------------------|---------------------------|
| MP&W's proportionate share of the<br>net pension liability (asset) | \$ 905,965                | \$ 369,181                  | \$ (80,377)               |

**Pension Plan Fiduciary Net Position** – Detailed information about the pension plan's fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at [www.ipers.org](http://www.ipers.org).

**Payables to the Pension Plan** – At June 30, 2025, the City reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

At December 31, 2024, MP&W reported payables to the defined benefit pension plan of \$10,328 for legally required employer contributions and \$6,882 for legally required employee contributions which had been withheld from employee wages but not yet remitted to IPERS.

### **Municipal Fire and Police Retirement System of Iowa (MFPRSI) Pension Plan**

**Plan Description** – MFPRSI membership is mandatory for fire fighters and police officers covered by the provisions of Chapter 411 of the Code of Iowa. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by MFPRSI. MFPRSI issues a stand-alone financial report which is available to the public by mail at 7155 Lake Drive, Suite #201, West Des Moines, Iowa 50266 or at [www.mfprsi.org](http://www.mfprsi.org).

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa 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** - Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full-service retirement benefits are granted to members with 22 years of service, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed two years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66 percent of the member's average final compensation. Members who perform more than 22 years of service receive 2 percent of the member's average final compensation for each additional year of service, up to a maximum of 8 years. Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child.

Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50 percent surviving spouse benefit.

Active members, at least 55 years of age, with 22 or more years of service have the option to participate in the Deferred Retirement Option Program (DROP). The DROP is an arrangement whereby a member who is otherwise eligible to retire and commence benefits opts to continue to work. A member can elect a 3, 4, or 5 year DROP period. By electing to participate in DROP the member is signing a contract indicating the member will retire at the end of the selected DROP period. During the DROP period the member's retirement benefit is frozen and a DROP benefit is credited to a DROP account established for the member. Assuming the member completes the DROP period, the DROP benefit is equal to 52% of the member's retirement benefit at the member's earliest date eligible and 100% if the member delays enrollment for 24 months. At the member's actual date of retirement, the member's DROP account will be distributed to the member in the form of a lump sum or rollover to an eligible plan.

Disability and Death Benefits - Disability benefits may be either accidental and ordinary. Accidental disability is defined as permanent disability incurred in the line of duty, with benefits equivalent to the greater of 60 percent of the member's average final compensation or the member's service retirement benefit calculation amount. Ordinary disability occurs outside the call of duty and pays benefits equivalent to the greater of 50 percent of the member's average final compensation, for those with 5 or more years of service, or the member's service retirement benefit calculation amount, and 25 percent of average final compensation for those with less than 5 years of service.

Death benefits are similar to disability benefits. Benefits for accidental death are 50 percent of the average final compensation of the member plus an additional amount for each child, or the provisions for ordinary death. Ordinary death benefits consist of a pension equal to 40 percent of the average final compensation of the member plus an additional amount for each child, or a lump-sum distribution to the designated beneficiary equal to 50 percent of the previous year's earnable compensation of the member or equal to the amount of the member's total contributions plus interest.

Benefits are increased (escalated) annually in accordance with Chapter 411.6 of the Code of Iowa which states a standard formula for the increases.

The surviving spouse or dependents of an active member who dies due to a traumatic personal injury incurred in the line of duty receives a \$100,000 lump-sum payment.

Contributions - Member contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.55% of earnable compensation for the year ended June 30, 2025.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1 percent of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 22.66 percent for the year ended June 30, 2025.

The City's contributions to MFPRSI for the year ended June 30, 2025 were \$1,576,098.

If approved by the state legislature, state appropriations may further reduce the employer's contribution rate, but not below the minimum statutory contribution rate of 17.00% of earnable compensation. The State of Iowa therefore is considered to be a nonemployer contributing entity in accordance with the provisions of the Governmental Accounting Standards Board Statement No. 67 – Financial Reporting for Pension Plans, (GASB 67). There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2025.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2025, the City reported a liability of \$11,457,829 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all MFPRSI participating employers. At June 30, 2024, the City's proportion was 1.733979 percent which was an increase of 0.00011451 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the City recognized pension expense of \$1,654,706. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience   | \$ 1,208,221                      | \$ -                             |
| Changes of assumptions   | 41,359                            | -                                |
| Net difference between projected and actual earnings<br>on pension plan investments                          | 766,869                           | -                                |
| Changes in proportion and differences between City<br>contributions and proportionate share of contributions | 178,105                           | 270,731                          |
| City contributions subsequent to the measurement date  | 1,576,098                         | -                                |
| Total  | <u>\$ 3,770,652</u>               | <u>\$ 270,731</u>                |

The \$1,576,098 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date, but before the end of the City's reporting period, will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ended June 30,</u> |                     |
|----------------------------|---------------------|
| 2026                       | \$ (281,706)        |
| 2027                       | 1,690,864           |
| 2028                       | 355,130             |
| 2029                       | 142,489             |
| 2030                       | 17,046              |
| Total                      | <u>\$ 1,923,823</u> |

Actuarial Assumptions The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |   |
|---------------------------|---|
| Rate of Inflation         | 3.00 percent per annum  |
| Salary Increases          | 3.75 percent to 15.11 percent, including inflation              |
| Investment rate of return | 7.50 percent, net of investment<br>expense, including inflation |



The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the ten-year period ending June 30, 2023.

Mortality rates were based on RP 2014 Blue Collar Healthy Annuitant Table with males set-forward zero years, females set-forward two years, and disabled set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

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

| <u>Asset Class</u>        | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|---------------------------|---|
| Broad Fixed Income        | 4.8%  |
| Broad U.S. Equity         | 7.5%  |
| Global Equity             | 7.6%  |
| Broad Non-US Equity       | 7.7%  |
| Managed Futures           | 5.5%  |
| Core Real Estate          | 6.0%  |
| Opportunistic Real Estate | 9.8%  |
| Global Infrastructure     | 6.7%  |
| Private Credit            | 9.4%  |
| Private Equity            | 10.2%   |

Discount Rate - The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at 9.55% of covered payroll and the City contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percent lower (6.50 percent) or 1-percent higher (8.5 percent) than the current rate.

|  | 1%<br>Decrease<br>(6.5%) | Discount<br>Rate<br>(7.5%) | 1%<br>Increase<br>(8.5%) |
|--|--------------------------|----------------------------|--------------------------|
| City's proportionate share of the<br>net pension liability | \$ 19,934,996            | \$ 11,457,829              | \$ 4,441,064             |

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI's website at [www.mfprsi.org](http://www.mfprsi.org).

**Payables to the Pension Plan** - At June 30, 2025, the City reported payables to the defined benefit pension plan of \$0 for legally required employer contributions and \$0 for legally required employee contributions which had been withheld from employee wages but not yet remitted to MFPRSI. Summary information of all primary government pension plans as of June 30, 2025 is as follows:

|  | Primary Government IPERS             |               |            |
|--|--------------------------------------|---------------|------------|
|  | Governmental                         | Business-type | Total      |
|  | Activities                           | Activities    |            |
| Net pension liability                              | 2,162,588                            | 1,752,044     | 3,914,632  |
| Deferred outflows of resources<br>related pensions | 800,817                              | 638,300       | 1,439,117  |
| Deferred inflows of resources<br>related pensions  | 58,896                               | 47,436        | 106,332    |
| Pension expense                                    | 260,867                              | 175,361       | 436,228    |
|  |                                      |               |            |
|  | Primary Government MFPRSI            |               |            |
|  | Governmental                         | Business-type | Total      |
|  | Activities                           | Activities    |            |
| Net pension liability                              | 11,392,807                           | 65,022        | 11,457,829 |
| Deferred outflows of resources<br>related pensions | 3,724,176                            | 46,476        | 3,770,652  |
| Deferred inflows of resources<br>related pensions  | 265,493                              | 5,238         | 270,731    |
| Pension expense                                    | 1,646,726                            | 7,980         | 1,654,706  |
|  |                                      |               |            |
|  | Primary Government Total All Pension |               |            |
|  | Governmental                         | Business-type | Total      |
|  | Activities                           | Activities    |            |
| Net pension liability                              | 13,555,395                           | 1,817,066     | 15,372,461 |
| Deferred outflows of resources<br>related pensions | 4,524,993                            | 684,776       | 5,209,769  |
| Deferred inflows of resources<br>related pensions  | 324,389                              | 52,674        | 377,063    |
| Pension expense                                    | 1,907,593                            | 183,341       | 2,090,934  |

### **Muscatine Power & Water – Single-Employer Defined Benefit Pension Plan**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, the information about the fiduciary net position of the plan and additions to/deductions from Muscatine Water and Electric Employees' Pension Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Investments in separate accounts held at The Principal Financial Group (the plan administrator) are commingled pools, rather than individual securities; they are valued as of the December 31, 2023 measurement date at fair market value.

#### General Information About the Pension Plan

The utilities provide and administer a single-employer defined benefit pension plan with benefits to eligible vested full-time utility and part-time utility employees at separation of service. Eligible employees are those who are not participants in the Iowa Public Employees' Retirement System (IPERS). Water utility employees or new employees that were participants of IPERS can choose to participate in either IPERS or the Plan. Total covered valuation payroll for the year ended December 31, 2024 was \$22,900,606. Participants are 100% vested at the completion of five years of service. Benefits are generally equal to 1.5% of the employee's average highest five consecutive years of compensation (Average Compensation) multiplied by credited years of service. An additional benefit is available in an amount equal to 0.5% of the employee's Average Compensation in excess of Social Security Covered Compensation, if any, multiplied by credited years of service, up to 35 years. Benefit provisions are established under the Plan as adopted by the utility's Board of Trustees. The funding is approved and amended by the utilities' five-member Board Of Trustees, whose members are nominated by a committee consisting of the mayor, two city council members and the City Administrator, then ratified by the city council. There are no non-employer contributing entities, as defined by GASB 67, *Financial Reporting for Pension Plans*, and GASB 68, *Accounting and Financial Reporting for Pensions*, for this plan. There are no special funding situations, as defined by GASB 67 and 68, for the Plan. The Plan currently does not issue a stand-alone financial report.

As of the measurement date, the following plan members were covered by the benefit terms:

|  | <u>Fiscal year ended<br/>December 31, 2024</u> |
|--|--|
| Active plan members  | 251  |
| Inactive plan members entitled to but not yet receiving benefits   | 99   |
| Disabled plan members entitled to benefits                         | 0  |
| Retired plan members or beneficiaries currently receiving benefits | <u>252</u>                                     |
| Total  | <u>602</u>                                     |

The pension plan provides for retirement, disability, and death benefits. There have been no changes in plan provisions during the measurement period and between the December 31, 2023 measurement date and the end of the December 31, 2024 reporting period.

The basis for determining contributions is an actuarially determined contribution (ADC) rate that is calculated in the plan's Actuarial Valuation Report dated December 31, 2024. The ADC rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with additional amounts to finance any unfunded accrued liability and plan administrative expenses. The ADC for the measurement period ending December 31, 2024 was \$3,380,002, equal to 14.89% of covered valuation payroll. Employer contributions for the years ending December 31, 2024 and December 31, 2023 equaled \$3,420,000 and \$4,005,000, respectively, which was in excess of the ADC.

#### Actuarial Assumptions

The entry age actuarial cost method is used for this disclosure. Under this method, the present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level

basis over the earnings between entry age and assumed exit age(s). The portion of the present value allocated to a year is the service cost. Projected benefits are based on projected salary and projected service.

A measurement period of December 31, 2022 to December 31, 2023 has been used for the plan year ending December 31, 2024 for GASB 68 reporting. The net pension liability reported for the year ending December 31, 2024 was measured as of December 31, 2023, using the pension liability that was determined by an actuarial valuation as of December 31, 2023. The plan administrator does a comprehensive review of the economic and demographic assumptions. The following was used for the year ending December 31, 2024:

|                              |  |
|------------------------------|--|
| Inflation                    | 2.40%  |
| Investment rate of return    | 6.00%  |
| Salary increases (age-based) | Age 25-6.18%; Age 40-4.72%; Age 55-3.88%                       |
| Retirement rate              | 25% at age 62; 25% at age 63; 25% at age 64;,<br>25% at age 65 |
| Wage base                    | 3.50%  |
| Marriage rate                | 75%  |

Active and inactive participants are assumed to retire at normal retirement age, or current age if later. This assumption is based on the results of recent experience analysis and anticipated future experience.

Mortality rates are based on Pri-2012 total dataset mortality table projected generationally using the Principal Mortality Improvement Scale (Principal 2023).

The expected long-term return on plan assets assumption was developed as a weighted average rate based on the target asset allocation of the plan and the Long-Term Capital Market Assumptions (CMA) 2023. The capital market assumptions were developed with a primary focus on forward-looking valuation models and market indicators. The key fundamental economic inputs for these models are future inflation, economic growth, and interest rate environment. Due to the long-term nature of the pension obligations, the investment horizon for the CMA 2023 is 20 years.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u>     | <u>Target Allocation</u> | <u>Long-Term Expected<br/>Real Rate of Return</u> |
|------------------------|--------------------------|---|
| US Equity - Large Cap  | 37.64%                   | 7.80%   |
| US Equity - Mid Cap    | 4.51%                    | 8.35%   |
| US Equity - Small Cap  | 2.24%                    | 8.70%   |
| Non - US Equity        | 18.79%                   | 8.00%   |
| US Private Real Estate | 7.15%                    | 6.85%   |
| High Yield Bond        | 2.44%                    | 6.30%   |
| Core Bond              | 27.23%                   | 4.40%   |
| Total                  | <u>100.00%</u>           |   |

The discount rate used to determine the end of period total pension liability is 5.88%. The plan's fiduciary net position and benefit payments were projected to determine if the plan's fiduciary net position was greater than or equal to the expected benefit payments for each period from 2023 to 2121. Benefit payments after 2121 are projected to be \$0. The long-term rate of return of 6.00% is used to calculate the actuarial present value of projected payments for each future period when the

projected fiduciary net position is greater than the projected expected benefit payments. Otherwise, a municipal bond rate of 3.63% is used. The municipal bond rate is from Bloomberg Barclays Municipal GO Long Term (17+ Y) Index, which includes 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher securities, as of the December 31, 2023 measurement date. This discount rate is a single rate that incorporates the long-term rate of return and municipal bond rate as described.

#### Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2024, the utility recognized pension expense (income) of \$2,276,111. At December 31, 2024, the utility reported deferred outflows of resources and, deferred inflow of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Changes of assumptions                             | \$ 2,294,139                      | \$ 4,105,186                     |
| Differences between actual and expected experience | 327,633                           | 123,461                          |
| Differences between projected and actual earnings  | 3,617,897                         | -                                |
| Contributions subsequent to measurement date       | 3,420,000                         | -                                |
| Total  | <u>\$ 9,659,669</u>               | <u>\$ 4,228,647</u>              |

Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in the pension expense as follows:

| Fiscal Year ending 12/31 | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--------------------------|-----------------------------------|----------------------------------|
| 2025                     | \$ 1,690,677                      | \$ 1,434,795                     |
| 2026                     | 2,720,543                         | 1,404,305                        |
| 2027                     | 3,335,481                         | 1,362,360                        |
| 2028                     | (1,507,031)                       | 27,187                           |
| Total                    | <u>\$ 6,239,670</u>               | <u>\$ 4,228,647</u>              |

#### Sensitivity of the Net Pension Liability to Changes in the Discount Rate

|  | 1%<br>Decrease<br>(4.88%) | Discount<br>Rate<br>(5.88%) | 1%<br>Increase<br>(6.88%) |
|--|---------------------------|-----------------------------|---------------------------|
| Net Pension Liability (Asset) 12/31/2024 | \$ 23,978,586             | \$ 10,439,715               | \$ 940,108                |

## Schedule of Changes in Net Pension Liability

|  |                      |
|--|----------------------|
| Total Pension Liability                | 12/31/2024           |
| Service cost                           | 2,085,757            |
| Interest                               | 6,033,758            |
| Benefit payments                       | (5,228,235)          |
| Difference between expected and actual | 342,360              |
| Change in assumptions                  | (5,464,519)          |
| Change in benefit terms                | -                    |
| Net change in total pension liability  | <u>(2,230,879)</u>   |
| Total pension liability, beginning     | <u>111,194,285</u>   |
| Total pension liability, end           | <u>108,963,406</u>   |
|  |                      |
| Fiduciary Net Position                 |                      |
| Employer contributions                 | 4,005,000            |
| Net investment income                  | 12,730,081           |
| Benefit payments                       | (5,228,235)          |
| Administration expenses                | <u>(158,309)</u>     |
| Net change in fiduciary net position   | <u>11,348,537</u>    |
| Fiduciary net position, beginning      | <u>87,175,154</u>    |
| Fiduciary net position, end            | <u>98,523,691</u>    |
|  |                      |
| Total pension liability                | <u>\$ 10,439,715</u> |

|                                | Single Employer |            |               |
|--------------------------------|-----------------|------------|---------------|
|                                | Plan            | IPERS      | Total         |
| Net pension liability (asset)  | \$ 10,350,656   | \$ 369,181 | \$ 10,719,837 |
| Deferred outflows of resources | 9,593,008       | 178,055    | 9,771,063     |
| Deferred inflows of resources  | 4,199,469       | 83,016     | 4,282,485     |
| Pension expense (income)       | 2,260,406       | 77,624     | 2,338,030     |

### **NOTE 9. DEFICIT FUND EQUITY**

Three City funds had fund balance/net position deficits as of June 30, 2025. The funds and the amount of the deficits are as follows:

| <u>Fund</u>                             | <u>Deficit Amount</u> |
|---|-----------------------|
| CDBG Grant 6 <sup>th</sup> and Mulberry | \$ (136,213)          |
| CDBG Grant Downtown Revitalization      | (137,243)             |
| Nuisance/Abandoned Property             | (104,787)             |
| Downtown Housing Grant                  | (80,000)              |
| Downtown Historic Revitalization        | (3,526)               |

These deficits are not considered violations of any law, and are expected to be eliminated through future operations.

### **NOTE 10. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

Plan description: The City administers a single employer Other Post-Employment Benefits (OPEB) plan providing medical, prescription drug, and dental benefits to retired employees and their dependents

under certain conditions. Under Chapter 509A.13 of the Code of Iowa, “Group Insurance for Public Employees”, if a governing body has procured insurance for its employees, the governing body shall allow its employees who retired before the age of sixty-five years of age to continue participation in the group plan at the employee’s own expense until the employee attains sixty-five years of age.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. The plan does not issue a stand-alone financial report

Benefits provided: 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 from service with the City. Coverage during retirement continues in the City’s group health and dental plans. All employees opting to continue coverage under the City’s plans are required to contribute the full premium amounts in order to continue coverage at retirement.

The full monthly premium rates as of January 1, 2025 for each plan are as shown below:

| <u>Rates</u> | <u>Health</u> | <u>Dental</u> |
|--------------|---------------|---------------|
| Single       | \$ 861.68     | \$ 34.10      |
| Family       | 2,291.11      | 92.38         |

Employees covered by benefit terms: At June 30, 2025, the following employees were covered by the benefit terms:

|  |            |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 5          |
| Inactive employees entitled to but not yet receiving benefit payments    | -          |
| Active employees   | <u>207</u> |
|  | <u>212</u> |

Total OPEB liability: The City’s total OPEB liability of \$2,097,784 was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2024 rolled forward to June 30, 2025.

Actuarial assumptions and other inputs: The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

|  |                |
|--|----------------|
| Inflation                                | 3.0% per annum |
| Salary increases                         | 3.0% per annum |
| Discount rate                            | 5.2% per annum |
| Retirees' share of benefit-related costs | 100%           |
| Health care cost trend rate              | 5%             |

The discount rate was based on the index rate for 20 year tax exempt general obligation municipal bonds.

Mortality rates were based on the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP 2021 generational projection of future mortality improvement.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study for the period 2010-2020.

Changes in the total OPEB liability:

|  | Total OPEB<br>Liability |
|--|-------------------------|
| Balance at July 1, 2024                            | \$ 1,507,640            |
| Changes for the year:                              |                         |
| Service cost                                       | 115,147                 |
| Interest   | 105,092                 |
| Changes of benefit terms                           | -                       |
| Differences between expected and actual experience | 613                     |
| Changes in assumptions or other inputs             | 425,893                 |
| Benefit payments                                   | (56,601)                |
| Net changes  | 590,144                 |
| Balance at June 30, 2025                           | <u>\$ 2,097,784</u>     |

There were no changes as a result of changes in benefit terms or changes of assumptions or other inputs.

Sensitivity of the total OPEB liability to changes in the discount rate: The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

|                      | 1% Decrease<br>4.20% | Discount Rate<br>5.20% | 1% Increase<br>6.20% |
|----------------------|----------------------|------------------------|----------------------|
| Total OPEB liability | \$ 2,281,017         | \$ 2,097,784           | \$ 1,932,903         |

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates: The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates.

|                      | 1% Decrease<br>4.00% | Healthcare Cost<br>Trend Rates<br>5.00% | 1% Increase<br>6.00% |
|----------------------|----------------------|---|----------------------|
| Total OPEB liability | \$ 1,888,249         | \$ 2,097,784                            | \$ 2,340,154         |

For the year ended June 30, 2025, the City recognized OPEB expense of \$337,710. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience      | \$ 443,369                        | \$ -                             |
| Changes of assumptions or other inputs                  | 460,324                           | (106,882)                        |
| Net difference between projected and actual investments | -                                 | -                                |
| Contributions made subsequent to measurement date       | -                                 | -                                |
| Total   | <u>\$ 903,693</u>                 | <u>\$ (106,882)</u>              |



Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

|                     |                   |
|---------------------|-------------------|
| Year ended June 30: |                   |
| 2026                | 117,471           |
| 2027                | 117,471           |
| 2028                | 114,153           |
| 2029                | 103,428           |
| 2030                | 91,435            |
| Thereafter          | 252,853           |
|                     | <u>\$ 796,811</u> |

Muscatine Power & Water – Other Post-Employment Benefits:

The utility-administered, single-employer group health insurance defined benefit plan provides coverage to active employees and retirees (or other qualified terminated employees aged 55 with 5 years of service) at blended premium rates. This coverage results in the other-post-employment benefit (OPEB) for the retirees, commonly referred to as an implicit rate subsidy. Spouses are covered until age 65.

Retirees participating in the plan contribute 100% of the blended contribution. The utility, by contributing its portion of the blended premium for active employees, in effect contributes the difference between the blended contribution and a retiree age adjusted contribution. For a small group of grandfathered retirees, the utility pays a \$50 healthcare supplement.

As of the measurement date, the following plan members were covered by the benefit terms.

|  |            |
|--|------------|
| Measurement date   | 12/31/2023 |
| Fiscal year end  | 12/31/2024 |
| Active plan members  | 255        |
| Inactive plan members entitled to but not yet receiving benefits   | -          |
| Retired plan members or beneficiaries currently receiving benefits | <u>23</u>  |
| Total  | <u>278</u> |

For fiscal years 2024, 2023, and 2022, the utility contributed \$71,723, \$72,238 and \$74,549, respectively, to the plan for benefit payments for retirees.

The following schedule of changes in the total OPEB liability is based on the actuarial valuation report as of December 31, 2024.

|  | 2024                |
|--|---------------------|
| Service Cost                                       | \$ 48,234           |
| Interest on net OPEB obligation                    | 49,950              |
| Differences between expected and actual experience | -                   |
| Changes in assumptions                             | -                   |
| Benefit Payments                                   | <u>(71,723)</u>     |
| Net change in total OPEB obligation                | 26,461              |
| Total OPEB Obligation - Beginning of Year          | \$ 1,127,680        |
| Total OPEB Obligation - End of Year                | <u>\$ 1,154,141</u> |

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:  
For the year ended December 31, 2024, the utility recognized OPEB expense of (\$26,461). At December 31, 2024, the utility reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--|-----------------------------------|----------------------------------|
| Changes of assumptions                             | \$ 130,134                        | \$ 56,985                        |
| Differences between actual and expected experience | 20,924                            | 20,021                           |
| Contributions subsequent to measurement date       | 71,723                            | -                                |
| Total  | <u>\$ 222,781</u>                 | <u>\$ 77,006</u>                 |

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

| Fiscal Year ending 12/31 | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|--------------------------|-----------------------------------|----------------------------------|
| 2025                     | \$ 38,846                         | \$ 24,070                        |
| 2026                     | 34,257                            | 14,891                           |
| 2027                     | 31,065                            | 11,761                           |
| 2028                     | 27,748                            | 8,497                            |
| 2029                     | 19,142                            | 7,699                            |
| Thereafter               | -                                 | 10,088                           |
| Total                    | <u>\$ 151,058</u>                 | <u>\$ 77,006</u>                 |

The following deferred outflows and deferred inflows are recognized in OPEB expense:

- 1) Differences between expected and actual experience, over a closed period equal to the average of the expected remaining service lives of all employees (active employees, vested terminated, and retirees).
- 2) Changes in assumptions, over a closed period equal to the average of the expected remaining service lives of all employees (active employees, vested terminated, and retirees).

Sensitivity of the net OPEB liability to changes in the discount rate:

|                                 | 1% Decrease<br>3.38% | Discount Rate<br>4.38% | 1% Increase<br>5.38% |
|---------------------------------|----------------------|------------------------|----------------------|
| Total OPEB Liability 12/31/2024 | \$ 1,260,253         | \$ 1,154,141           | \$ 1,059,844         |

Sensitivity of the net OPEB liability to changes in the healthcare trend rate:

|                                 | 1%<br>Decrease | Trend<br>Rate | 1%<br>Increase |
|---------------------------------|----------------|---------------|----------------|
| Total OPEB Liability 12/31/2024 | \$ 1,042,519   | \$ 1,154,141  | \$ 1,285,116   |

There are no plan assets under this plan.

Actuarial valuations of an ongoing plan involve estimates for the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation, the entry age actuarial cost method was used. Under this method, the present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the earnings between entry age and assumed exit age(s). The portion of the present value allocated to a year is the service cost.

Actuarial assumptions: The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |   |
|---------------------------|---|
| Discount rate             | 4.38% Barclays Municipal GO Long Term (17+Y) index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, as of the measurement date. |
| Mortality rate            | Based on Pri-2012 Total dataset base rate mortality table projected generationally using the Principal 2022 scale.  |
| Retirement rates          | Ages 62-64 – 25%; Age 65 – 100%   |
| Marriage                  | 75% married; male is 3 years older than female.   |
| Withdrawal                | 2003 Society of Actuaries Basic Plan Age Table, multiplied by 0.60.   |
| Healthcare cost increases | 2024 – 1.36%; 2025 – 7.5%; 2025 – 7.0%; 2026 – 6.5%; 2027 – 6.0%; decreasing by 0.25% per year through 2032; 2033+ 4.50%/year.  |
| Participation rate        | 75% of future retirees  |

#### **NOTE 11. INDUSTRIAL REVENUE BONDS**

The City has, during recent years, participated in several issues of industrial revenue bonds, issued for the purpose of constructing privately owned manufacturing and other related facilities within the City. These bonds are neither direct nor contingent liabilities of the City. The revenue from property purchased with the bond proceeds is pledged for the full payment of principal and interest on the bonds, and the bondholders can look only to these sources for repayment. The total bonds outstanding for all issues is approximately \$1,495,000 as of June 30, 2025.

## NOTE 12. RISK MANAGEMENT

The City and the Muscatine County Solid Waste Agency are exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the government carries commercial insurance. Settled claims have not exceeded commercial coverage in any of the last three fiscal years.

The City has established Health and Dental Insurance Funds for insuring benefits provided to City employees and covered dependents which are included in the Internal Service Funds. Health benefits were self-insured up to a specific stop loss amount of \$120,000, and an aggregate stop loss of 125% of expected paid claims. Coverage from a private insurance company is maintained for losses in excess of the aggregate stop loss amount. All claims handling procedures are performed by a third party claims administrator. Incurred but not reported claims have been accrued as a liability based upon the claims administrator's estimate. The estimated liability does not include any allocated or unallocated claims adjustment expense. Settled claims have not exceeded commercial coverage in any of the last three fiscal years.

All funds of the City participate in the programs and make payments to the Health and Dental Insurance Funds based on actuarial estimates of the amounts needed to pay prior and current year claims. The claims liability of \$227,079 reported as accounts payable and accruals in the Health and Dental Insurance Funds is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in reported liabilities for the fiscal years ended June 30, 2025 and 2024 are summarized as follows:

|                            | 2025              | 2024              |
|----------------------------|-------------------|-------------------|
| Balance, beginning of year | \$ 278,374        | \$ 254,355        |
| Claim Expense              | 4,149,062         | 3,940,640         |
| Claims Paid                | (4,200,357)       | (3,916,621)       |
| Balance, end of year       | <u>\$ 227,079</u> | <u>\$ 278,374</u> |

The utility is exposed to various risks of loss related to destruction of assets and natural disasters. The utility is also exposed to various risks of loss relating to torts, errors and omissions, health and injuries to employees. The utility purchases commercial insurance for claims related to these risks subject to certain deductibles. Open claims and an estimate for incurred but not reported claims are accrued up to deductible limits. Settled claims have not exceeded reserves in the last three years. There were no significant reductions in coverage compared to the prior year.

The health and dental and workers' compensation self-insurance reserves are shown below. These expenses tend to fluctuate based on claims.

|   |              |               |
|---|--------------|---------------|
| (Thousands of dollars)                              | 2024         | 2023          |
| <b>Health/Dental Care Self-Insurance Reserve</b>    |              |               |
| Reserve liability, beginning of year                | \$ 269       | \$ 142        |
| Add: Provision for reserve, current year            | 4,492        | 4,497         |
| Less: Payments on reserve                           | (4,457)      | (4,061)       |
| Total Reserve Liability, end of year                | 305          | 578           |
| Incurred but not reported claims                    | (251)        | (309)         |
| Non-Current Reserve Liability, End of Year          | <u>\$ 54</u> | <u>\$ 269</u> |
| (Thousands of dollars)                              | 2024         | 2023          |
| <b>Worker's Compensation Self-Insurance Reserve</b> |              |               |
| Reserve liability, beginning of year                | \$ 20        | \$ 104        |
| Add: Provision for reserve                          | 136          | 30            |
| Less: Payments on reserve                           | (73)         | (114)         |
| Reserve Liability, End of Year                      | <u>\$ 84</u> | <u>\$ 20</u>  |

### NOTE 13. COMMITMENTS AND CONTINGENCIES

The City Attorney has reported that as of June 30, 2025, there were claims and losses that are on file against the City. The City has the authority to levy additional taxes outside the regular limit to fund any uninsured judgment against the City. However, it is estimated that the potential settlement of these claims not covered by insurance would not materially affect future financial statements of the City.

A power purchase agreement for wind energy was originally entered into by Muscatine Power & Water in December 2013. An amended and restated agreement was executed in June 2016. It is a 20-year agreement that commenced fourth quarter 2016 with the wind farm's December 15, 2016 commercial operation date. The wind farm is located in Jackson County, Minnesota, which is in the utility's Midcontinent Independent System Operator (MISO) local resource zone. Terms include a fixed first-year rate for delivered energy, with a 2.2% annual price escalation over the life of the agreement. The utility is subject to market risk up to a specified net loss for a 12-month period. The contract also includes a margin-sharing provision if the net energy earnings are positive.

The utility has committed to purchasing 219,000 tons of coal in 2025 under one contract with one supplier. If additional tons become necessary, they will be purchased on the OTC market or by working directly with a coal mining company.

The utility has rail transportation agreements with two separate companies for the delivery of coal. The utility's first agreement is for coal shipped from the Powder River Basin (PRB), Wyoming to an interchange with the local delivery carrier. The current contract with the BNSF Railway (originating carrier) was amended in 2022 and now expires December 31, 2027. The utility's minimum requirement is 100% of the tons shipped from the PRB up to the utility's annual tonnage nomination. In the event the utility does not meet its nominated tons, the utility has agreed to pay a per-ton fee as compensation for lost traffic.

The agreement with the Canadian Pacific Railway for the shipment of coal from the interchange point to the utility's first generating station expires December 31, 2024. A new agreement is expected to be in place prior to expiration of the current agreement. The Canadian Pacific Railway is only offering one-year agreements. The utility's minimum volume commitment (MVC) is 1,736 railcars or under 15 complete unit trains. In the event the utility does not meet that requirement the utility has agreed to an amount equal to the additional amount of freight charges that would have been due had the MVC been met.

The utility entered into a purchased power agreement with Nokomis Energy in November 2022 for a 30-year agreement for Nokomis Energy to develop, construct and operate a 24 MW solar project on utility-owned property. Completion of the project is anticipated to occur in the fourth quarter of 2026.

The utility is in the process of developing a natural gas-fired combined heat and power (CHP) unit with a nominal generation capacity of approximately 35 MW. The CHP unit will provide process steam to an adjacent customer of the utility and sell electricity output into MISO, while providing local voltage support to utility. Commitments have been made for the CHP unit as follows:

- The utility entered into an agreement in July 2024 to sell steam to a local customer commencing in 2028, or when the CHP units begins commercial operations. The agreement will remain in effect for 25 years starting from either the effective date or the commercialization date.
- The utility agreed to purchase a step-up transformer in May 2024 from WEG Transformers USA for \$1.9 million.
- The utility signed an agreement in August 2024 with Solar Turbines Incorporated (Solar Turbines) to manufacture and supply a combustion turbine-generator for \$12.1 million.
- The utility agreed to purchase a heat recovery steam generator in December 2024 from Rentech Boiler Systems, Inc. (Rentech) for \$7.6 million.

The utility is committed to claiming direct pay tax credits that are available to government entities from the Inflation Reduction Act of 2022 (IRA). Those credits, which are anticipated in the calendar year after the unit achieves commercial operations, are anticipated to be in the range of \$8-12 million. The utility took steps in 2024 to better ensure compliance with the start-of-construction requirements in the IRA. Those requirements are that certain steps toward completion of the CHP unit were necessary by December 31, 2024. With the above steps and other actions, the utility believes it has met the requirements.

The unit is planned for completion in 2027, but no later than the end of 2028. The Iowa Utilities commission (IUC) has issued a construction permit for the CHP unit. Two regulatory approvals remain: (1) Iowa Department of Natural Resources air permit, and (2) IUC approval of a short natural gas pipeline from the pipeline company metering station to the CHP unit.

To date, expenditures have been funded by available cash held by the electric utility. An approximate \$100 million financing is planned for 2025 that would cover previously expended funds and future capital expenditures. After the remaining regulatory approvals are obtained and financing is completed, the electric utility will provide notices to proceed to Solar and Rentech and will also initiate additional sitework and procurement steps.

#### **NOTE 14. URBAN RENEWAL DEVELOPMENT AGREEMENTS AND TAX ABATEMENTS**

Governmental Accounting Standards Board (GASB) 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 revenues 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.

The City of Muscatine has two programs that provide tax abatements. These are (1) Urban Renewal Tax Increment Fund (TIF) development/rebate agreements, and (2) qualifying improvements in Urban Revitalization Areas.

The City has entered into various development agreements for urban renewal projects as provided for in Chapters 15A and 403 of the State Code of Iowa. The agreements require the City to rebate portions of the incremental property taxes paid by the developer in exchange for infrastructure improvements, rehabilitation, or development of industrial, commercial, or multi-residential projects. As of June 30, 2025 the City had nineteen development agreements in place. These include agreements for projects currently under construction with rebates to begin in future years. In the current year payments were made to developers for fifteen projects which totaled \$1,452,985. A detailed listing of these agreements is in the following table:

| <u>Developer</u>   | <u>Type of Development/Purpose</u> | <u>Fiscal Years of Rebates</u> |                            | <u>Taxes Rebated/</u>                |
|--|------------------------------------|--------------------------------|----------------------------|--------------------------------------|
|  |                                    | <u>First Year</u>              | <u>Final Year</u>          | <u>Abated</u><br><u>Current Year</u> |
| R.L. Fridley Theatres Inc. - 15 Years<br>(Declining Percentages)                             | Commercial/Economic Development    | 2015/2016                      | 2029/2030                  | \$ 54,750                            |
| R.L. Fridley Theatres Inc. Outlots - 10 Years<br>75% (for Each Outlot)                       | Commercial/Economic Development    | 2023/2024                      | 2034/2035                  | 11,173                               |
| Wal-View Developments #1 - 10 Years<br>(Declining Percentages)                               | Warehousing/Economic Development   | 2015/2016                      | 2024/2025                  | 312,069                              |
| Wal-View Developments #2 - 10 Years<br>(Declining Percentages)                               | Warehousing/Economic Development   | 2017/2018                      | 2026/2027                  | 170,724                              |
| Riverview Hotel Development - 20 years<br>(Declining Percentages)                            | Hotel/Economic Development         | 2019/2020                      | 2038/2039                  | 367,794                              |
| Harrison Lofts LLC - 15 years<br>(Varying Percentages)                                       | Commercial/Affordable Housing      | 2019/2020                      | 2033/2034                  | 34,676                               |
| HNI Corporation - 50% for 10 Years   | Industrial/Economic Development    | 2019/2020                      | 2028/2029                  | 102,867                              |
| White Distribution & Supply, LLC -<br>10 Years 50%   | Commercial/Economic Development    | 2020/2021                      | 2029/2030                  | 72,056                               |
| TIF Oak Park - 70% for 15 Years  | Commercial/Affordable Housing      | 2022/2023                      | 2036/2037                  | 25,490                               |
| NPSW Enterprises - 75% for 10 Years for<br>each Phase (up to 3 Phases)                       | New Residential Housing            | 2021/2022                      | 2040/2041<br>(latest year) | 22,015                               |
| Bush Developments LLC and Hershey<br>Property LLC - 100% for 10 Years                        | Multi-Residential and Commercial   | 2021/2022                      | 2030/2031                  | 64,962                               |
| Musco Sports Lighting LLC - 50% for<br>10 Years  | Industrial/Economic Development    | 2022/2023                      | 2031/2032                  | 55,667                               |
| Colorado Senior Lofts LLC - 100% for<br>10 Years   | Multi-Residential                  | 2023/2024                      | 2032/2033                  | 34,822                               |
| Grandview Senior Lofts LLC - 100% for<br>10 Years  | Multi-Residential                  | 2023/2024                      | 2032/2033                  | 31,809                               |
| JNB Family 1 LP and Ales Foundation<br>(Steamboat Apartments) - 70% for<br>15 Years          | Multi-Residential                  | 2024/2025                      | 2038/2039                  | 25,614                               |
| Loves' Travel Stops and Country Stores<br>Inc. - 50% for 20 Years                            | Commercial                         | 2025/2026                      | 2044/2045                  | 66,497                               |
| Kent Corporation (Former McKee Button<br>Factory) - 75% for 5 Years; 50% for 5 Years         | Commercial                         | 2027/2028                      | 2036/2037                  | -                                    |
| Kent Pet Group Inc. (World's Best Cat Litter<br>facility) - 75% for 5 Years; 50% for 5 Years | Industrial                         | 2028/2029                      | 2037/2038                  | -                                    |
| Musco Sports Lighting LLC - 50% for<br>10 Years  | Industrial/Economic Development    | 2026/2027                      | 2032/2036                  | -                                    |
| Merge LLC - 100% for 15 Years  | Multi-Residential                  | 2028/2029                      | 2042/2043                  | -                                    |
| Lumber Lofts LLC - 100% for Years 1 - 10;<br>90% for Years 11 - 20                           | Multi-Residential                  | 2028/2029                      | 2047/2048                  | -                                    |
| Total  |                                    |                                |                            | <u>\$ 1,452,985</u>                  |

Actual incremental tax rebates are computed based on the taxable valuations of these properties, the incremental property tax rate each year, and the provisions of the development agreements. Each agreement, however, includes a maximum total amount of rebates that may be paid over the term of the agreement. The maximum total of rebates to be paid by the City under the agreements in effect as of June 30, 2025 is an amount not to exceed \$33,360,944. This amount includes \$13,755,000 for projects still under construction at the end of the current year.

The agreements are not general obligations of the City and, due to their nature, are not recorded as a liability in the City's financial statements. However, the agreements may be subject to the constitutional debt limitation of the City.



Certain agreements include an annual appropriation clause and, accordingly, only the amount payable in the succeeding year on the agreements is subject to the constitutional debt limitation. The entire outstanding principal balance of agreements that do not include an annual appropriation clause is subject to the constitutional debt limitation. Of the \$33,360,944 maximum total of rebates outstanding at the end of the year, \$32,484,097 is subject to annual appropriations, and only the succeeding year's payments on those agreements are subject to the debt limit.

The City has created five Urban Revitalization areas as provided for in Chapter 404 of the State Code of Iowa. The Urban Revitalization Plans for each area provide for full or partial tax abatements for qualifying improvements in each of the areas. In the current year \$146,527 of property taxes were abated for qualifying improvements in the Urban Revitalization areas. A summary of the abatements is in the following table:

| <u>Tax Abatement Program</u>  | <u>Number of<br/>Properties</u> | <u>Taxes<br/>Abated</u> |
|-------------------------------|---------------------------------|-------------------------|
| New Residential Homes         | 22                              | \$ 61,245               |
| Residential Home Improvements | 25                              | 37,749                  |
| Commercial Improvements       | 11                              | 47,533                  |
| Totals                        | 58                              | \$ 146,527              |

The tax rebates and Urban Revitalization Area tax abatements total \$1,599,512 in taxes abated in the current year.

#### **NOTE 15. PENDING GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STANDARD**

The City adopted the following statements during the year ended June 30, 2025.

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

GASB Statement No. 102, *Certain Risk Disclosures*, issued December 2024. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. A government should provide information in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact

associated with the concentration or constraint. The disclosures should include descriptions of the following: (a) The concentration or constraint, (b) Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements, (c) Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The above statements did not have a significant impact to the City except for GASB Statement No. 101 required the City to restate beginning net position as disclosed in Note 16 to the financial statements.

As of June 30, 2025, GASB had issued several statements not yet required to be implemented by the City. The Statements which might impact the City are as follows:

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

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, issued September 2024, will be effective for the City beginning with its fiscal year ending June 30, 2026. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale

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

## **NOTE 16. RESTATEMENTS**

The City and the Muscatine County Solid Waste Agency component unit implemented GASB Statement No. 101, *Compensated Absences*, which required a restatement to net position as of June 30, 2024 as follows:

|   | Govern-<br>mental<br>Activities | Total<br>Business-type<br>Activities |
|---|---------------------------------|--------------------------------------|
| Net position June 30, 2024,<br>as previously reported | \$ 89,813,790                   | \$110,873,989                        |
| Compensated absences<br>change in liability           | (984,504)                       | (284,779)                            |
| Net position June 30, 2024,<br>as restated            | <u>\$ 88,829,286</u>            | <u>\$110,589,210</u>                 |

|   | Enterprise Funds              |                     |                      |                    |                                 | Total<br>Enterprise<br>Funds | Muscatine<br>Solid Waste<br>Agency |
|---|-------------------------------|---------------------|----------------------|--------------------|---------------------------------|------------------------------|------------------------------------|
|   | Water<br>Pollution<br>Control | Transfer<br>Station | Refuse<br>Collection | Airport            | Nonmajor<br>Enterprise<br>Funds |                              |                                    |
| Net position June 30, 2024,<br>as previously reported | \$ 88,570,607                 | \$ 3,547,582        | \$ 1,249,309         | \$9,934,258        | \$6,546,367                     | 109,848,123                  | \$ 2,075,886                       |
| Compensated absences<br>change in liability           | (153,869)                     | (31,906)            | (54,700)             | -                  | (44,303)                        | (284,778)                    | (1,428)                            |
| Net position June 30, 2024,<br>as restated            | <u>\$ 88,416,738</u>          | <u>\$ 3,515,676</u> | <u>\$ 1,194,609</u>  | <u>\$9,934,258</u> | <u>\$6,502,064</u>              | <u>109,563,345</u>           | <u>\$ 2,074,458</u>                |

As of January 1, 2023, the utility adopted GASB Statement No. 101, *Compensated Absences*. The following changes were added to the previously reported 2023 amounts.

|  | Total                 |
|--|-----------------------|
| Net position December 31, 2023, as previously reported | \$ 164,382,069        |
| Add sick leave liability                               | (490,787)             |
| Net position January 1, 2023, as restated              | <u>\$ 163,891,282</u> |

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

City of Muscatine, Iowa

**Budgetary Comparison Schedule of  
Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual - Budgetary Basis  
Budgeted Governmental and Proprietary Funds**

**Required Supplementary Information**

**For the Year Ended June 30, 2025**

|                                      | <b>Governmental<br/>Funds<br/>Actual</b> | <b>Proprietary<br/>Funds<br/>Actual</b> | <b>Total<br/>Actual</b> | <b>Budgeted Amounts</b> |               | <b>Final Budget<br/>to Actual<br/>Variance</b> |
|--------------------------------------|--|---|-------------------------|-------------------------|---------------|--|
|                                      |  |   |                         | <b>Original</b>         | <b>Final</b>  |  |
| Revenues:                            |  |   |                         |                         |               |  |
| Taxes:                               |  |   |                         |                         |               |  |
| Property                             | \$ 16,133,020                            | \$ -                                    | \$ 16,133,020           | \$ 16,109,544           | \$ 16,109,544 | \$ 23,476                                      |
| Tax increment financing              | 2,629,225                                | -                                       | 2,629,225               | 2,586,200               | 2,641,400     | (12,175)                                       |
| Other city taxes                     | 5,218,406                                | -                                       | 5,218,406               | 5,298,819               | 5,188,019     | 30,387   |
| Licenses and permits                 | 455,621                                  | 22,315                                  | 477,936                 | 493,400                 | 510,700       | (32,764)                                       |
| Use of money and property            | 1,279,458                                | 2,358,140                               | 3,637,598               | 3,082,295               | 2,855,525     | 782,073  |
| Intergovernmental                    | 9,098,975                                | 4,154,756                               | 13,253,731              | 14,076,963              | 17,264,659    | (4,010,928)                                    |
| Charges for services                 | 646,172                                  | 16,669,839                              | 17,316,011              | 17,423,400              | 17,073,200    | 242,811  |
| Miscellaneous                        | 4,766,295                                | 5,592,737                               | 10,359,032              | 9,062,000               | 10,930,200    | (571,168)                                      |
| Total revenues                       | 40,227,172                               | 28,797,787                              | 69,024,959              | 68,132,621              | 72,573,247    | (3,548,288)                                    |
| Expenditures:                        |  |   |                         |                         |               |  |
| Public safety                        | 12,746,815                               | -                                       | 12,746,815              | 12,397,400              | 12,747,600    | (785)  |
| Public works                         | 3,241,682                                | -                                       | 3,241,682               | 3,622,000               | 3,454,100     | (212,418)                                      |
| Health and social service            | 60,000                                   | -                                       | 60,000                  | 60,000                  | 60,000        | -  |
| Culture and recreation               | 4,561,327                                | -                                       | 4,561,327               | 4,861,400               | 4,895,508     | (334,181)                                      |
| Community and economic development   | 7,397,087                                | -                                       | 7,397,087               | 9,182,714               | 9,638,869     | (2,241,782)                                    |
| General government                   | 3,622,466                                | -                                       | 3,622,466               | 3,883,200               | 3,985,411     | (362,945)                                      |
| Debt service                         | 3,688,718                                | -                                       | 3,688,718               | 3,878,533               | 3,732,416     | (43,698)                                       |
| Capital projects                     | 9,612,391                                | -                                       | 9,612,391               | 8,741,600               | 13,934,700    | (4,322,309)                                    |
| Business type activities             | -  | 34,538,605                              | 34,538,605              | 35,485,740              | 40,650,590    | (6,111,985)                                    |
| Total expenditures                   | 44,930,486                               | 34,538,605                              | 79,469,091              | 82,112,587              | 93,099,194    | (13,630,103)                                   |
| Revenues over (under) expenditures   | (4,703,314)                              | (5,740,818)                             | (10,444,132)            | (13,979,966)            | (20,525,947)  | 10,081,815                                     |
| Other financing sources (uses):      |  |   |                         |                         |               |  |
| Proceeds of long term debt           | 7,434,890                                | -                                       | 7,434,890               | 9,800,000               | 13,579,100    | (6,144,210)                                    |
| Transfers in                         | 15,580,924                               | 11,690,591                              | 27,271,515              | 20,464,635              | 21,274,840    | 5,996,675                                      |
| Transfers out                        | (22,566,868)                             | (4,704,647)                             | (27,271,515)            | (20,464,635)            | (21,274,840)  | (5,996,675)                                    |
| Total other financing sources (uses) | 448,946                                  | 6,985,944                               | 7,434,890               | 9,800,000               | 13,579,100    | (6,144,210)                                    |
| Net change in fund balances          | (4,254,368)                              | 1,245,126                               | (3,009,242)             | (4,179,966)             | (6,946,847)   | 3,937,605                                      |
| Fund balances, June 30, 2024         | 26,529,279                               | 24,803,345                              | 51,332,624              | 42,001,335              | 51,288,810    | 43,814   |
| Fund balances, June 30, 2025         | \$ 22,274,911                            | \$ 26,048,471                           | \$ 48,323,382           | \$ 37,821,369           | \$ 44,341,963 | \$ 3,981,419                                   |

See notes to Required Supplementary Information.

City of Muscatine, Iowa  
 Budget to GAAP Reconciliation  
 Required Supplementary Information  
 For the Year Ended June 30, 2025

|                                      | Governmental Funds   |                  |                      | Proprietary Funds   |                      |  |
|--------------------------------------|----------------------|------------------|----------------------|---|----------------------|--|
|                                      | Budget Basis         | Adjustments      | GAAP Basis           | Enterprise and Budgeted Internal Service Funds Budget Basis | Adjustments          | Enterprise and Internal Service Funds GAAP Basis |
| Revenues                             | \$ 40,227,172        | \$ 1,966,906     | \$ 42,194,078        | \$ 28,797,787   | \$ (287,825)         | \$ 28,509,962                                    |
| Expenditures/expenses                | 44,930,486           | 450,236          | 45,380,722           | 34,538,605  | (9,026,356)          | 25,512,249                                       |
| Net                                  | (4,703,314)          | 1,516,670        | (3,186,644)          | (5,740,818)   | 8,738,531            | 2,997,713  |
| Other financing sources (uses), net  | 448,946              | 99,901           | 548,847              | 6,985,944   | 189,533              | 7,175,477  |
| Beginning fund balances/net position | 26,529,279           | (1,586,122)      | 24,943,157           | 24,803,345  | 88,182,139           | 112,985,484                                      |
| Ending fund balances/net position    | <u>\$ 22,274,911</u> | <u>\$ 30,449</u> | <u>\$ 22,305,360</u> | <u>\$ 26,048,471</u>  | <u>\$ 97,110,203</u> | <u>\$ 123,158,674</u>                            |

See notes to Required Supplementary Information.

City of Muscatine, Iowa

Required Supplementary Information  
Schedule of Changes in the City's Total OPEB  
Liability and Related Ratios  
Last Eight Fiscal Years \*

|  | 2025          | 2024          | 2023          |
|--|---------------|---------------|---------------|
| Total OPEB liability   |               |               |               |
| Changes for the year:  |               |               |               |
| Service cost   | \$ 115,147    | \$ 89,799     | \$ 87,184     |
| Interest   | 105,092       | 54,194        | 51,942        |
| Changes of benefit terms   | -             | -             | -             |
| Differences between expected and actual experience               | 21,706        | (9,676)       | 65,678        |
| Changes in assumptions or other inputs                           | 425,893       | -             | (10,685)      |
| Benefit payments   | (77,694)      | (52,951)      | (24,878)      |
| Net changes in total OPEB liability                              | 590,144       | 81,366        | 169,241       |
| Total OPEB liability - beginning                                 | 1,507,640     | 1,426,274     | 1,257,033     |
| Total OPEB liability - ending                                    | \$ 2,097,784  | \$ 1,507,640  | \$ 1,426,274  |
| Covered employee payroll   | \$ 16,073,374 | \$ 14,913,634 | \$ 14,097,923 |
| Total OPEB liability as a percentage of covered employee payroll | 13.05%        | 10.11%        | 10.12%        |

**Notes to Schedule:**

Changes of benefit terms:

There were no changes as a result of changes in benefit terms

Changes of assumption:

The following are the discount rates used in each period:

|      |       |
|------|-------|
| 2025 | 5.20% |
| 2024 | 3.65% |
| 2023 | 3.65% |
| 2022 | 3.54% |
| 2021 | 2.21% |
| 2020 | 2.21% |
| 2019 | 3.58% |
| 2018 | 3.87% |

The mortality assumption changed to the RP-2014 annuitant distinct mortality table adjusted to 2006 with MP-2021 generational projection of future mortality improvement.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75

\* The schedule is intended to present information for ten years. Information prior to 2018 is not available.

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| 2022                | 2021                | 2020                | 2019                | 2018                |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 96,785           | \$ 93,966           | \$ 53,542           | \$ 51,983           | \$ 48,797           |
| 30,849              | 29,787              | 44,206              | 43,914              | 35,933              |
| -                   | -                   | -                   | -                   | -                   |
| 326,327             | 154,839             | 268,036             | 143,297             | -                   |
| (129,584)           | (15,545)            | 131,331             | (22,862)            | 88,070              |
| (406,594)           | (193,836)           | (363,568)           | (84,332)            | (70,320)            |
| (82,217)            | 69,211              | 133,547             | 132,000             | 102,480             |
| 1,339,250           | 1,270,039           | 1,136,492           | 1,004,492           | 902,012             |
| <u>\$ 1,257,033</u> | <u>\$ 1,339,250</u> | <u>\$ 1,270,039</u> | <u>\$ 1,136,492</u> | <u>\$ 1,004,492</u> |
| \$ 13,727,833       | \$ 13,078,004       | \$ 12,412,039       | \$ 11,947,438       | \$ 11,574,574       |
| 9.16%               | 10.24%              | 10.23%              | 9.51%               | 8.68%               |



**Muscatine Power & Water (MP&W)**

**Required Supplementary Information**  
**Schedule of Changes in MP&W's Net OPEB**  
**Liability and Related Ratios**  
**Last Eight Fiscal Years**

|  | Measurement Date | 12/31/2023          | 12/31/2022          | 12/31/2021          | 12/31/2020          |
|--|------------------|---------------------|---------------------|---------------------|---------------------|
|  | Fiscal Year      | 12/31/2024          | 12/31/2023          | 12/31/2022          | 12/31/2021          |
| <b>Total OPEB Liability</b>  |                  |                     |                     |                     |                     |
| Service cost   |                  | \$ 48,234           | \$ 55,803           | \$ 54,130           | \$ 34,612           |
| Interest   |                  | 49,950              | 36,435              | 35,874              | 36,517              |
| Benefit payments   |                  | (71,723)            | (72,238)            | (74,549)            | (62,135)            |
| Differences between expected and actual experience                 |                  | (10,379)            | (10,379)            | -                   | (22,287)            |
| Changes in assumptions   |                  | (41,231)            | (41,231)            | -                   | 241,127             |
| Net change in total OPEB liability                                 |                  | 26,461              | (31,610)            | 15,455              | 227,834             |
| Total OPEB liability - beginning of period                         |                  | 1,127,680           | 1,159,290           | 1,143,835           | 916,001             |
| Total OPEB liability - end of period                               |                  | <u>\$ 1,154,141</u> | <u>\$ 1,127,680</u> | <u>\$ 1,159,290</u> | <u>\$ 1,143,835</u> |
| <b>Fiduciary Net Position</b>                                      |                  |                     |                     |                     |                     |
| Employer contributions   |                  | \$ 71,723           | \$ 72,238           | \$ 74,549           | \$ 62,135           |
| Net investment income  |                  | -                   | -                   | -                   | -                   |
| Benefit payments   |                  | (71,723)            | (72,238)            | (74,549)            | (62,135)            |
| Administration expenses  |                  | -                   | -                   | -                   | -                   |
| Net change in plan fiduciary net position                          |                  | -                   | -                   | -                   | -                   |
| Plan fiduciary net position - beginning of year                    |                  | -                   | -                   | -                   | -                   |
| Plan fiduciary net position - end of year                          |                  | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         |
| Net OPEB liability   |                  | <u>\$ 1,154,141</u> | <u>\$ 1,127,680</u> | <u>\$ 1,159,290</u> | <u>\$ 1,143,835</u> |
| Fiduciary net position as a percentage of the total OPEB liability |                  |                     |                     |                     |                     |
|  |                  | 0.0%                | 0.0%                | 0.0%                | 0.0%                |
| Covered valuation payroll  |                  | \$ 22,900,606       | \$ 22,684,111       | \$ 21,797,004       | \$ 22,755,120       |
| Net OPEB liability as a percentage of covered valuation payroll    |                  |                     |                     |                     |                     |
|  |                  | 5.0%                | 5.0%                | 5.3%                | 5.0%                |

Note: GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the utility will present information for those years for which information is available.

| <u>12/31/2019</u> | <u>12/31/2018</u> | <u>12/31/2017</u> | <u>12/31/2016</u> |
|-------------------|-------------------|-------------------|-------------------|
| <u>12/31/2020</u> | <u>12/31/2019</u> | <u>12/31/2018</u> | <u>12/31/2017</u> |
| \$ 34,612         | \$ 34,071         | \$ 35,606         | \$ 35,606         |
| 36,876            | 37,603            | 36,710            | 36,710            |
| (83,079)          | (44,748)          | (44,748)          | (44,748)          |
| 14,418            | 55,389            | 14,157            | 67,861            |
| (22,224)          | (54,416)          | -                 | (135,819)         |
| (19,397)          | 27,899            | 41,725            | (40,390)          |
| 935,398           | 907,499           | 865,774           | 906,164           |
| <u>\$ 916,001</u> | <u>\$ 935,398</u> | <u>\$ 907,499</u> | <u>\$ 865,774</u> |
| \$ 83,079         | \$ 44,748         | \$ 44,748         | \$ 44,748         |
| -                 | -                 | -                 | -                 |
| (83,079)          | (44,748)          | (44,748)          | (44,748)          |
| -                 | -                 | -                 | -                 |
| -                 | -                 | -                 | -                 |
| -                 | -                 | -                 | -                 |
| <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       |
| <u>\$ 916,001</u> | <u>\$ 935,398</u> | <u>\$ 907,499</u> | <u>\$ 865,774</u> |
| 0.0%              | 0.0%              | 0.0%              | 0.0%              |
| \$ 21,461,252     | \$ 20,860,718     | \$ 20,468,578     | \$ 20,283,973     |
| 4.3%              | 4.5%              | 4.4%              | 4.3%              |

(Continued)

**Muscatine Power & Water (MP&W)**

**Required Supplementary Information**  
**Schedule of Changes in MP&W's Net OPEB**  
**Liability and Related Ratios**  
**Last Eight Fiscal Years (Continued)**

|  | Measurement Date | 12/31/2022    | 12/31/2022    | 12/31/2021    | 12/31/2020    |
|--|------------------|---------------|---------------|---------------|---------------|
|  | Fiscal Year      | 12/31/2023    | 12/31/2023    | 12/31/2022    | 12/31/2021    |
| <u>Schedule of Employer Contributions</u>                        |                  |               |               |               |               |
| <u>Contributions</u>   |                  |               |               |               |               |
| Employer contributions   |                  | \$ 71,723     | \$ 72,238     | \$ 74,549     | \$ 62,135     |
| Employer contributions received by the plan                      |                  | 71,723        | 72,238        | 74,549        | 62,135        |
| Contribution deficiency (excess)                                 |                  | -             | -             | -             | -             |
| <u>Ratios</u>  |                  |               |               |               |               |
| Covered employee payroll   |                  | \$ 22,900,606 | \$ 22,684,111 | \$ 21,797,004 | \$ 22,755,120 |
| Total OPEB liability as a percentage of covered employee payroll |                  | 5.0%          | 5.0%          | 5.3%          | 5.0%          |
| <u>ADC Assumptions</u>   |                  |               |               |               |               |
| Long-term rate of return on assets                               |                  | N/A           | N/A           | N/A           | N/A           |
| Interest rate  |                  | 4.38%         | 4.38%         | 3.09%         | 3.09%         |
| Salary increase assumption                                       |                  | N/A           | N/A           | N/A           | N/A           |
| COLA increase assumption   |                  | N/A           | N/A           | N/A           | N/A           |
| Retirement age assumption  |                  | Rates         | Rates         | Rates         | Rates         |
| Plan changes   |                  | None          | None          | None          | None          |

Note: GASB Statement No. 75 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the utility will present information for those years for which information is available.

Methods and Assumptions Used to Determine OPEB Liability

|                           |  |
|---------------------------|--|
| Actuarial cost method     | Entry age normal method  |
| Discount rate             | 4.38%  |
| Mortality rate            | Pri-2012. Total dataset base rate mortality table projected generationally using the Principal Mortality Improvement Scale (Principal 2022). |
| Retirement rates          | Ages 62-64 - 25%; Age 65 - 100%  |
| Marriage                  | 75% married; male is 3 years older than the female   |
| Healthcare cost increases | 2023 - 1.36%; 2024 - 7.5%; 2025 - 7.0%; 2026 6.5%; 2027 6.00% decreasing by 0.25% per year through 2032; 2033 + 4.5%/year                    |
| Participation rate        | 75% of future retirees   |

No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75, paragraph 4.

|    | 12/31/2019 | 12/31/2018    | 12/31/2017    | 12/31/2016    |
|----|------------|---------------|---------------|---------------|
|    | 12/31/2020 | 12/31/2019    | 12/31/2018    | 12/31/2017    |
|    |            |               |               |               |
| \$ | 83,079     | \$ 44,748     | \$ 44,748     | \$ 44,748     |
|    | 83,079     | 44,748        | 44,748        | 44,748        |
|    | -          | -             | -             | -             |
|    |            |               |               |               |
| \$ | 22,755,120 | \$ 21,461,252 | \$ 20,802,753 | \$ 19,722,272 |
|    | 4.3%       | 4.5%          | 4.4%          | 4.3%          |
|    |            |               |               |               |
|    | N/A        | N/A           | N/A           | N/A           |
|    | 3.97%      | 3.97%         | 4.09%         | 4.09%         |
|    | N/A        | N/A           | N/A           | N/A           |
|    | N/A        | N/A           | N/A           | N/A           |
|    | Rates      | Rates         | Rates         | Rates         |
|    | None       | None          | None          | None          |

**City of Muscatine, Iowa**

**Required Supplementary Information  
Schedule of the City's Proportionate Share of the Net Pension Liability  
Iowa Public Employees' Retirement System  
Last Ten Fiscal Years**

|  | 2025*        | 2024*        | 2023*        | 2022*        |
|--|--------------|--------------|--------------|--------------|
| City's proportion of the net pension liability   | 0.1075010%   | 0.1074390%   | 0.1134033%   | -0.0375084%  |
| City's proportionate share of the net pension liability  | \$ 3,914,632 | \$ 4,849,415 | \$ 4,284,546 | \$ 129,489   |
| City's covered payroll   | \$ 9,967,931 | \$ 9,523,802 | \$ 9,199,668 | \$ 8,790,129 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 39.27%       | 50.92%       | 46.57%       | 1.47%        |
| Plan fiduciary net pension as a percentage of the total pension liability                      | 92.30%       | 90.13%       | 91.41%       | 100.81%      |

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

See Notes to Required Supplementary Information

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| 2021*        | 2020*        | 2019*        | 2018*        | 2017*        | 2016*        |
|--------------|--------------|--------------|--------------|--------------|--------------|
| 0.1045333%   | 0.1101200%   | 0.1069804%   | 0.1083022%   | 0.1082369%   | 0.11044860%  |
| \$ 7,343,188 | \$ 6,376,670 | \$ 6,769,982 | \$ 7,214,294 | \$ 6,811,690 | \$ 5,456,694 |
| \$ 8,332,918 | \$ 8,425,706 | \$ 8,092,365 | \$ 8,136,539 | \$ 7,817,478 | \$ 7,667,711 |
| 88.12%       | 75.68%       | 83.66%       | 88.67%       | 87.13%       | 71.16%       |
| 82.90%       | 85.45%       | 83.62%       | 82.21%       | 81.82%       | 85.19%       |

**City of Muscatine, Iowa**

**Required Supplementary Information**  
**Schedule of City Contributions**  
**Iowa Public Employees' Retirement System**  
**Last Ten Fiscal Years**

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|   | 2025          | 2024         | 2023         | 2022         | 2021         |
|---|---------------|--------------|--------------|--------------|--------------|
| Statutorily required contribution                                     | \$ 993,818    | \$ 937,743   | \$ 890,689   | \$ 866,251   | \$ 828,218   |
| Contributions in relation to the<br>statutorily required contribution | (993,818)     | (937,743)    | (890,689)    | (866,251)    | (828,218)    |
| Contribution deficiency (excess)                                      | \$ -          | \$ -         | \$ -         | \$ -         | \$ -         |
| City's covered payroll  | \$ 10,583,496 | \$ 9,967,932 | \$ 9,523,802 | \$ 9,199,668 | \$ 8,790,129 |
| Contributions as a percentage of<br>covered payroll                   | 9.39%         | 9.41%        | 9.35%        | 9.42%        | 9.42%        |

See Notes to Required Supplementary Information

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| 2020         | 2019         | 2018         | 2017         | 2016         |
|--------------|--------------|--------------|--------------|--------------|
| \$ 786,739   | \$ 795,670   | \$ 723,120   | \$ 727,098   | \$ 698,589   |
| (786,739)    | (795,670)    | (723,120)    | (727,098)    | (698,589)    |
| \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| \$ 8,332,918 | \$ 8,425,706 | \$ 8,092,365 | \$ 8,136,539 | \$ 7,817,478 |
| 9.44%        | 9.44%        | 8.94%        | 8.94%        | 8.94%        |



City of Muscatine, Iowa

**Required Supplementary Information**  
**Schedule of the City's Proportionate Share of the Net Pension Liability**  
**Municipal Fire and Police Retirement System**  
**Last Ten Fiscal Years**

|  | 2025*         | 2024*         | 2023*         | 2022*          |
|--|---------------|---------------|---------------|----------------|
| City's proportion of the net pension liability   | 1.733979%     | 1.722580%     | 1.801901%     | 1.792597%      |
| City's proportionate share of the net pension liability  | \$ 11,457,829 | \$ 10,786,454 | \$ 10,118,944 | \$ (4,025,709) |
| City's covered payroll   | \$ 6,541,798  | \$ 6,274,661  | \$ 6,062,213  | \$ 5,852,382   |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 175.15%       | 171.90%       | 166.92%       | 68.79%         |
| Plan fiduciary net pension as a percentage of the total pension liability                      | 83.37%        | 83.37%        | 84.62%        | 93.62%         |

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

See Notes to Required Supplementary Information

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| 2021*         | 2020*         | 2019*         | 2018*         | 2017*         | 2016*        |
|---------------|---------------|---------------|---------------|---------------|--------------|
| 1.725542%     | 1.768136%     | 1.788944%     | 1.844853%     | 1.721407%     | 1.759589%    |
| \$ 13,762,928 | \$ 11,597,674 | \$ 10,651,435 | \$ 10,819,603 | \$ 10,763,285 | \$ 8,266,801 |
| \$ 5,482,109  | \$ 5,368,372  | \$ 5,210,779  | \$ 5,028,590  | \$ 4,703,400  | \$ 4,623,077 |
| 251.05%       | 216.04%       | 204.41%       | 215.16%       | 228.84%       | 178.82%      |
| 76.47%        | 79.94%        | 81.07%        | 80.60%        | 78.20%        | 83.04%       |

**City of Muscatine**

**Required Supplementary Information  
Schedule of City Contributions  
Municipal Fire and Police Retirement System  
Last Ten Fiscal Years**

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|   | 2025         | 2024         | 2023         | 2022         | 2021         |
|---|--------------|--------------|--------------|--------------|--------------|
| Statutorily required contribution                                     | \$ 1,576,098 | \$ 1,495,815 | \$ 1,492,816 | \$ 1,593,275 | \$ 1,474,337 |
| Contributions in relation to the<br>statutorily required contribution | (1,576,098)  | (1,495,815)  | (1,492,816)  | (1,593,275)  | (1,474,337)  |
| Contribution deficiency (excess)                                      | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| City's covered payroll  | \$ 6,986,280 | \$ 6,541,798 | \$ 6,274,661 | \$ 6,062,213 | \$ 5,852,382 |
| Contributions as a percentage of<br>covered payroll                   | 22.56%       | 22.87%       | 23.79%       | 26.28%       | 25.19%       |

See Notes to Required Supplementary Information

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| 2020         | 2019         | 2018         | 2017         | 2016         |
|--------------|--------------|--------------|--------------|--------------|
| \$ 1,338,183 | \$ 1,392,690 | \$ 1,335,297 | \$ 1,354,626 | \$ 1,295,439 |
| (1,338,183)  | (1,392,690)  | (1,335,297)  | (1,354,626)  | (1,295,439)  |
| \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| \$ 5,482,109 | \$ 5,368,372 | \$ 5,210,779 | \$ 5,028,590 | \$ 4,703,400 |
| 24.41%       | 25.94%       | 25.63%       | 26.94%       | 27.54%       |

**Muscatine Power & Water**

**Required Supplementary Information - Single Employer Defined Benefit Pension Plan**  
**Schedule of Changes in Net Pension Liability**  
**Last Ten Fiscal Years (Unaudited)**

**Total Pension Liability**

| Measurement Date                                  | 12/31/2023         | 12/31/2022         | 12/31/2021         | 12/31/2020         |
|---|--------------------|--------------------|--------------------|--------------------|
| Fiscal Year                                       | 12/31/2024         | 12/31/2023         | 12/31/2022         | 12/31/2021         |
| Service cost                                      | \$ 2,085,757       | \$ 1,848,298       | \$ 1,858,620       | \$ 1,578,324       |
| Interest  | 6,033,758          | 5,989,274          | 5,823,219          | 5,739,672          |
| Benefit payments                                  | (5,228,235)        | (4,904,679)        | (4,628,248)        | (4,331,785)        |
| Difference between expected and actual experience | 342,360            | (154,311)          | (157,715)          | 831,913            |
| Change in assumptions                             | (5,464,519)        | 3,499,231          | 147,923            | 5,529,903          |
| Net change in total pension liability             | (2,230,879)        | 6,277,813          | 3,043,799          | 9,348,027          |
| Total pension liability, beginning of period      | 111,194,285        | 104,916,472        | 101,872,673        | 92,524,646         |
| Total pension liability, end of period            | <u>108,963,406</u> | <u>111,194,285</u> | <u>104,916,472</u> | <u>101,872,673</u> |

**Plan Fiduciary Net Position**

|  |                   |                   |                    |                   |
|--|-------------------|-------------------|--------------------|-------------------|
| Employer contributions                           | \$ 4,005,000      | \$ 3,840,000      | \$ 3,823,002       | \$ 3,124,701      |
| Net investment income                            | 12,730,081        | (17,414,629)      | 12,437,361         | 13,070,517        |
| Benefit payments                                 | (5,228,235)       | (4,904,679)       | (4,628,248)        | (4,331,785)       |
| Administration expenses                          | (158,309)         | (142,074)         | (142,074)          | (145,574)         |
| Net change in plan fiduciary net position        | 11,348,537        | (18,621,382)      | 11,490,041         | 11,717,859        |
| Plan fiduciary net position, beginning of period | 87,175,154        | 105,796,536       | 94,306,495         | 82,588,636        |
| Plan fiduciary net position, end of period       | <u>98,523,691</u> | <u>87,175,154</u> | <u>105,796,536</u> | <u>94,306,495</u> |

|                       |                      |                      |                     |                     |
|-----------------------|----------------------|----------------------|---------------------|---------------------|
| Net pension liability | <u>\$ 10,439,715</u> | <u>\$ 24,019,131</u> | <u>\$ (880,064)</u> | <u>\$ 7,566,178</u> |
|-----------------------|----------------------|----------------------|---------------------|---------------------|

|  |       |       |        |       |
|--|-------|-------|--------|-------|
| Plan fiduciary net position as a percentage of the total pension liability | 90.4% | 78.4% | 100.8% | 92.6% |
|--|-------|-------|--------|-------|

|                           |               |               |               |               |
|---------------------------|---------------|---------------|---------------|---------------|
| Covered valuation payroll | \$ 22,900,606 | \$ 22,684,111 | \$ 21,797,004 | \$ 22,755,120 |
|---------------------------|---------------|---------------|---------------|---------------|

|  |       |        |       |       |
|--|-------|--------|-------|-------|
| Net pension liability as a percentage of covered valuation payroll | 45.6% | 105.9% | -4.0% | 33.3% |
|--|-------|--------|-------|-------|

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| 12/31/2019<br>12/31/2020 | 12/31/2018<br>12/31/2019 | 12/31/2017<br>12/31/2018 | 12/31/2016<br>12/31/2017 | 12/31/2015<br>12/31/2016 | 12/31/2014<br>12/31/2015 |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| \$ 1,557,289             | \$ 1,470,422             | \$ 1,513,685             | \$ 1,389,645             | \$ 1,293,507             | \$ 1,397,201             |
| 5,552,211                | 5,411,414                | 5,196,759                | 5,128,482                | 4,857,025                | 4,743,318                |
| (3,692,986)              | (3,443,179)              | (3,166,243)              | (2,793,981)              | (2,672,730)              | (2,370,911)              |
| (413,970)                | 942,640                  | 450,770                  | (1,006,283)              | 652,758                  | (943,990)                |
| (1,597,802)              | (201,125)                | (347,807)                | 4,507,826                | (123,402)                | 3,959,905                |
| 1,404,742                | 4,180,172                | 3,647,164                | 7,225,689                | 4,007,158                | 6,785,523                |
| 91,119,904               | 86,939,732               | 83,292,568               | 76,066,879               | 72,059,721               | 65,274,198               |
| <u>92,524,646</u>        | <u>91,119,904</u>        | <u>86,939,732</u>        | <u>83,292,568</u>        | <u>76,066,879</u>        | <u>72,059,721</u>        |
| \$ 3,345,873             | \$ 3,504,169             | \$ 3,233,148             | \$ 2,781,411             | \$ 2,683,000             | \$ 2,619,320             |
| 13,147,954               | (3,545,522)              | 9,741,653                | 3,529,390                | (266,965)                | 3,183,800                |
| (3,692,986)              | (3,443,179)              | (3,166,243)              | (2,793,981)              | (2,672,730)              | (2,370,911)              |
| (67,728)                 | -                        | -                        | (4,500)                  | -                        | (1,950)                  |
| 12,733,113               | (3,484,532)              | 9,808,558                | 3,512,320                | (256,695)                | 3,430,259                |
| 69,855,523               | 73,340,055               | 63,531,497               | 60,019,177               | 60,275,872               | 56,845,613               |
| <u>82,588,636</u>        | <u>69,855,523</u>        | <u>73,340,055</u>        | <u>63,531,497</u>        | <u>60,019,177</u>        | <u>60,275,872</u>        |
| <u>\$ 9,936,010</u>      | <u>\$ 21,264,381</u>     | <u>\$ 13,599,677</u>     | <u>\$ 19,761,071</u>     | <u>\$ 16,047,702</u>     | <u>\$ 11,783,849</u>     |
| 89.3%                    | 76.7%                    | 84.4%                    | 76.3%                    | 78.9%                    | 83.6%                    |
| \$ 21,461,252            | \$ 20,802,753            | \$ 19,722,272            | \$ 19,812,794            | \$ 20,849,573            | \$ 19,530,308            |
| 46.3%                    | 102.2%                   | 69.0%                    | 99.7%                    | 77.0%                    | 60.3%                    |

## Muscatine Power & Water

### Required Supplementary Information - Single Employer Defined Benefit Pension Plan For the Year Ended December 31, 2024 (Unaudited)

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#### Methods and Assumptions Used to Determine Contribution Rates:

|                              |   |
|------------------------------|---|
| Actuarial cost method        | Entry Age Normal Method   |
| Asset valuation method       | Market Value  |
| Investment rate of return    | 6.00%   |
| Inflation                    | 2.40%   |
| Retirement rate              | 25% at each age group 62 years through 65 years   |
| Salary increases (age-based) | Age 25 - 6.18%; Age 40 - 4.72%; Age 55 - 3.88%  |
| Wage base                    | 3.50%   |
| Marriage rate                | 75%   |
| Mortality                    | Pri-2012 total dataset projected generationally using the Principal Mortality Improvement Scale, Principal 2024 |

**Muscatine Power & Water (MP&W)****Required Supplementary Information - Single Employer Defined Benefit Pension Plan  
Schedule of Employer Contributions  
Last Ten Fiscal Years**

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|  | 2024          | 2023          | 2022          | 2021          | 2020          |
|--|---------------|---------------|---------------|---------------|---------------|
| Annual required contributions                                    | \$ 3,420,000  | \$ 4,005,000  | \$ 3,840,000  | \$ 3,823,002  | \$ 3,124,701  |
| Contributions in relation to the<br>annual required contribution | (3,420,000)   | (4,005,000)   | (3,840,000)   | (3,823,002)   | (3,124,701)   |
| Contribution deficiency (excess)                                 | \$ -          | \$ -          | \$ -          | \$ -          | \$ -          |
| MP&W's covered valuation payroll                                 | \$ 23,108,108 | \$ 22,684,111 | \$ 21,797,004 | \$ 22,755,120 | \$ 21,461,252 |
| Contributions as a percentage of<br>covered valuation payroll    | 14.80%        | 17.66%        | 17.62%        | 16.80%        | 14.56%        |



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| 2019          | 2018          | 2017          | 2016          | 2015          |
|---------------|---------------|---------------|---------------|---------------|
| \$ 3,345,873  | \$ 3,504,169  | \$ 3,233,148  | \$ 2,781,411  | \$ 2,683,000  |
| (3,345,873)   | (3,504,169)   | (3,233,148)   | (2,781,411)   | (2,683,000)   |
| \$ -          | \$ -          | \$ -          | \$ -          | \$ -          |
| \$ 21,914,340 | \$ 20,802,753 | \$ 19,722,272 | \$ 19,812,794 | \$ 20,849,573 |
| 15.27%        | 16.84%        | 16.39%        | 14.04%        | 12.87%        |

**Muscatine Power & Water****Required Supplementary Information****Schedule of the Muscatine Power & Water's Proportionate Share of the Net Pension Liability****Iowa Public Employees' Retirement System****Last Ten Years**

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|   | 2024*      | 2023*      | 2022*      | 2021*      |
|---|------------|------------|------------|------------|
| MP&W's proportion of the net pension liability  | 0.009997%  | 0.009364%  | 0.010823%  | 0.010630%  |
| MP&W's proportionate share of the net pension liability   | \$ 369,181 | \$ 432,059 | \$ 429,583 | \$ 14,902  |
| MP&W's covered payroll  | \$ 935,495 | \$ 841,327 | \$ 915,758 | \$ 862,746 |
| MP&W's proportionate share of the net pension liability<br>as a percentage of its covered payroll | 39.5%      | 51.4%      | 46.9%      | 1.7%       |
| Plan fiduciary net pension as a percentage of the total<br>pension liability                      | 92.3%      | 89.2%      | 90.3%      | 99.6%      |

\* The amounts presented for each year were determined as of the prior June 30 year-end.

See Notes to Required Supplementary Information

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| 2020*      | 2019*      | 2018*      | 2017*      | 2016*      | 2015*      |
|------------|------------|------------|------------|------------|------------|
| 0.010151%  | 0.008276%  | 0.009012%  | 0.007749%  | 0.006906%  | 0.009160%  |
| \$ 708,117 | \$ 482,470 | \$ 570,121 | \$ 483,234 | \$ 343,338 | \$ 363,277 |
| \$ 799,956 | \$ 705,123 | \$ 579,595 | \$ 551,040 | \$ 476,102 | \$ 595,572 |
| 88.5%      | 68.4%      | 98.4%      | 87.7%      | 72.1%      | 61.0%      |
| 81.9%      | 84.4%      | 83.6%      | 81.8%      | 85.2%      | 87.6%      |

## Muscatine Power & Water

### Required Supplementary Information

#### Schedule of Muscatine Power & Water's Contributions

#### Iowa Public Employees' Retirement System

#### Last Ten Years

|   | 2024         | 2023       | 2022       | 2021       | 2020       |
|---|--------------|------------|------------|------------|------------|
| Statutorily required contribution                                     | \$ 110,137   | \$ 79,667  | \$ 82,308  | \$ 81,504  | \$ 82,972  |
| Contributions in relation to the<br>statutorily required contribution | (110,137)    | (79,667)   | (82,308)   | (81,504)   | (82,972)   |
| Contribution deficiency (excess)                                      | \$ -         | \$ -       | \$ -       | \$ -       | \$ -       |
| MP&W's covered payroll  | \$ 1,166,701 | \$ 843,932 | \$ 871,911 | \$ 863,394 | \$ 878,943 |
| Contributions as a percentage of<br>covered payroll                   | 9.44%        | 9.44%      | 9.44%      | 9.44%      | 9.44%      |

See Notes to Required Supplementary Information

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| 2019       | 2018       | 2017       | 2016       | 2015       |
|------------|------------|------------|------------|------------|
| \$ 66,922  | \$ 59,468  | \$ 56,861  | \$ 49,963  | \$ 46,930  |
| (66,922)   | (59,468)   | (56,861)   | (49,963)   | (46,930)   |
| \$ -       | \$ -       | \$ -       | \$ -       | \$ -       |
| \$ 708,921 | \$ 648,271 | \$ 636,745 | \$ 559,496 | \$ 525,532 |
| 9.44%      | 9.17%      | 8.93%      | 8.93%      | 8.93%      |

## **CITY OF MUSCATINE, IOWA**

### **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**JUNE 30, 2025**

#### **NOTE 1. Budget Preparation and Adoption**

The State of Iowa requires the annual budgets for the year beginning July 1 be certified to the County Auditor no later than April 30 preceding the beginning of the fiscal year. The budget must include the amount to be raised by property taxation, income from sources other than property taxation, and expenditures for each of the functional areas described in Note 3.

Preliminary budget review of all operating department requests is conducted by the City Administrator. The budget proposal as presented to the City Council by the City Administrator is a complete financial plan for the upcoming fiscal year. The proposal is submitted on or before the first Monday of February. The City Council holds various budget meetings with the City Administrator, Finance Director, department heads, and boards and commissions, as well as holding two public hearings prior to adopting the budget. The Council adopts the budget by resolution and certifies it to the County Auditor by the 30th day of April preceding the beginning of the fiscal year. This budget becomes the appropriation for the operations of the City.

After the initial annual budget is adopted, it may be amended for specified purposes. Budget amendments must be prepared and adopted in the same manner as the original budget. Management is not authorized to amend the budget or to make budgetary transfers between functions without the approval of the City Council.

The City Council also approves a five-year capital improvement program. This capital improvement program is reviewed and revised annually by the City Council; a public hearing also is held in regard to proposed capital improvements for the City.

#### **NOTE 2. Basis of Budgeting**

Annual budgets are adopted following required public notice and hearings for all funds with the exception of certain internal service and permanent funds, on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except that encumbrances are also recognized as a valid and proper charge against the budget appropriations in the year in which the commitment was issued. Encumbrances represent purchases on order related to unperformed contracts for goods or services with the exception of capital projects fund contracts. For budgetary purposes, encumbrances are recognized as a valid and proper charge against the budget appropriation in the year in which the commitment was issued. Encumbrances do not lapse at year-end and provide authorization for expenditure the following year. In the preceding budget schedules, expenditures include current fiscal year encumbrances and exclude the payment of prior year encumbrances.

#### **NOTE 3. Budget Functions**

Formal and legal budgetary control is based upon nine major classes of expenditures known as functions, not by fund or fund type. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government,

debt service, capital projects, and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Enterprise Funds and certain Permanent and Internal Service Funds. Although the City's budget document presents expenditures by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements in total by \$10,986,607, which includes a \$5,821,757 increase in governmental funds and a \$5,164,850 increase in proprietary funds. The governmental funds increase includes \$628,657 in increases in the various functions and a \$5,193,100 increase in capital projects due to changes in capital projects construction schedules. The proprietary funds budget increase includes \$4,065,300 due to changes in proprietary fund capital project construction schedules. The budget amendments are reflected in the final budgeted amounts

During the year ended June 30, 2025, expenditures did not exceed the budgeted amounts in any of the nine functions.

#### **NOTE 4. Pension Liability**

##### **IPERS**

##### *Changes of benefit terms:*

There were no significant changes of benefit terms.

##### *Changes of assumptions:*

The 2022 valuation implemented the following:

- Mortality assumptions were changed to the family of PubG-2010 Mortality Tables for all groups, with age setbacks and set forwards, as well as other adjustments. Future mortality improvements are modeled using Scale MP-2021.
- Retirement rates were adjusted to partially reflect observed experience for Regular members only.
- Disability rates were lowered for Regular members only.
- Termination rates were adjusted to partially reflect observed experience for all groups.

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

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

## **MFPRSI**

### *Changes of benefit terms:*

There were no significant changes of benefit terms.

### *Changes of assumptions:*

The 2018 valuation changed postretirement mortality rates were based on the RP-2014 Blue Collar Health Annuitant Table with males set-forward zero years, females set-forward two years, and disabled individuals set-forward three years (male only rates), with generational projection of future mortality improvement with 50% of Scale BB beginning in 2017.

The 2017 valuation added five years projection of future mortality improvement with Scale BB.

The 2016 valuation changed postretirement mortality rates to the RP-2000 Blue Collar Combined Health Mortality Table with males set-back two years, females set-forward one year, and disabled individuals set-forward one year (male only rate), with no projection of future mortality improvement.



# NON-MAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

Special Revenue Funds are utilized to account for revenues derived from specific sources which are accounted for as separate funds. These funds are as follows:

**COMMUNITY DEVELOPMENT BLOCK GRANT** - Accounts for community development block grant funds awarded to the City.

**OTHER COMMUNITY DEVELOPMENT DEPARTMENT GRANTS** - Accounts for the community development department grants for the 6<sup>th</sup> and Mulberry project, the downtown revitalization project, the downtown historic revitalization project, the nuisance/abandoned property project, and the Lead Hazard Reduction grant.

**1ST TIME HOME OWNERS PROGRAM** - Accounts for funds received to provide education and counseling services to assist persons interested in purchasing their own homes.

**SECTION 8 HOUSING PROGRAM** - Accounts for the operations of the City's Section 8 Housing Choice Voucher Program which provides rental assistance to low-income individuals and families in the City.

**SUNSET PARK EDUCATION PROGRAM** - Accounts for children's education programs at the Sunset Park public housing apartment complex.

**POLICE FORFEITURES** - Accounts for funds received by the police department from seized and forfeited properties under guidelines established by the U.S. Department of Justice and the State of Iowa and must be expended for police department programs.

**TAX INCREMENT FUNDS** - Accounts for the incremental taxes from thirteen (13) tax increment districts and the Low & Moderate Income Setaside program.

**SMALL BUSINESS FORGIVABLE LOAN PROGRAMS** - These programs provide for forgivable loans to private businesses for the promotion of in-fill, redevelopment, and facilities enhancements in designated areas of the community.

**RIVERVIEW REINVESTMENT DISTRICT** - Accounts for Reinvestment District revenues from the State of Iowa and economic development payments of those funds to the Riverview Hotel Development for the Merrill Hotel and Conference Center located in downtown Muscatine overlooking the Mississippi River. The Merrill Hotel opened in March of 2018.

**ART CENTER SPECIAL FUNDS** - Accounts for the Alice Dodge Schaeffer Trust, the principal and interest of which is used for the conservation of furnishings, which accompanied this trust, and the General Donations Trust which is used for cash donations to the Art Center either for specific purchases or general donations to be used to fund acquisitions designated by the Board of Trustees of the Art Center. Also accounts for funds received from the estate of Brad Burns which must be used for art center purchases.

**PARKS AND OTHER DONATIONS** - Accounts for funds from the estate of Dr. J. Donald McPike to be used for the Weed Park Rose Garden and other park improvements and funds from the estate of Jerry Lange to be used for holiday decorations.

**LIBRARY SPECIAL FUND** - Accounts for the Library Gift and Memorial Trust used for general donations to the Musser Public Library.

## CAPITAL PROJECTS FUNDS

The Capital Projects Funds are utilized to account for financial resources to be used for the acquisition or construction of capital facilities and other major capital assets, with the exception of those that are financed by Enterprise and Internal Service Funds. The project funds reflect the nature of the capital projects and are as follows:

**COMMUNITY DEVELOPMENT IMPROVEMENTS FUND** - Accounts for urban renewal improvements, housing rehabilitation, and building demolition projects in designated areas of the City.

**STREET AND SIDEWALK IMPROVEMENTS FUND** - Accounts for the City's pavement management program including ongoing maintenance of the improved streets.

**OTHER STREET IMPROVEMENTS FUND** - Accounts for major street improvement projects funded from grants and bond proceeds.

**RIVERFRONT IMPROVEMENT PROJECTS FUND** - Accounts for riverfront and levee improvement projects.

## PERMANENT FUNDS

Permanent Funds are used to account for resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that benefit the City's programs and services.

**MCWHIRTER-GILMORE TRUST** - Accounts for funds received which accompanied the gift of the Musser Mansion museum facility. Interest earnings on this trust are used for the maintenance of the museum building.

**PERPETUAL CARE TRUST** - Accounts for the portion of cemetery lot sales designated for perpetual care.

**PERPETUAL CARE INTEREST TRUST** - Accounts for interest earned on cemetery perpetual care funds which is required to be used for the operation and maintenance of the cemetery facility.

**CEMETERY SPECIAL TRUSTS** - Accounts for funds received, the interest earnings of which are designated to be used to maintain specific cemetery lots or to provide floral arrangements for these lots.

City of Muscatine, Iowa

Non-Major Governmental Funds  
Combining Balance Sheet  
June 30, 2025

|   | Special<br>Revenue | Capital<br>Projects | Permanent    | Totals       |
|---|--------------------|---------------------|--------------|--------------|
| <b>ASSETS</b>   |                    |                     |              |              |
| Cash and pooled investments   | \$ 1,878,225       | \$ 1,242,282        | \$ 128,537   | \$ 3,249,044 |
| Investments   | 432,738            | -                   | 975,000      | 1,407,738    |
| Receivables (net of allowance for uncollectibles):                  |                    |                     |              |              |
| Interest  | 26,151             | 14,191              | 21,501       | 61,843       |
| Taxes   | 2,571,708          | -                   | -            | 2,571,708    |
| Intergovernmental   | 855,860            | 322,159             | -            | 1,178,019    |
| Accounts  | 12,866             | 128,701             | 231          | 141,798      |
| Advances to other funds   | 131,640            | -                   | -            | 131,640      |
| Total assets  | 5,909,188          | 1,707,333           | 1,125,269    | 8,741,790    |
| <b>LIABILITIES</b>  |                    |                     |              |              |
| Accounts payable and accruals                                       | 186,975            | 353,998             | -            | 540,973      |
| Retainages payable  | -                  | 40,239              | -            | 40,239       |
| Escrow liability  | 187,841            | -                   | -            | 187,841      |
| Advances from other funds   | 754,696            | 517,468             | 20,138       | 1,292,302    |
| Total liabilities   | 1,129,512          | 911,705             | 20,138       | 2,061,355    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                |                    |                     |              |              |
| Unavailable revenue - property taxes                                | 2,522,000          | -                   | -            | 2,522,000    |
| Unavailable revenue - intergovernmental                             | 441,048            | 422,458             | -            | 863,506      |
| Total deferred inflows of resources                                 | 2,963,048          | 422,458             | -            | 3,385,506    |
| <b>FUND BALANCES</b>  |                    |                     |              |              |
| <b>Nonspendable:</b>  |                    |                     |              |              |
| Permanent fund principal  | -                  | -                   | 1,059,606    | 1,059,606    |
| <b>Restricted for:</b>  |                    |                     |              |              |
| Grant purposes  | 311,836            | -                   | -            | 311,836      |
| Tax levy purposes   | 776,456            | -                   | -            | 776,456      |
| Housing and community development                                   | 287,754            | -                   | -            | 287,754      |
| Law enforcement   | 18,372             | -                   | -            | 18,372       |
| Art center  | 249,105            | -                   | 19,884       | 268,989      |
| Library   | 169,387            | -                   | -            | 169,387      |
| Bequest purposes  | 465,487            | -                   | -            | 465,487      |
| Cemetery  | -                  | -                   | 25,641       | 25,641       |
| Street and sidewalk projects  | -                  | 1,048,100           | -            | 1,048,100    |
| <b>Unassigned</b>   | (461,769)          | (674,930)           | -            | (1,136,699)  |
| Total fund balances   | 1,816,628          | 373,170             | 1,105,131    | 3,294,929    |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 5,909,188       | \$ 1,707,333        | \$ 1,125,269 | \$ 8,741,790 |

City of Muscatine, Iowa

Non-Major Governmental Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended June 30, 2025

|                                       | Special<br>Revenue | Capital<br>Projects | Permanent    | Totals       |
|---------------------------------------|--------------------|---------------------|--------------|--------------|
| <b>REVENUES</b>                       |                    |                     |              |              |
| Taxes:                                |                    |                     |              |              |
| Property                              | \$ 2,629,297       | \$ -                | \$ -         | \$ 2,629,297 |
| Intergovernmental                     | 3,786,407          | 435,547             | -            | 4,221,954    |
| Use of money and property             | 127,619            | 68,654              | 54,163       | 250,436      |
| Other                                 | 127,808            | 33,402              | 4,109        | 165,319      |
| Total revenues                        | 6,671,131          | 537,603             | 58,272       | 7,267,006    |
| <b>EXPENDITURES</b>                   |                    |                     |              |              |
| Current:                              |                    |                     |              |              |
| Public safety                         | 380                | -                   | -            | 380          |
| Culture and recreation                | 44,714             | -                   | 300          | 45,014       |
| Community and economic development    | 6,173,902          | -                   | -            | 6,173,902    |
| Capital outlay:                       |                    |                     |              |              |
| Public works                          | -                  | 1,503,052           | -            | 1,503,052    |
| Culture and recreation                | -                  | 599,004             | -            | 599,004      |
| Community and economic development    | -                  | 620,493             | -            | 620,493      |
| Principal                             | 16,824             | -                   | -            | 16,824       |
| Interest                              | 774                | -                   | -            | 774          |
| Total expenditures                    | 6,236,594          | 2,722,549           | 300          | 8,959,443    |
| Revenues over (under) expenditures    | 434,537            | (2,184,946)         | 57,972       | (1,692,437)  |
| <b>OTHER FINANCING SOURCES (USES)</b> |                    |                     |              |              |
| Transfers in                          | 578,287            | 1,080,982           | -            | 1,659,269    |
| Transfers out                         | (1,438,615)        | -                   | (46,897)     | (1,485,512)  |
| Total other financing sources (uses)  | (860,328)          | 1,080,982           | (46,897)     | 173,757      |
| Net change in fund balances           | (425,791)          | (1,103,964)         | 11,075       | (1,518,680)  |
| Fund balances, June 30, 2024          | 2,242,419          | 1,477,134           | 1,094,056    | 4,813,609    |
| Fund balances, June 30, 2025          | \$ 1,816,628       | \$ 373,170          | \$ 1,105,131 | \$ 3,294,929 |

City of Muscatine, Iowa  
Non-Major Special Revenue Funds  
Combining Balance Sheet  
June 30, 2025

|  | Community<br>Development<br>Block Grant | CDBG Grant -<br>6th &<br>Mulberry | CDBG Grant -<br>Downtown<br>Revitalization | Downtown<br>Housing<br>Grant | Downtown<br>Historic<br>Revitalization | Nuisance/<br>Abandoned<br>Property Grant | Lead Hazard<br>Reduction<br>Grant |
|--|---|-----------------------------------|--|------------------------------|--|--|-----------------------------------|
| <b>ASSETS</b>  |   |                                   |  |                              |  |  |                                   |
| Cash and pooled investments  | \$ 34,748                               | \$ -                              | \$ -                                       | \$ -                         | \$ -                                   | \$ -                                     | \$ -                              |
| Investments  | -                                       | -                                 | -  | -                            | -                                      | -  | -                                 |
| Receivables (net of allowance for<br>uncollectibles):                  |   |                                   |  |                              |  |  |                                   |
| Interest   | 347                                     | -                                 | -  | -                            | -                                      | -  | -                                 |
| Taxes  | -                                       | -                                 | -  | -                            | -                                      | -  | -                                 |
| Accounts   | -                                       | -                                 | -  | -                            | -                                      | -  | -                                 |
| Intergovernmental  | -                                       | 142,617                           | 393,660                                    | 80,000                       | 3,526                                  | 104,787                                  | 42,674                            |
| Advances to other funds  | -                                       | -                                 | -  | -                            | -                                      | -  | -                                 |
| Total assets   | 35,095                                  | 142,617                           | 393,660                                    | 80,000                       | 3,526                                  | 104,787                                  | 42,674                            |
| <b>LIABILITIES</b>   |   |                                   |  |                              |  |  |                                   |
| Accounts payable and accruals  | -                                       | 11,875                            | 2,067                                      | -                            | -                                      | -  | 19,347                            |
| Advances from other funds  | -                                       | 124,338                           | 418,718                                    | 80,000                       | 3,526                                  | 104,787                                  | 23,327                            |
| Escrow liability   | -                                       | -                                 | -  | -                            | -                                      | -  | -                                 |
| Total liabilities  | -                                       | 136,213                           | 420,785                                    | 80,000                       | 3,526                                  | 104,787                                  | 42,674                            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                   |   |                                   |  |                              |  |  |                                   |
| Unavailable revenue - property taxes                                   | -                                       | -                                 | -  | -                            | -                                      | -  | -                                 |
| Unavailable revenue - intergovernmental                                | -                                       | 142,617                           | 110,118                                    | 80,000                       | 3,526                                  | 104,787                                  | -                                 |
| Total deferred inflows of resources                                    | -                                       | 142,617                           | 110,118                                    | 80,000                       | 3,526                                  | 104,787                                  | -                                 |
| <b>FUND BALANCES</b>   |   |                                   |  |                              |  |  |                                   |
| <b>Restricted for:</b>   |   |                                   |  |                              |  |  |                                   |
| Grant purposes   | -                                       | -                                 | -  | -                            | -                                      | -  | -                                 |
| Housing assistance payments  | -                                       | -                                 | -  | -                            | -                                      | -  | -                                 |
| Tax levy purposes  | -                                       | -                                 | -  | -                            | -                                      | -  | -                                 |
| Housing and community development                                      | 35,095                                  | -                                 | -  | -                            | -                                      | -  | -                                 |
| Law enforcement  | -                                       | -                                 | -  | -                            | -                                      | -  | -                                 |
| Art center   | -                                       | -                                 | -  | -                            | -                                      | -  | -                                 |
| Library  | -                                       | -                                 | -  | -                            | -                                      | -  | -                                 |
| Bequest purposes   | -                                       | -                                 | -  | -                            | -                                      | -  | -                                 |
| <b>Unassigned</b>  | -                                       | (136,213)                         | (137,243)                                  | (80,000)                     | (3,526)                                | (104,787)                                | -                                 |
| Total fund balances  | 35,095                                  | (136,213)                         | (137,243)                                  | (80,000)                     | (3,526)                                | (104,787)                                | -                                 |
| Total liabilities, deferred inflows of<br>resources, and fund balances | \$ 35,095                               | \$ 142,617                        | \$ 393,660                                 | \$ 80,000                    | \$ 3,526                               | \$ 104,787                               | \$ 42,674                         |

(Continued)

City of Muscatine, Iowa  
Non-Major Special Revenue Funds  
Combining Balance Sheet  
June 30, 2025

|   | 1st Time<br>Home Owners<br>Program | Section 8<br>Housing<br>Program | Sunset Park<br>Education<br>Program | Public Hsg<br>Legal<br>Settlement | Police<br>Forfeitures | Tax Increment<br>Fund<br>Summary | Small Business<br>Forgivable<br>Loan Program |
|---|------------------------------------|---------------------------------|-------------------------------------|-----------------------------------|-----------------------|----------------------------------|--|
| <b>ASSETS</b>   |                                    |                                 |                                     |                                   |                       |                                  |  |
| Cash and pooled investments   | \$ 8,033                           | \$ 123,984                      | \$ 7,779                            | \$ 18,986                         | \$ 18,372             | \$ 754,551                       | \$ 603                                       |
| Investments   | -                                  | 432,738                         | -                                   | -                                 | -                     | -                                | -  |
| Receivables (net of allowance for uncollectibles):                  |                                    |                                 |                                     |                                   |                       |                                  |  |
| Interest  | 166                                | -                               | -                                   | 1,588                             | -                     | 12,649                           | -  |
| Taxes   | -                                  | -                               | -                                   | -                                 | -                     | 2,571,708                        | -  |
| Accounts  | 11,898                             | 968                             | -                                   | -                                 | -                     | -                                | -  |
| Intergovernmental   | 12,031                             | 5,795                           | -                                   | -                                 | -                     | -                                | -  |
| Advances to other funds   | -                                  | -                               | -                                   | 131,640                           | -                     | -                                | -  |
| Total assets  | 32,128                             | 563,485                         | 7,779                               | 152,214                           | 18,372                | 3,338,908                        | 603  |
| <b>LIABILITIES</b>  |                                    |                                 |                                     |                                   |                       |                                  |  |
| Accounts payable and accruals                                       | 2,288                              | 28,605                          | -                                   | -                                 | -                     | 40,452                           | -  |
| Advances from other funds   | -                                  | -                               | -                                   | -                                 | -                     | -                                | -  |
| Escrow liability  | -                                  | 187,841                         | -                                   | -                                 | -                     | -                                | -  |
| Total liabilities   | 2,288                              | 216,446                         | -                                   | -                                 | -                     | 40,452                           | -  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                |                                    |                                 |                                     |                                   |                       |                                  |  |
| Unavailable revenue - property taxes                                | -                                  | -                               | -                                   | -                                 | -                     | 2,522,000                        | -  |
| Unavailable revenue - intergovernmental                             | -                                  | -                               | -                                   | -                                 | -                     | -                                | -  |
| Total deferred inflows of resources                                 | -                                  | -                               | -                                   | -                                 | -                     | 2,522,000                        | -  |
| <b>FUND BALANCES</b>  |                                    |                                 |                                     |                                   |                       |                                  |  |
| <b>Restricted for:</b>  |                                    |                                 |                                     |                                   |                       |                                  |  |
| Grant purposes  | -                                  | 311,836                         | -                                   | -                                 | -                     | -                                | -  |
| Housing assistance payments   | -                                  | 35,203                          | -                                   | -                                 | -                     | -                                | -  |
| Tax levy purposes   | -                                  | -                               | -                                   | -                                 | -                     | 776,456                          | -  |
| Housing and community development                                   | 29,840                             | -                               | 7,779                               | 152,214                           | -                     | -                                | 603  |
| Law enforcement   | -                                  | -                               | -                                   | -                                 | 18,372                | -                                | -  |
| Art center  | -                                  | -                               | -                                   | -                                 | -                     | -                                | -  |
| Library   | -                                  | -                               | -                                   | -                                 | -                     | -                                | -  |
| Bequest purposes  | -                                  | -                               | -                                   | -                                 | -                     | -                                | -  |
| <b>Unassigned</b>   | -                                  | -                               | -                                   | -                                 | -                     | -                                | -  |
| Total fund balances   | 29,840                             | 347,039                         | 7,779                               | 152,214                           | 18,372                | 776,456                          | 603  |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 32,128                          | \$ 563,485                      | \$ 7,779                            | \$ 152,214                        | \$ 18,372             | \$ 3,338,908                     | \$ 603                                       |

(Continued)

City of Muscatine, Iowa  
Non-Major Special Revenue Funds  
Combining Balance Sheet  
June 30, 2025

|   | Small Business<br>Forgivable Loan<br>2nd St Facades | Riverview<br>Reinvestment<br>District | Art Center<br>Special Funds | Parks & Other<br>Special Funds | Library<br>Special Funds | Total        |
|---|---|---------------------------------------|-----------------------------|--------------------------------|--------------------------|--------------|
| <b>ASSETS</b>   |   |                                       |                             |                                |                          |              |
| Cash and pooled investments   | \$ 23,953   | \$ -                                  | \$ 246,879                  | \$ 461,184                     | \$ 179,153               | \$ 1,878,225 |
| Investments   | -   | -                                     | -                           | -                              | -                        | 432,738      |
| Receivables (net of allowance for uncollectibles):                  |   |                                       |                             |                                |                          |              |
| Interest  | 3,067   | -                                     | 2,268                       | 4,303                          | 1,763                    | 26,151       |
| Taxes   | -   | -                                     | -                           | -                              | -                        | 2,571,708    |
| Accounts  | -   | -                                     | -                           | -                              | -                        | 12,866       |
| Intergovernmental   | -   | 70,770                                | -                           | -                              | -                        | 855,860      |
| Advances to other funds   | -   | -                                     | -                           | -                              | -                        | 131,640      |
| Total assets  | 27,020  | 70,770                                | 249,147                     | 465,487                        | 180,916                  | 5,909,188    |
| <b>LIABILITIES</b>  |   |                                       |                             |                                |                          |              |
| Accounts payable and accruals                                       | -   | 70,770                                | 42                          | -                              | 11,529                   | 186,975      |
| Advances from other funds   | -   | -                                     | -                           | -                              | -                        | 754,696      |
| Escrow liability  | -   | -                                     | -                           | -                              | -                        | 187,841      |
| Total liabilities   | -   | 70,770                                | 42                          | -                              | 11,529                   | 1,129,512    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                |   |                                       |                             |                                |                          |              |
| Unavailable revenue - property taxes                                | -   | -                                     | -                           | -                              | -                        | 2,522,000    |
| Unavailable revenue - intergovernmental                             | -   | -                                     | -                           | -                              | -                        | 441,048      |
| Total deferred inflows of resources                                 | -   | -                                     | -                           | -                              | -                        | 2,963,048    |
| <b>FUND BALANCES</b>  |   |                                       |                             |                                |                          |              |
| <b>Restricted for:</b>  |   |                                       |                             |                                |                          |              |
| Grant purposes  | -   | -                                     | -                           | -                              | -                        | 311,836      |
| Housing assistance payments   | -   | -                                     | -                           | -                              | -                        | 35,203       |
| Tax levy purposes   | -   | -                                     | -                           | -                              | -                        | 776,456      |
| Housing and community development                                   | 27,020  | -                                     | -                           | -                              | -                        | 252,551      |
| Law enforcement   | -   | -                                     | -                           | -                              | -                        | 18,372       |
| Art center  | -   | -                                     | 249,105                     | -                              | -                        | 249,105      |
| Library   | -   | -                                     | -                           | -                              | 169,387                  | 169,387      |
| Bequest purposes  | -   | -                                     | -                           | 465,487                        | -                        | 465,487      |
| Unassigned  | -   | -                                     | -                           | -                              | -                        | (461,769)    |
| Total fund balances   | 27,020  | -                                     | 249,105                     | 465,487                        | 169,387                  | 1,816,628    |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 27,020   | \$ 70,770                             | \$ 249,147                  | \$ 465,487                     | \$ 180,916               | \$ 5,909,188 |

City of Muscatine, Iowa  
Non-Major Special Revenue Funds  
Combining Statement of Revenues,  
Expenditures and Changes in Fund Balances  
Year Ended June 30, 2025

|                                       | Community<br>Development<br>Block Grant | CDBG Grant -<br>6th and<br>Mulberry | IEDA<br>Downtown<br>Housing Grant | CDBG Grant -<br>Downtown<br>Revitalization | Downtown<br>Historic<br>Grant | Nuisance/<br>Abandoned<br>Property Grant | Lead Hazard<br>Reduction<br>Grant |
|---------------------------------------|---|-------------------------------------|-----------------------------------|--|-------------------------------|--|-----------------------------------|
| <b>REVENUES</b>                       |   |                                     |                                   |  |                               |  |                                   |
| Taxes:                                |   |                                     |                                   |  |                               |  |                                   |
| Property                              | \$ -                                    | \$ -                                | \$ -                              | \$ -                                       | \$ -                          | \$ -                                     | \$ -                              |
| Intergovernmental:                    |   |                                     |                                   |  |                               |  |                                   |
| Federal grants                        | -                                       | 43,924                              | -                                 | 426,193                                    | -                             | -  | 242,169                           |
| State grants                          | -                                       | -                                   | -                                 | -  | -                             | -  | -                                 |
| Local grants                          | -                                       | -                                   | -                                 | -  | -                             | -  | -                                 |
| Interest                              | 1,543                                   | -                                   | -                                 | -  | -                             | -  | -                                 |
| Other:                                |   |                                     |                                   |  |                               |  |                                   |
| Donations                             | -                                       | 6,125                               | -                                 | -  | -                             | -  | -                                 |
| Miscellaneous                         | -                                       | -                                   | -                                 | -  | -                             | -  | -                                 |
| Total revenues                        | 1,543                                   | 50,049                              | -                                 | 426,193                                    | -                             | -  | 242,169                           |
| <b>EXPENDITURES</b>                   |   |                                     |                                   |  |                               |  |                                   |
| Current:                              |   |                                     |                                   |  |                               |  |                                   |
| Public safety                         | -                                       | -                                   | -                                 | -  | -                             | -  | -                                 |
| Culture and recreation                | -                                       | -                                   | -                                 | -  | -                             | -  | -                                 |
| Community and economic<br>development | -                                       | 173,183                             | 80,000                            | 726,454                                    | 3,526                         | 98,509                                   | 250,624                           |
| Principal                             | -                                       | -                                   | -                                 | -  | -                             | -  | -                                 |
| Interest                              | -                                       | -                                   | -                                 | -  | -                             | -  | -                                 |
| Total expenditures                    | -                                       | 173,183                             | 80,000                            | 726,454                                    | 3,526                         | 98,509                                   | 250,624                           |
| Revenues over (under)<br>expenditures | 1,543                                   | (123,134)                           | (80,000)                          | (300,261)                                  | (3,526)                       | (98,509)                                 | (8,455)                           |
| <b>OTHER FINANCING SOURCES (USES)</b> |   |                                     |                                   |  |                               |  |                                   |
| Transfers in                          | -                                       | -                                   | -                                 | 300,000                                    | -                             | -  | 8,455                             |
| Transfers out                         | -                                       | -                                   | -                                 | -  | -                             | -  | -                                 |
| Total other financing sources (uses)  | -                                       | -                                   | -                                 | 300,000                                    | -                             | -  | 8,455                             |
| Net change in fund balances           | 1,543                                   | (123,134)                           | (80,000)                          | (261)                                      | (3,526)                       | (98,509)                                 | -                                 |
| Fund balances, June 30, 2024          | 33,552                                  | (13,079)                            | -                                 | (136,982)                                  | -                             | (6,278)                                  | -                                 |
| Fund balances, June 30, 2025          | <u>\$ 35,095</u>                        | <u>\$ (136,213)</u>                 | <u>\$ (80,000)</u>                | <u>\$ (137,243)</u>                        | <u>\$ (3,526)</u>             | <u>\$ (104,787)</u>                      | <u>\$ -</u>                       |

(Continued)



City of Muscatine, Iowa  
Non-Major Special Revenue Funds  
Combining Statement of Revenues,  
Expenditures and Changes in Fund Balances  
Year Ended June 30, 2025

|                                       | 1st Time<br>Home Owners<br>Program | Section 8<br>Housing<br>Program | Sunset Park<br>Education<br>Program | Public Housing<br>Legal<br>Settlement | Police<br>Forfeitures | Tax Increment<br>Fund<br>Summary | Small Business<br>Forgivable<br>Loan Program |
|---------------------------------------|------------------------------------|---------------------------------|-------------------------------------|---------------------------------------|-----------------------|----------------------------------|--|
| <b>REVENUES</b>                       |                                    |                                 |                                     |                                       |                       |                                  |  |
| Taxes:                                |                                    |                                 |                                     |                                       |                       |                                  |  |
| Property                              | \$ -                               | \$ -                            | \$ -                                | \$ -                                  | \$ -                  | \$ 2,629,297                     | \$ -   |
| Intergovernmental:                    |                                    |                                 |                                     |                                       |                       |                                  |  |
| Federal grants                        | 23,201                             | 2,612,110                       | -                                   | -                                     | -                     | -                                | -  |
| State grants                          | 69,396                             | -                               | -                                   | -                                     | -                     | -                                | -  |
| Local grants                          | 67,097                             | -                               | -                                   | -                                     | -                     | -                                | -  |
| Interest                              | 344                                | 13,419                          | 342                                 | 7,063                                 | 9                     | 52,798                           | 1,513  |
| Other:                                |                                    |                                 |                                     |                                       |                       |                                  |  |
| Donations                             | -                                  | -                               | -                                   | -                                     | -                     | -                                | -  |
| Miscellaneous                         | -                                  | 48,367                          | -                                   | -                                     | 1,800                 | -                                | -  |
| Total revenues                        | 160,038                            | 2,673,896                       | 342                                 | 7,063                                 | 1,809                 | 2,682,095                        | 1,513  |
| <b>EXPENDITURES</b>                   |                                    |                                 |                                     |                                       |                       |                                  |  |
| Current:                              |                                    |                                 |                                     |                                       |                       |                                  |  |
| Public safety                         | -                                  | -                               | -                                   | -                                     | 380                   | -                                | -  |
| Culture and recreation                | -                                  | -                               | -                                   | -                                     | -                     | -                                | -  |
| Community and economic<br>development | 147,874                            | 2,585,679                       | -                                   | -                                     | -                     | 1,452,985                        | 312,185                                      |
| Principal                             | -                                  | 16,824                          | -                                   | -                                     | -                     | -                                | -  |
| Interest                              | -                                  | 774                             | -                                   | -                                     | -                     | -                                | -  |
| Total expenditures                    | 147,874                            | 2,603,277                       | -                                   | -                                     | 380                   | 1,452,985                        | 312,185                                      |
| Revenues over (under)<br>expenditures | 12,164                             | 70,619                          | 342                                 | 7,063                                 | 1,429                 | 1,229,110                        | (310,672)                                    |
| <b>OTHER FINANCING SOURCES (USES)</b> |                                    |                                 |                                     |                                       |                       |                                  |  |
| Transfers in                          | -                                  | -                               | -                                   | -                                     | -                     | 14,621                           | 155,211                                      |
| Transfers out                         | -                                  | -                               | -                                   | (8,455)                               | -                     | (1,124,949)                      | -  |
| Total other financing sources (uses)  | -                                  | -                               | -                                   | (8,455)                               | -                     | (1,110,328)                      | 155,211                                      |
| Net change in fund balances           | 12,164                             | 70,619                          | 342                                 | (1,392)                               | 1,429                 | 118,782                          | (155,461)                                    |
| Fund balances, June 30, 2024          | 17,676                             | 276,420                         | 7,437                               | 153,606                               | 16,943                | 657,674                          | 156,064                                      |
| Fund balances, June 30, 2025          | \$ 29,840                          | \$ 347,039                      | \$ 7,779                            | \$ 152,214                            | \$ 18,372             | \$ 776,456                       | \$ 603                                       |

(Continued)

City of Muscatine, Iowa  
Non-Major Special Revenue Funds  
Combining Statement of Revenues,  
Expenditures and Changes in Fund Balances  
Year Ended June 30, 2025

|                                       | Small Business<br>Forgivable Loan<br>Code Comp. | Small Business<br>Forgivable Loan<br>2nd St Facades | Riverview<br>Reinvestment<br>District | Art Center<br>Special Funds | Parks &<br>Other<br>Special Funds | Library<br>Special Funds | Total        |
|---------------------------------------|---|---|---------------------------------------|-----------------------------|-----------------------------------|--------------------------|--------------|
| <b>REVENUES</b>                       |   |   |                                       |                             |                                   |                          |              |
| Taxes:                                |   |   |                                       |                             |                                   |                          |              |
| Property                              | \$ -  | \$ -  | \$ -                                  | \$ -                        | \$ -                              | \$ -                     | \$ 2,629,297 |
| Intergovernmental:                    |   |   |                                       |                             |                                   |                          |              |
| Federal grants                        | -   | -   | -                                     | -                           | -                                 | -                        | 3,347,597    |
| State grants                          | -   | -   | 272,883                               | -                           | -                                 | 24,434                   | 366,713      |
| Local grants                          | -   | -   | -                                     | 5,000                       | -                                 | -                        | 72,097       |
| Interest                              | 1,951   | 11,651  | -                                     | 10,624                      | 19,244                            | 7,118                    | 127,619      |
| Other:                                |   |   |                                       |                             |                                   |                          |              |
| Donations                             | -   | -   | -                                     | 3,190                       | 30,000                            | 34,876                   | 74,191       |
| Miscellaneous                         | -   | -   | -                                     | 621                         | -                                 | 2,829                    | 53,617       |
| Total revenues                        | 1,951   | 11,651  | 272,883                               | 19,435                      | 49,244                            | 69,257                   | 6,671,131    |
| <b>EXPENDITURES</b>                   |   |   |                                       |                             |                                   |                          |              |
| Current:                              |   |   |                                       |                             |                                   |                          |              |
| Public safety                         | -   | -   | -                                     | -                           | -                                 | -                        | 380          |
| Culture and recreation                | -   | -   | -                                     | 6,986                       | -                                 | 37,728                   | 44,714       |
| Community and economic<br>development | 70,000  | -   | 272,883                               | -                           | -                                 | -                        | 6,173,902    |
| Principal                             | -   | -   | -                                     | -                           | -                                 | -                        | 16,824       |
| Interest                              | -   | -   | -                                     | -                           | -                                 | -                        | 774          |
| Total expenditures                    | 70,000  | -   | 272,883                               | 6,986                       | -                                 | 37,728                   | 6,236,594    |
| Revenues over (under)<br>expenditures | (68,049)  | 11,651  | -                                     | 12,449                      | 49,244                            | 31,529                   | 434,537      |
| <b>OTHER FINANCING SOURCES (USES)</b> |   |   |                                       |                             |                                   |                          |              |
| Transfers in                          | -   | 100,000   | -                                     | -                           | -                                 | -                        | 578,287      |
| Transfers out                         | (5,211)   | (300,000)   | -                                     | -                           | -                                 | -                        | (1,438,615)  |
| Total other financing sources (uses)  | (5,211)   | (200,000)   | -                                     | -                           | -                                 | -                        | (860,328)    |
| Net change in fund balances           | (73,260)  | (188,349)   | -                                     | 12,449                      | 49,244                            | 31,529                   | (425,791)    |
| Fund balances, June 30, 2024          | 73,260  | 215,369   | -                                     | 236,656                     | 416,243                           | 137,858                  | 2,242,419    |
| Fund balances, June 30, 2025          | \$ -  | \$ 27,020   | \$ -                                  | \$ 249,105                  | \$ 465,487                        | \$ 169,387               | \$ 1,816,628 |

City of Muscatine, Iowa

Non-Major Special Revenue Funds - Tax Increment Funds  
Combining Balance Sheet  
June 30, 2025

|   | Downtown<br>Tax<br>Increment | Southend<br>Tax<br>Increment | Cedar<br>Development<br>Tax Increment | Highway 38<br>Northeast Tax<br>Increment | Fridley<br>Theater Tax<br>Increment | Riverview<br>Hotel Tax<br>Increment |
|---|------------------------------|------------------------------|---------------------------------------|--|-------------------------------------|-------------------------------------|
| <b>ASSETS</b>   |                              |                              |                                       |  |                                     |                                     |
| Cash and pooled investments   | \$ 18,371                    | \$ 412,298                   | \$ 73,855                             | \$ 29,101                                | \$ 74,856                           | \$ 36,479                           |
| Receivables (net of allowance for uncollectibles):                  |                              |                              |                                       |  |                                     |                                     |
| Interest  | -                            | 9,068                        | 737                                   | 341                                      | 703                                 | 557                                 |
| Taxes   | 262,000                      | 1,424,958                    | -                                     | 10,000                                   | 55,000                              | 402,191                             |
| Total assets  | 280,371                      | 1,846,324                    | 74,592                                | 39,442                                   | 130,559                             | 439,227                             |
| <b>LIABILITIES</b>  |                              |                              |                                       |  |                                     |                                     |
| Accounts payable and accruals                                       | -                            | -                            | -                                     | -  | -                                   | 6,600                               |
| Total liabilities   | -                            | -                            | -                                     | -  | -                                   | 6,600                               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                |                              |                              |                                       |  |                                     |                                     |
| Unavailable revenue - property taxes                                | 262,000                      | 1,420,000                    | -                                     | 10,000                                   | 55,000                              | 395,000                             |
| Total deferred inflows of resources                                 | 262,000                      | 1,420,000                    | -                                     | 10,000                                   | 55,000                              | 395,000                             |
| <b>FUND BALANCES</b>  |                              |                              |                                       |  |                                     |                                     |
| <b>Restricted for:</b>  |                              |                              |                                       |  |                                     |                                     |
| Tax levy purposes   | 18,371                       | 426,324                      | 74,592                                | 29,442                                   | 75,559                              | 37,627                              |
| Total fund balances   | 18,371                       | 426,324                      | 74,592                                | 29,442                                   | 75,559                              | 37,627                              |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 280,371                   | \$ 1,846,324                 | \$ 74,592                             | \$ 39,442                                | \$ 130,559                          | \$ 439,227                          |

| <b>N. University<br/>Tax<br/>Increment</b> | <b>White Dist.<br/>Tax<br/>Increment</b> | <b>Hershey Bldg<br/>Tax<br/>Increment</b> | <b>Oak Park<br/>Tax<br/>Increment</b> | <b>Steamboat<br/>Tax<br/>Increment</b> | <b>Colorado<br/>Lofts Tax<br/>Increment</b> | <b>Arbor<br/>Commons Tax<br/>Increment</b> | <b>Low/Moderate<br/>Income<br/>Setaside</b> | <b>Total</b>        |
|--|--|---|---------------------------------------|--|---|--|---|---------------------|
| \$ 28,720                                  | \$ 27,425                                | \$ 5,920                                  | \$ 12,632                             | \$ 5,230                               | \$ -  | \$ 7,011                                   | \$ 22,653                                   | \$ 754,551          |
| 355  | 376                                      | -   | 313                                   | -                                      | -   | 199  | -   | 12,649              |
| 106,000                                    | 80,000                                   | 114,491                                   | 27,000                                | 12,000                                 | 28,000                                      | 50,068                                     | -   | 2,571,708           |
| 135,075                                    | 107,801                                  | 120,411                                   | 39,945                                | 17,230                                 | 28,000                                      | 57,278                                     | 22,653                                      | 3,338,908           |
| -  | -  | 32,481                                    | -                                     | -                                      | -   | 1,371                                      | -   | 40,452              |
| -  | -  | 32,481                                    | -                                     | -                                      | -   | 1,371                                      | -   | 40,452              |
| 106,000                                    | 80,000                                   | 80,000                                    | 27,000                                | 12,000                                 | 28,000                                      | 47,000                                     | -   | 2,522,000           |
| 106,000                                    | 80,000                                   | 80,000                                    | 27,000                                | 12,000                                 | 28,000                                      | 47,000                                     | -   | 2,522,000           |
| 29,075                                     | 27,801                                   | 7,930                                     | 12,945                                | 5,230                                  | -   | 8,907                                      | 22,653                                      | 776,456             |
| 29,075                                     | 27,801                                   | 7,930                                     | 12,945                                | 5,230                                  | -   | 8,907                                      | 22,653                                      | 776,456             |
| <u>\$ 135,075</u>                          | <u>\$ 107,801</u>                        | <u>\$ 120,411</u>                         | <u>\$ 39,945</u>                      | <u>\$ 17,230</u>                       | <u>\$ 28,000</u>                            | <u>\$ 57,278</u>                           | <u>\$ 22,653</u>                            | <u>\$ 3,338,908</u> |

City of Muscatine, Iowa

Non-Major Special Revenue Funds - Tax Increment Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended June 30, 2025

|                                       | Downtown<br>Tax<br>Increment | Southend<br>Tax<br>Increment | Cedar<br>Development<br>Tax Increment | Highway 38<br>Northeast Tax<br>Increment | Fridley<br>Tax<br>Increment | Riverview<br>Hotel Tax<br>Increment |
|---------------------------------------|------------------------------|------------------------------|---------------------------------------|--|-----------------------------|-------------------------------------|
| <b>REVENUES</b>                       |                              |                              |                                       |  |                             |                                     |
| Taxes:                                |                              |                              |                                       |  |                             |                                     |
| Property                              | \$ 263,409                   | \$ 1,455,701                 | \$ -                                  | \$ 39,069                                | \$ 76,083                   | \$ 400,223                          |
| Interest                              | 1,840                        | 36,181                       | 3,279                                 | 1,386                                    | 3,032                       | 2,109                               |
| Total revenues                        | 265,249                      | 1,491,882                    | 3,279                                 | 40,455                                   | 79,115                      | 402,332                             |
| <b>EXPENDITURES</b>                   |                              |                              |                                       |  |                             |                                     |
| Current:                              |                              |                              |                                       |  |                             |                                     |
| Community and economic<br>development | -                            | 636,766                      | -                                     | 34,676                                   | 65,923                      | 367,794                             |
| Total expenditures                    | -                            | 636,766                      | -                                     | 34,676                                   | 65,923                      | 367,794                             |
| Revenues over (under)<br>expenditures | 265,249                      | 855,116                      | 3,279                                 | 5,779                                    | 13,192                      | 34,538                              |
| <b>OTHER FINANCING SOURCES (USES)</b> |                              |                              |                                       |  |                             |                                     |
| Transfers in                          | -                            | -                            | -                                     | -  | -                           | -                                   |
| Transfers out                         | (256,200)                    | (854,128)                    | -                                     | -  | -                           | -                                   |
| Total other financing sources (uses)  | (256,200)                    | (854,128)                    | -                                     | -  | -                           | -                                   |
| Net change in fund balances           | 9,049                        | 988                          | 3,279                                 | 5,779                                    | 13,192                      | 34,538                              |
| Fund balances, June 30, 2024          | 9,322                        | 425,336                      | 71,313                                | 23,663                                   | 62,367                      | 3,089                               |
| Fund balances, June 30, 2025          | \$ 18,371                    | \$ 426,324                   | \$ 74,592                             | \$ 29,442                                | \$ 75,559                   | \$ 37,627                           |

| <b>North<br/>University Tax<br/>Increment</b> | <b>Northeast<br/>WDS Tax<br/>Increment</b> | <b>Arbor<br/>Commons Tax<br/>Increment</b> | <b>Hershey<br/>Building Tax<br/>Increment</b> | <b>Oak Park<br/>Tax<br/>Increment</b> | <b>Steamboat<br/>Tax<br/>Increment</b> | <b>Colorado<br/>Lofts Tax<br/>Increment</b> | <b>Low/Moderate<br/>Income<br/>Setaside</b> | <b>Total</b>           |
|---|--|--|---|---------------------------------------|--|---|---|------------------------|
| \$ 110,011<br>1,491                           | \$ 80,195<br>1,416                         | \$ 41,123<br>658                           | \$ 66,972<br>260                              | \$ 30,845<br>1,146                    | \$ 30,844<br>-                         | \$ 34,822<br>-                              | \$ -<br>-                                   | \$ 2,629,297<br>52,798 |
| <u>111,502</u>                                | <u>81,611</u>                              | <u>41,781</u>                              | <u>67,232</u>                                 | <u>31,991</u>                         | <u>30,844</u>                          | <u>34,822</u>                               | <u>-</u>                                    | <u>2,682,095</u>       |
| <br>  |  |  |   |                                       |  |   |   |                        |
| <u>102,867</u>                                | <u>72,056</u>                              | <u>22,015</u>                              | <u>64,962</u>                                 | <u>25,490</u>                         | <u>25,614</u>                          | <u>34,822</u>                               | <u>-</u>                                    | <u>1,452,985</u>       |
| <u>102,867</u>                                | <u>72,056</u>                              | <u>22,015</u>                              | <u>64,962</u>                                 | <u>25,490</u>                         | <u>25,614</u>                          | <u>34,822</u>                               | <u>-</u>                                    | <u>1,452,985</u>       |
| <br>  |  |  |   |                                       |  |   |   |                        |
| <u>8,635</u>                                  | <u>9,555</u>                               | <u>19,766</u>                              | <u>2,270</u>                                  | <u>6,501</u>                          | <u>5,230</u>                           | <u>-</u>                                    | <u>-</u>                                    | <u>1,229,110</u>       |
| <br>  |  |  |   |                                       |  |   |   |                        |
| <u>-</u>                                      | <u>-</u>                                   | <u>-</u>                                   | <u>-</u>                                      | <u>-</u>                              | <u>-</u>                               | <u>-</u>                                    | <u>14,621</u>                               | <u>14,621</u>          |
| <u>-</u>                                      | <u>-</u>                                   | <u>(14,621)</u>                            | <u>-</u>                                      | <u>-</u>                              | <u>-</u>                               | <u>-</u>                                    | <u>-</u>                                    | <u>(1,124,949)</u>     |
| <br>  |  |  |   |                                       |  |   |   |                        |
| <u>-</u>                                      | <u>-</u>                                   | <u>(14,621)</u>                            | <u>-</u>                                      | <u>-</u>                              | <u>-</u>                               | <u>-</u>                                    | <u>14,621</u>                               | <u>(1,110,328)</u>     |
| <br>  |  |  |   |                                       |  |   |   |                        |
| <u>8,635</u>                                  | <u>9,555</u>                               | <u>5,145</u>                               | <u>2,270</u>                                  | <u>6,501</u>                          | <u>5,230</u>                           | <u>-</u>                                    | <u>14,621</u>                               | <u>118,782</u>         |
| <br>  |  |  |   |                                       |  |   |   |                        |
| <u>20,440</u>                                 | <u>18,246</u>                              | <u>3,762</u>                               | <u>5,660</u>                                  | <u>6,444</u>                          | <u>-</u>                               | <u>-</u>                                    | <u>8,032</u>                                | <u>657,674</u>         |
| <br>  |  |  |   |                                       |  |   |   |                        |
| <u>\$ 29,075</u>                              | <u>\$ 27,801</u>                           | <u>\$ 8,907</u>                            | <u>\$ 7,930</u>                               | <u>\$ 12,945</u>                      | <u>\$ 5,230</u>                        | <u>\$ -</u>                                 | <u>\$ 22,653</u>                            | <u>\$ 776,456</u>      |

City of Muscatine, Iowa

Non-Major Capital Projects Funds  
Combining Balance Sheet  
June 30, 2025

|  | Community<br>Development<br>Improvements | Street and<br>Sidewalk<br>Improvements | Other<br>Street<br>Improvements | Riverfront<br>Improvement<br>Projects | Total        |
|--|--|--|---------------------------------|---------------------------------------|--------------|
| <b>ASSETS</b>                                  |  |  |                                 |                                       |              |
| Cash and pooled investments                    | \$ -                                     | \$ 472,088                             | \$ 770,194                      | \$ -                                  | \$ 1,242,282 |
| Receivables:                                   |  |  |                                 |                                       |              |
| Interest                                       | 347                                      | 3,889                                  | 9,320                           | 635                                   | 14,191       |
| Intergovernmental                              | -  | -                                      | 322,159                         | -                                     | 322,159      |
| Accounts                                       | 28,402                                   | -                                      | -                               | 100,299                               | 128,701      |
| Total assets                                   | 28,749                                   | 475,977                                | 1,101,673                       | 100,934                               | 1,707,333    |
| <b>LIABILITIES</b>                             |  |  |                                 |                                       |              |
| Accounts payable                               | 93,329                                   | 89,406                                 | 85,853                          | 85,410                                | 353,998      |
| Retainages payable                             | 8,107                                    | 2,132                                  | 30,000                          | -                                     | 40,239       |
| Advances from other funds                      | 19,352                                   | -                                      | -                               | 498,116                               | 517,468      |
| Total liabilities                              | 120,788                                  | 91,538                                 | 115,853                         | 583,526                               | 911,705      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>           |  |  |                                 |                                       |              |
| Unavailable revenue - intergovernmental        | -  | -                                      | 322,159                         | 100,299                               | 422,458      |
| <b>FUND BALANCES (DEFICITS)</b>                |  |  |                                 |                                       |              |
| <b>Restricted for:</b>                         |  |  |                                 |                                       |              |
| Street and sidewalk projects                   | -  | 384,439                                | 663,661                         | -                                     | 1,048,100    |
| <b>Unassigned</b>                              | (92,039)                                 | -                                      | -                               | (582,891)                             | (674,930)    |
| Total fund balances (deficits)                 | (92,039)                                 | 384,439                                | 663,661                         | (582,891)                             | 373,170      |
| Total liabilities and fund balances (deficits) | \$ 28,749                                | \$ 475,977                             | \$ 1,101,673                    | \$ 100,934                            | \$ 1,707,333 |

City of Muscatine, Iowa

Non-Major Capital Projects Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended June 30, 2025

|   | Community<br>Development<br>Improvements | Street and<br>Sidewalk<br>Improvements | Other<br>Street<br>Improvements | Riverfront<br>Improvement<br>Projects | Total       |
|---|--|--|---------------------------------|---------------------------------------|-------------|
| <b>REVENUES</b>                         |  |  |                                 |                                       |             |
| Intergovernmental:                      |  |  |                                 |                                       |             |
| Federal grants                          | \$ -                                     | \$ -                                   | \$ 258,047                      | \$ -                                  | \$ 258,047  |
| State grants                            | -  | -                                      | 177,500                         | -                                     | 177,500     |
| Interest                                | 6,253                                    | 17,556                                 | 41,916                          | 2,929                                 | 68,654      |
| Contributions                           | -  | -                                      | -                               | 5,000                                 | 5,000       |
| Other:                                  |  |  |                                 |                                       |             |
| Reimbursement of costs                  | 28,402                                   | -                                      | -                               | -                                     | 28,402      |
| Total revenues                          | 34,655                                   | 17,556                                 | 477,463                         | 7,929                                 | 537,603     |
| <b>EXPENDITURES</b>                     |  |  |                                 |                                       |             |
| Capital outlay:                         |  |  |                                 |                                       |             |
| Public works                            | -  | 822,802                                | 680,250                         | -                                     | 1,503,052   |
| Culture and recreation                  | -  | -                                      | -                               | 599,004                               | 599,004     |
| Community and economic development      | 620,493                                  | -                                      | -                               | -                                     | 620,493     |
| Total expenditures                      | 620,493                                  | 822,802                                | 680,250                         | 599,004                               | 2,722,549   |
| Revenues over (under) expenditures      | (585,838)                                | (805,246)                              | (202,787)                       | (591,075)                             | (2,184,946) |
| <b>OTHER FINANCING SOURCES</b>          |  |  |                                 |                                       |             |
| Transfers in                            | 266,006                                  | 807,362                                | 7,614                           | -                                     | 1,080,982   |
| Total other financing sources           | 266,006                                  | 807,362                                | 7,614                           | -                                     | 1,080,982   |
| Net change in fund balances             | (319,832)                                | 2,116                                  | (195,173)                       | (591,075)                             | (1,103,964) |
| Fund balances, June 30, 2024            | 227,793                                  | 382,323                                | 858,834                         | 8,184                                 | 1,477,134   |
| Fund balances (deficits), June 30, 2025 | \$ (92,039)                              | \$ 384,439                             | \$ 663,661                      | \$ (582,891)                          | \$ 373,170  |



**City of Muscatine, Iowa**

**Non-Major Permanent Funds  
Combining Balance Sheet  
June 30, 2025**

|                                     | <b>McWhirter-<br/>Gilmore<br/>Trust</b> | <b>Perpetual<br/>Care<br/>Trust</b> | <b>Perpetual<br/>Care Interest<br/>Trust</b> | <b>Cemetery<br/>Special<br/>Trusts</b> | <b>Total</b>        |
|-------------------------------------|---|-------------------------------------|--|--|---------------------|
| <b>ASSETS</b>                       |   |                                     |  |  |                     |
| Cash and pooled investments         | \$ 119,212                              | \$ 2,375                            | \$ -   | \$ 6,950                               | \$ 128,537          |
| Investments                         | -                                       | 925,000                             | -  | 50,000                                 | 975,000             |
| Receivables:                        |   |                                     |  |  |                     |
| Interest                            | 672                                     | -                                   | 20,138                                       | 691                                    | 21,501              |
| Accounts                            | -                                       | 231                                 | -  | -                                      | 231                 |
|                                     | <u>119,884</u>                          | <u>927,606</u>                      | <u>20,138</u>                                | <u>57,641</u>                          | <u>1,125,269</u>    |
| Total assets                        | <u>119,884</u>                          | <u>927,606</u>                      | <u>20,138</u>                                | <u>57,641</u>                          | <u>1,125,269</u>    |
| <b>LIABILITIES</b>                  |   |                                     |  |  |                     |
| Advances from other funds           | -                                       | -                                   | 20,138                                       | -                                      | 20,138              |
|                                     | <u>-</u>                                | <u>-</u>                            | <u>20,138</u>                                | <u>-</u>                               | <u>20,138</u>       |
| Total liabilities                   | <u>-</u>                                | <u>-</u>                            | <u>20,138</u>                                | <u>-</u>                               | <u>20,138</u>       |
| <b>FUND BALANCES</b>                |   |                                     |  |  |                     |
| <b>Nonspendable:</b>                |   |                                     |  |  |                     |
| Permanent fund principal            | 100,000                                 | 927,606                             | -  | 32,000                                 | 1,059,606           |
| <b>Restricted for:</b>              |   |                                     |  |  |                     |
| Cemetery                            | -                                       | -                                   | -  | 25,641                                 | 25,641              |
| Art center                          | 19,884                                  | -                                   | -  | -                                      | 19,884              |
|                                     | <u>119,884</u>                          | <u>927,606</u>                      | <u>-</u>                                     | <u>57,641</u>                          | <u>1,105,131</u>    |
| Total fund balances                 | <u>119,884</u>                          | <u>927,606</u>                      | <u>-</u>                                     | <u>57,641</u>                          | <u>1,105,131</u>    |
| Total liabilities and fund balances | <u>\$ 119,884</u>                       | <u>\$ 927,606</u>                   | <u>\$ 20,138</u>                             | <u>\$ 57,641</u>                       | <u>\$ 1,125,269</u> |

City of Muscatine, Iowa

Non-Major Permanent Funds  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended June 30, 2025

|                                    | McWhirter-<br>Gilmore<br>Trust | Perpetual<br>Care<br>Trust | Perpetual<br>Care Interest<br>Trust | Cemetery<br>Special<br>Trusts | Total               |
|------------------------------------|--------------------------------|----------------------------|-------------------------------------|-------------------------------|---------------------|
| <b>REVENUES</b>                    |                                |                            |                                     |                               |                     |
| Cemetery perpetual care            | \$ -                           | \$ 4,109                   | \$ -                                | \$ -                          | \$ 4,109            |
| Interest                           | 4,422                          | -                          | 46,897                              | 2,844                         | 54,163              |
| Total revenues                     | 4,422                          | 4,109                      | 46,897                              | 2,844                         | 58,272              |
| <b>EXPENDITURES</b>                |                                |                            |                                     |                               |                     |
| Current:                           |                                |                            |                                     |                               |                     |
| Culture and recreation             | -                              | -                          | -                                   | 300                           | 300                 |
| Total expenditures                 | -                              | -                          | -                                   | 300                           | 300                 |
| Revenues over (under) expenditures | 4,422                          | 4,109                      | 46,897                              | 2,544                         | 57,972              |
| <b>OTHER FINANCING (USES)</b>      |                                |                            |                                     |                               |                     |
| Transfers out                      | -                              | -                          | (46,897)                            | -                             | (46,897)            |
| Net change in fund balances        | 4,422                          | 4,109                      | -                                   | 2,544                         | 11,075              |
| Fund balances, June 30, 2024       | 115,462                        | 923,497                    | -                                   | 55,097                        | 1,094,056           |
| Fund balances, June 30, 2025       | <u>\$ 119,884</u>              | <u>\$ 927,606</u>          | <u>\$ -</u>                         | <u>\$ 57,641</u>              | <u>\$ 1,105,131</u> |

## NON-MAJOR ENTERPRISE FUNDS

The Enterprise Funds are utilized to account for operations and activities that are financed and operated in a manner similar to a private business enterprise, and where the cost of providing goods and services to the general public on a continuing basis is expected to be recovered primarily through user charges. The City has also established Enterprise Funds when the determination has been made that it is advantageous to segregate revenues earned, expenses incurred, and net income for purposes of capital maintenance, public policy, management control, or accountability.

**PARKING OPERATIONS** - Accounts for the operations of "on" and "off-street" parking meters and parking in designated lots. All activities necessary to provide for such services are accounted for in this fund including, but not limited to, meter enforcement, maintenance, and administration.

**TRANSIT OPERATIONS** - Accounts for the operations of the municipal transit system. The system is funded from user fees, grants, and property taxes from a special levy.

**GOLF COURSE** - Accounts for the operation and maintenance of the Municipal Golf Course. This includes activities necessary to provide for the operation of the course as well as capital improvements.

**BOAT HARBOR** - Accounts for the operation and maintenance of the municipal boat harbor in addition to capital improvements to the harbor.

**MARINA OPERATIONS** - Accounts for the operation of the City's gas barge which provides fuel sales to boaters on the Mississippi River.

**CONVENTION AND VISITORS BUREAU** – The former non-profit Convention and Visitors Bureau (CVB) was dissolved as of June 30, 2015 with its assets and liabilities transferred to the City as of that date. Beginning in 2020, the City has contracted with the Greater Muscatine Chamber of Commerce and Industry for tourism and marketing services. This fund was closed out in the 2024/2025 fiscal year.

**AMBULANCE OPERATIONS** - Accounts for the Fire Department Ambulance Service which began providing service July 1, 2000.

**SOCCER EVENTS** - Accounted for revenues and expenses for the Soccer College Search Kickoff Event. This event was hosted by the City Parks & Recreation department in 2018, 2019, and 2021. After cancellation of the 2022 and 2023 tournaments, a decision was made to discontinue this tournament. The balance in this fund was used for soccer-related items for the new Sports Dome in 2024/2025.

**PUBLIC HOUSING** - Accounts for the operations of the City's public housing program which includes a 100-unit elderly housing facility and a 50-unit family facility.

**City of Muscatine, Iowa**  
**Non-Major Enterprise Funds**  
**Combining Statement of Net Position**  
**June 30, 2025**

|  | <b>Parking<br/>Operations</b> | <b>Transit<br/>Operations</b> | <b>Golf Course</b>  | <b>Boat Harbor</b> | <b>Marina<br/>Operations</b> |
|--|-------------------------------|-------------------------------|---------------------|--------------------|------------------------------|
| <b>ASSETS</b>  |                               |                               |                     |                    |                              |
| Current assets:                                      |                               |                               |                     |                    |                              |
| Cash and pooled investments                          | \$ 112,883                    | \$ -                          | \$ 505,574          | \$ 1,443           | \$ -                         |
| Investments  | -                             | -                             | -                   | -                  | -                            |
| Receivables (net of allowance for uncollectibles):   |                               |                               |                     |                    |                              |
| Interest   | 1,110                         | 4,075                         | 3,738               | -                  | -                            |
| Accounts   | 4,189                         | 133                           | 772                 | -                  | 299                          |
| Lease receivable                                     | -                             | -                             | -                   | -                  | -                            |
| Intergovernmental:                                   |                               |                               |                     |                    |                              |
| Federal  | -                             | 537,135                       | -                   | -                  | -                            |
| State  | -                             | 400,000                       | -                   | -                  | -                            |
| Due from other funds                                 | -                             | -                             | 3,410               | -                  | -                            |
| Inventories  | -                             | -                             | 38,964              | -                  | 4,331                        |
| Prepaid items  | -                             | -                             | 10,880              | -                  | -                            |
| Total current assets                                 | <u>118,182</u>                | <u>941,343</u>                | <u>563,338</u>      | <u>1,443</u>       | <u>4,630</u>                 |
| Noncurrent assets:                                   |                               |                               |                     |                    |                              |
| Capital assets:                                      |                               |                               |                     |                    |                              |
| Land   | 579,686                       | -                             | 80,000              | -                  | -                            |
| Land improvements                                    | 1,288,350                     | -                             | 1,348,305           | 479,080            | -                            |
| Buildings and building improvements                  | -                             | 20,426                        | 806,016             | -                  | -                            |
| Equipment  | 42,370                        | 6,054                         | 618,302             | -                  | -                            |
| Vehicles   | -                             | 1,531,747                     | 19,851              | -                  | -                            |
| Right-to-use leased assets                           | -                             | -                             | 168,849             | -                  | -                            |
| Right-to-use subscription assets                     | -                             | -                             | -                   | -                  | -                            |
| Construction in progress                             | -                             | 1,308,497                     | -                   | -                  | -                            |
| Less accumulated depreciation/amortization           | (1,123,149)                   | (699,553)                     | (2,101,741)         | (250,272)          | -                            |
| Total capital assets net of accumulated depreciation | <u>787,257</u>                | <u>2,167,171</u>              | <u>939,582</u>      | <u>228,808</u>     | <u>-</u>                     |
| Total noncurrent assets                              | <u>787,257</u>                | <u>2,167,171</u>              | <u>939,582</u>      | <u>228,808</u>     | <u>-</u>                     |
| Total assets   | <u>905,439</u>                | <u>3,108,514</u>              | <u>1,502,920</u>    | <u>230,251</u>     | <u>4,630</u>                 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                |                               |                               |                     |                    |                              |
| Pension related deferred outflows                    | 32,078                        | 94,354                        | 58,786              | -                  | -                            |
| OPEB related deferred outflows                       | 3,731                         | 4,974                         | 12,436              | -                  | -                            |
| Total deferred outflows of resources                 | <u>35,809</u>                 | <u>99,328</u>                 | <u>71,222</u>       | <u>-</u>           | <u>-</u>                     |
| <b>LIABILITIES</b>                                   |                               |                               |                     |                    |                              |
| Current liabilities:                                 |                               |                               |                     |                    |                              |
| Accounts payable and accruals                        | 8,068                         | 43,830                        | 94,216              | 1,443              | 1,220                        |
| Retainages payable                                   | -                             | 52,192                        | -                   | -                  | -                            |
| Compensated absences payable                         | 29,925                        | 18,024                        | 30,946              | 2,081              | -                            |
| Other post-employment benefits                       | 322                           | 430                           | 1,074               | -                  | -                            |
| Advances from other funds                            | -                             | 258,982                       | -                   | -                  | 3,410                        |
| Deposits   | -                             | -                             | -                   | -                  | -                            |
| Escrow liability                                     | -                             | -                             | -                   | -                  | -                            |
| Unearned revenue                                     | 12,487                        | 512                           | 658                 | -                  | -                            |
| Lease liability - current                            | -                             | -                             | 30,506              | -                  | -                            |
| Subscription liability - current                     | -                             | -                             | -                   | -                  | -                            |
| Total current liabilities                            | <u>50,802</u>                 | <u>373,970</u>                | <u>157,400</u>      | <u>3,524</u>       | <u>4,630</u>                 |
| Noncurrent liabilities:                              |                               |                               |                     |                    |                              |
| Compensated absences                                 | 10,086                        | 5,864                         | 20,861              | -                  | -                            |
| Other post-employment benefits                       | 8,339                         | 11,117                        | 27,794              | -                  | -                            |
| Net pension obligation                               | 82,772                        | 306,718                       | 82,286              | -                  | -                            |
| Lease liability - non-current                        | -                             | -                             | 127,880             | -                  | -                            |
| Total noncurrent liabilities                         | <u>101,197</u>                | <u>323,699</u>                | <u>258,821</u>      | <u>-</u>           | <u>-</u>                     |
| Total liabilities                                    | <u>151,999</u>                | <u>697,669</u>                | <u>416,221</u>      | <u>3,524</u>       | <u>4,630</u>                 |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                 |                               |                               |                     |                    |                              |
| Pension related deferred inflows                     | 2,483                         | 8,907                         | 2,299               | -                  | -                            |
| OPEB related deferred inflows                        | 442                           | 589                           | 1,471               | -                  | -                            |
| Deferred inflows from leases                         | -                             | -                             | -                   | -                  | -                            |
| Total deferred inflows of resources                  | <u>2,925</u>                  | <u>9,496</u>                  | <u>3,770</u>        | <u>-</u>           | <u>-</u>                     |
| <b>NET POSITION</b>                                  |                               |                               |                     |                    |                              |
| Net investment in capital assets                     | 787,257                       | 2,114,979                     | 781,196             | 228,808            | -                            |
| Unrestricted   | (933)                         | 385,698                       | 372,955             | (2,081)            | -                            |
| Total net position                                   | <u>\$ 786,324</u>             | <u>\$ 2,500,677</u>           | <u>\$ 1,154,151</u> | <u>\$ 226,727</u>  | <u>\$ -</u>                  |

| <b>Ambulance<br/>Operations</b> | <b>Public<br/>Housing</b> | <b>Total</b>        |
|---------------------------------|---------------------------|---------------------|
| \$ 397,554                      | \$ 10,440                 | \$ 1,027,894        |
| -                               | 694,329                   | 694,329             |
| 3,689                           | -                         | 12,612              |
| 417,345                         | 29,227                    | 451,965             |
| -                               | 252,128                   | 252,128             |
| -                               | 74,543                    | 611,678             |
| -                               | -                         | 400,000             |
| -                               | -                         | 3,410               |
| -                               | -                         | 43,295              |
| -                               | -                         | 10,880              |
| <u>818,588</u>                  | <u>1,060,667</u>          | <u>3,508,191</u>    |
| -                               | 105,000                   | 764,686             |
| -                               | 175,305                   | 3,291,040           |
| -                               | 9,335,955                 | 10,162,397          |
| 715,035                         | 120,379                   | 1,502,140           |
| 865,197                         | 58,851                    | 2,475,646           |
| -                               | -                         | 168,849             |
| -                               | 26,578                    | 26,578              |
| -                               | -                         | 1,308,497           |
| <u>(939,882)</u>                | <u>(8,348,975)</u>        | <u>(13,463,572)</u> |
| <u>640,350</u>                  | <u>1,473,093</u>          | <u>6,236,261</u>    |
| <u>640,350</u>                  | <u>1,473,093</u>          | <u>6,236,261</u>    |
| <u>1,458,938</u>                | <u>2,533,760</u>          | <u>9,744,452</u>    |
| 54,327                          | 59,727                    | 299,272             |
| <u>6,218</u>                    | <u>19,691</u>             | <u>47,050</u>       |
| <u>60,545</u>                   | <u>79,418</u>             | <u>346,322</u>      |
| 57,216                          | 120,466                   | 326,459             |
| -                               | 44,850                    | 97,042              |
| 14,437                          | 51,328                    | 146,741             |
| 537                             | 1,700                     | 4,063               |
| -                               | -                         | 262,392             |
| -                               | 45,167                    | 45,167              |
| -                               | 5,397                     | 5,397               |
| -                               | 9,800                     | 23,457              |
| -                               | -                         | 30,506              |
| -                               | 6,781                     | 6,781               |
| <u>72,190</u>                   | <u>285,489</u>            | <u>948,005</u>      |
| 1,807                           | 27,449                    | 66,067              |
| 13,898                          | 44,009                    | 105,157             |
| 108,255                         | 148,683                   | 728,714             |
| -                               | -                         | 127,880             |
| <u>123,960</u>                  | <u>220,141</u>            | <u>1,027,818</u>    |
| <u>196,150</u>                  | <u>505,630</u>            | <u>1,975,823</u>    |
| 8,002                           | 3,495                     | 25,186              |
| 735                             | 2,329                     | 5,566               |
| -                               | 233,597                   | 233,597             |
| <u>8,737</u>                    | <u>239,421</u>            | <u>264,349</u>      |
| 640,350                         | 1,421,462                 | 5,974,052           |
| <u>674,246</u>                  | <u>446,665</u>            | <u>1,876,550</u>    |
| <u>\$ 1,314,596</u>             | <u>\$ 1,868,127</u>       | <u>\$ 7,850,602</u> |

**City of Muscatine, Iowa**

**Non-Major Enterprise Funds  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2025**

|  | <b>Parking<br/>Operations</b> | <b>Transit<br/>Operations</b> | <b>Golf Course</b>  | <b>Boat Harbor</b> | <b>Marina<br/>Operations</b> |
|--|-------------------------------|-------------------------------|---------------------|--------------------|------------------------------|
| Operating revenues:                                      |                               |                               |                     |                    |                              |
| Charges for sales and services:                          |                               |                               |                     |                    |                              |
| Charges for services                                     | \$ -                          | \$ -                          | \$ -                | \$ -               | \$ -                         |
| Parking fees   | 182,113                       | -                             | -                   | -                  | -                            |
| Transit fees   | -                             | 146,171                       | -                   | -                  | -                            |
| Golf course fees   | -                             | -                             | 1,226,156           | -                  | -                            |
| Boat harbor fees   | -                             | -                             | -                   | 18,443             | -                            |
| Rents  | -                             | -                             | -                   | -                  | -                            |
| Other  | -                             | 7,395                         | 2,439               | -                  | 4,965                        |
| Total operating revenues                                 | <u>182,113</u>                | <u>153,566</u>                | <u>1,228,595</u>    | <u>18,443</u>      | <u>4,965</u>                 |
| Operating expenses:                                      |                               |                               |                     |                    |                              |
| Cost of sales and services:                              |                               |                               |                     |                    |                              |
| Personal services  | 161,498                       | 798,422                       | 502,799             | 18,485             | 1,643                        |
| Commodities  | 10,990                        | 95,183                        | 261,780             | 38                 | 6,161                        |
| Contractual services                                     | 13,323                        | 221,600                       | 170,968             | 4,258              | 1,612                        |
| Administration   | 15,400                        | 24,200                        | 38,900              | 1,500              | -                            |
| Depreciation/amortization                                | 25,017                        | 151,631                       | 92,166              | 17,204             | -                            |
| Total operating expenses                                 | <u>226,228</u>                | <u>1,291,036</u>              | <u>1,066,613</u>    | <u>41,485</u>      | <u>9,416</u>                 |
| Operating income (loss)                                  | <u>(44,115)</u>               | <u>(1,137,470)</u>            | <u>161,982</u>      | <u>(23,042)</u>    | <u>(4,451)</u>               |
| Non-operating revenues (expenses):                       |                               |                               |                     |                    |                              |
| Federal, state and local grants                          | -                             | 822,246                       | -                   | -                  | -                            |
| Interest revenue   | 5,466                         | 14,137                        | 17,182              | -                  | -                            |
| Interest expense   | -                             | -                             | (2,362)             | -                  | -                            |
| Gain (loss) on sale of capital assets                    | -                             | 4,285                         | (14,185)            | -                  | -                            |
| Non-operating revenues (expenses), net                   | <u>5,466</u>                  | <u>840,668</u>                | <u>635</u>          | <u>-</u>           | <u>-</u>                     |
| Income (loss) before capital contributions and transfers | <u>(38,649)</u>               | <u>(296,802)</u>              | <u>162,617</u>      | <u>(23,042)</u>    | <u>(4,451)</u>               |
| Capital contributions - grants                           | -                             | 1,157,891                     | -                   | -                  | -                            |
| Transfers in   | -                             | 99,736                        | -                   | 4,560              | 4,451                        |
| Transfers out  | -                             | -                             | -                   | -                  | -                            |
| Change in net position                                   | <u>(38,649)</u>               | <u>960,825</u>                | <u>162,617</u>      | <u>(18,482)</u>    | <u>-</u>                     |
| Net position, June 30, 2024, as restated                 | <u>824,973</u>                | <u>1,539,852</u>              | <u>991,534</u>      | <u>245,209</u>     | <u>-</u>                     |
| Net position, June 30, 2025                              | <u>\$ 786,324</u>             | <u>\$ 2,500,677</u>           | <u>\$ 1,154,151</u> | <u>\$ 226,727</u>  | <u>\$ -</u>                  |

| <u>Convention and<br/>Visitors Bureau</u> | <u>Ambulance<br/>Operations</u> | <u>Soccer<br/>Events</u> | <u>Public<br/>Housing</u> | <u>Total</u>        |
|---|---------------------------------|--------------------------|---------------------------|---------------------|
| \$ -                                      | \$ 2,295,577                    | \$ -                     | \$ -                      | \$ 2,295,577        |
| -   | -                               | -                        | -                         | 182,113             |
| -   | -                               | -                        | -                         | 146,171             |
| -   | -                               | -                        | -                         | 1,226,156           |
| -   | -                               | -                        | -                         | 18,443              |
| -   | -                               | -                        | 509,701                   | 509,701             |
| -   | 31,400                          | 50                       | 15,820                    | 62,069              |
| -   | 2,326,977                       | 50                       | 525,521                   | 4,440,230           |
| -   | 216,616                         | -                        | 537,184                   | 2,236,647           |
| -   | 156,877                         | -                        | 58,939                    | 589,968             |
| 135,000                                   | 308,803                         | -                        | 693,861                   | 1,549,425           |
| -   | 51,000                          | -                        | -                         | 131,000             |
| -   | 149,457                         | -                        | 89,458                    | 524,933             |
| 135,000                                   | 882,753                         | -                        | 1,379,442                 | 5,031,973           |
| (135,000)                                 | 1,444,224                       | 50                       | (853,921)                 | (591,743)           |
| -   | -                               | -                        | 387,655                   | 1,209,901           |
| 2,438                                     | 20,760                          | 1,506                    | 24,699                    | 86,188              |
| -   | -                               | -                        | (305)                     | (2,667)             |
| -   | -                               | -                        | -                         | (9,900)             |
| 2,438                                     | 20,760                          | 1,506                    | 412,049                   | 1,283,522           |
| (132,562)                                 | 1,464,984                       | 1,556                    | (441,872)                 | 691,779             |
| -   | -                               | -                        | 745,891                   | 1,903,782           |
| 30,000                                    | -                               | -                        | 300,000                   | 438,747             |
| -   | (1,651,500)                     | (34,270)                 | -                         | (1,685,770)         |
| (102,562)                                 | (186,516)                       | (32,714)                 | 604,019                   | 1,348,538           |
| 102,562                                   | 1,501,112                       | 32,714                   | 1,264,108                 | 6,502,064           |
| <u>\$ -</u>                               | <u>\$ 1,314,596</u>             | <u>\$ -</u>              | <u>\$ 1,868,127</u>       | <u>\$ 7,850,602</u> |

**City of Muscatine, Iowa**  
**Non-Major Enterprise Funds**  
**Combining Statement of Cash Flows**  
**Year Ended June 30, 2025**

|   | <b>Parking<br/>Operations</b> | <b>Transit<br/>Operations</b> | <b>Golf Course</b> | <b>Boat Harbor</b> | <b>Marina<br/>Operations</b> |
|---|-------------------------------|-------------------------------|--------------------|--------------------|------------------------------|
| <b>Cash flows from operating activities</b>   |                               |                               |                    |                    |                              |
| Receipts from customers and users   | \$ 169,058                    | \$ 153,654                    | \$ 1,226,613       | \$ 18,443          | \$ 4,966                     |
| Payments to suppliers   | (25,654)                      | (151,604)                     | (468,382)          | (4,427)            | (7,158)                      |
| Payments to employees   | (122,010)                     | (664,064)                     | (373,181)          | (15,480)           | (1,340)                      |
| Payments for employee benefits  | (41,893)                      | (161,130)                     | (129,707)          | (2,707)            | (153)                        |
| Payments for interfund services used  | (15,400)                      | (195,182)                     | (57,647)           | (1,500)            | -                            |
| Net cash provided (used) by operating activities  | <u>(35,899)</u>               | <u>(1,018,326)</u>            | <u>197,696</u>     | <u>(5,671)</u>     | <u>(3,685)</u>               |
| <b>Cash flows from noncapital financing activities</b>  |                               |                               |                    |                    |                              |
| Transfers to other funds  | -                             | -                             | -                  | -                  | -                            |
| Transfers from other funds  | -                             | 99,736                        | -                  | 4,560              | 4,451                        |
| Advances from other funds   | -                             | 258,982                       | -                  | -                  | 3,410                        |
| Advances to other funds   | -                             | -                             | (3,410)            | -                  | -                            |
| Repayment of advances from other funds  | -                             | -                             | -                  | -                  | (4,176)                      |
| Repayment of advances to other funds  | -                             | -                             | 4,176              | -                  | -                            |
| Subsidies from federal, state and local grants  | -                             | 816,975                       | -                  | -                  | -                            |
| Net cash provided (used) by noncapital financing activities   | <u>-</u>                      | <u>1,175,693</u>              | <u>766</u>         | <u>4,560</u>       | <u>3,685</u>                 |
| <b>Cash flows from capital and related financing activities</b>                                       |                               |                               |                    |                    |                              |
| Capital contributions   | -                             | 355,280                       | -                  | -                  | -                            |
| Purchase of capital assets  | -                             | (1,522,231)                   | (89,253)           | -                  | -                            |
| Principal paid on leases  | -                             | -                             | (10,463)           | -                  | -                            |
| Interest paid on leases   | -                             | -                             | (2,362)            | -                  | -                            |
| Principal paid on subscriptions   | -                             | -                             | -                  | -                  | -                            |
| Interest paid on subscriptions  | -                             | -                             | -                  | -                  | -                            |
| Interest received from leases   | -                             | -                             | -                  | -                  | -                            |
| Proceeds from sale of capital assets  | -                             | 4,285                         | -                  | -                  | -                            |
| Net cash provided (used) by capital and related financing activities                                  | <u>-</u>                      | <u>(1,162,666)</u>            | <u>(102,078)</u>   | <u>-</u>           | <u>-</u>                     |
| <b>Cash flows from investing activities</b>   |                               |                               |                    |                    |                              |
| Proceeds from sales and maturities of investments   | -                             | -                             | -                  | -                  | -                            |
| Purchase of investments   | -                             | -                             | -                  | -                  | -                            |
| Interest received   | 6,346                         | 23,102                        | 17,699             | -                  | -                            |
| Net cash provided (used) by investing activities  | <u>6,346</u>                  | <u>23,102</u>                 | <u>17,699</u>      | <u>-</u>           | <u>-</u>                     |
| Net increase (decrease) in cash and pooled investments  | (29,553)                      | (982,197)                     | 114,083            | (1,111)            | -                            |
| Cash and pooled investments, June 30, 2024  | 142,436                       | 982,197                       | 391,491            | 2,554              | -                            |
| Cash and pooled investments, June 30, 2025  | <u>\$ 112,883</u>             | <u>\$ -</u>                   | <u>\$ 505,574</u>  | <u>\$ 1,443</u>    | <u>\$ -</u>                  |
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b> |                               |                               |                    |                    |                              |
| Cash flows from operating activities:   |                               |                               |                    |                    |                              |
| Operating income (loss)   | <u>\$ (44,115)</u>            | <u>\$ (1,137,470)</u>         | <u>\$ 161,982</u>  | <u>\$ (23,042)</u> | <u>\$ (4,451)</u>            |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                               |                               |                    |                    |                              |
| Depreciation / amortization   | 25,017                        | 151,631                       | 92,166             | 17,204             | -                            |
| Changes in assets and liabilities:  |                               |                               |                    |                    |                              |
| (Increase) decrease in:   |                               |                               |                    |                    |                              |
| Accounts receivable   | (3,139)                       | 24                            | 281                | -                  | 1                            |
| Lease receivable  | -                             | -                             | -                  | -                  | -                            |
| Prepaid expenses  | -                             | -                             | (1,020)            | -                  | -                            |
| Inventories   | -                             | -                             | 4,636              | -                  | 1,497                        |
| Pension related deferred outflows   | 5,507                         | 31,271                        | 10,056             | -                  | -                            |
| OPEB related deferred outflows  | (1,209)                       | (1,611)                       | (4,030)            | -                  | -                            |
| Increase (decrease) in:   |                               |                               |                    |                    |                              |
| Accounts payable and accruals   | (680)                         | (4,283)                       | (53,509)           | 3                  | (732)                        |
| Escrow liability payable  | -                             | -                             | -                  | -                  | -                            |
| Compensated absences payable  | 2,491                         | 2,048                         | 6,965              | 164                | -                            |
| Other post-employment benefits  | 2,436                         | 3,248                         | 8,121              | -                  | -                            |
| Deferred revenue  | (9,916)                       | 64                            | (1,243)            | -                  | -                            |
| Deposits  | -                             | -                             | -                  | -                  | -                            |
| Net pension liability   | (11,179)                      | (57,758)                      | (24,221)           | -                  | -                            |
| Pension related deferred inflows  | (1,045)                       | (5,401)                       | (2,265)            | -                  | -                            |
| OPEB related deferred inflows   | (67)                          | (89)                          | (223)              | -                  | -                            |
| Deferred inflows from leases  | -                             | -                             | -                  | -                  | -                            |
| Total adjustments   | <u>8,216</u>                  | <u>119,144</u>                | <u>35,714</u>      | <u>17,371</u>      | <u>766</u>                   |
| Net cash provided (used) by operating activities  | <u>\$ (35,899)</u>            | <u>\$ (1,018,326)</u>         | <u>\$ 197,696</u>  | <u>\$ (5,671)</u>  | <u>\$ (3,685)</u>            |



| Convention and<br>Visitors Bureau | Ambulance<br>Operations | Soccer<br>Events | Public<br>Housing   | Total               |
|-----------------------------------|-------------------------|------------------|---------------------|---------------------|
| \$ -                              | \$ 2,255,093            | \$ 50            | \$ 529,579          | \$ 4,357,456        |
| (135,000)                         | (475,026)               | -                | (724,841)           | (1,992,092)         |
| -                                 | (149,271)               | -                | (354,912)           | (1,680,258)         |
| -                                 | (65,456)                | -                | (156,654)           | (557,700)           |
| -                                 | (54,426)                | -                | (122,599)           | (446,754)           |
| <u>(135,000)</u>                  | <u>1,510,914</u>        | <u>50</u>        | <u>(829,427)</u>    | <u>(319,348)</u>    |
| -                                 | (1,651,500)             | -                | -                   | (1,651,500)         |
| 30,000                            | -                       | (34,270)         | -                   | 104,477             |
| -                                 | -                       | -                | -                   | 262,392             |
| -                                 | -                       | -                | -                   | (3,410)             |
| -                                 | -                       | -                | -                   | (4,176)             |
| -                                 | -                       | -                | -                   | 4,176               |
| -                                 | -                       | -                | 451,195             | 1,268,170           |
| <u>30,000</u>                     | <u>(1,651,500)</u>      | <u>(34,270)</u>  | <u>451,195</u>      | <u>(19,871)</u>     |
| -                                 | -                       | -                | 971,348             | 1,326,628           |
| -                                 | (255,878)               | -                | (846,680)           | (2,714,042)         |
| -                                 | -                       | -                | -                   | (10,463)            |
| -                                 | -                       | -                | -                   | (2,362)             |
| -                                 | -                       | -                | (6,631)             | (6,631)             |
| -                                 | -                       | -                | (305)               | (305)               |
| -                                 | -                       | -                | 5,412               | 5,412               |
| -                                 | -                       | -                | -                   | 4,285               |
| <u>-</u>                          | <u>(255,878)</u>        | <u>-</u>         | <u>123,144</u>      | <u>(1,397,478)</u>  |
| -                                 | -                       | -                | 2,961,011           | 2,961,011           |
| -                                 | -                       | -                | (2,719,863)         | (2,719,863)         |
| 4,068                             | 22,554                  | 1,999            | 19,287              | 95,055              |
| <u>4,068</u>                      | <u>22,554</u>           | <u>1,999</u>     | <u>260,435</u>      | <u>336,203</u>      |
| (100,932)                         | (373,910)               | (32,221)         | 5,347               | (1,400,494)         |
| <u>100,932</u>                    | <u>771,464</u>          | <u>32,221</u>    | <u>5,093</u>        | <u>2,428,388</u>    |
| <u>\$ -</u>                       | <u>\$ 397,554</u>       | <u>\$ -</u>      | <u>\$ 10,440</u>    | <u>\$ 1,027,894</u> |
| <u>\$ (135,000)</u>               | <u>\$ 1,444,224</u>     | <u>\$ 50</u>     | <u>\$ (853,921)</u> | <u>\$ (591,743)</u> |
| -                                 | 149,457                 | -                | 89,458              | 524,933             |
| -                                 | (71,884)                | -                | (18,528)            | (93,245)            |
| -                                 | -                       | -                | 23,767              | 23,767              |
| -                                 | -                       | -                | -                   | (1,020)             |
| -                                 | -                       | -                | -                   | 6,133               |
| -                                 | (1,056)                 | -                | (46,920)            | (1,142)             |
| -                                 | (2,015)                 | -                | (6,381)             | (15,246)            |
| -                                 | (9,708)                 | -                | (73,002)            | (141,911)           |
| -                                 | -                       | -                | 5,397               | 5,397               |
| -                                 | (1,885)                 | -                | 40,257              | 50,040              |
| -                                 | 4,061                   | -                | 12,858              | 30,724              |
| -                                 | -                       | -                | 4,146               | (6,949)             |
| -                                 | -                       | -                | 1,850               | 1,850               |
| -                                 | 2,061                   | -                | (31,674)            | (122,771)           |
| -                                 | (2,229)                 | -                | 52,056              | 41,116              |
| -                                 | (112)                   | -                | (353)               | (844)               |
| -                                 | -                       | -                | (28,437)            | (28,437)            |
| -                                 | 66,690                  | -                | 24,494              | 272,395             |
| <u>\$ (135,000)</u>               | <u>\$ 1,510,914</u>     | <u>\$ 50</u>     | <u>\$ (829,427)</u> | <u>\$ (319,348)</u> |

## **INTERNAL SERVICE FUNDS**

Internal Service Funds are established to finance and account for services and commodities furnished by one department or agency of the City to other departments or agencies of the City. Internal Service Funds are as follows:

**EQUIPMENT SERVICES FUND** - Accounts for the operations and maintenance of the central garage. All costs incurred for the maintenance of City vehicles and operation of the facility are charged to departments on a cost reimbursement basis.

**CENTRAL SUPPLIES FUND** - Accounts for the central inventory of office supplies which are provided to City departments on a cost reimbursement basis.

**HEALTH INSURANCE FUND** - Accounts for the costs related to the City's self-insurance plan which provides health insurance benefits to employees.

**DENTAL INSURANCE FUND** – Accounts for the costs related to the City's self-insurance plan which provides dental insurance benefits to employees.

City of Muscatine, Iowa

Internal Service Funds  
Combining Statement of Net Position  
June 30, 2025

|  | Equipment<br>Services | Central<br>Supplies | Health<br>Insurance | Dental<br>Insurance | Total        |
|--|-----------------------|---------------------|---------------------|---------------------|--------------|
| <b>ASSETS</b>  |                       |                     |                     |                     |              |
| Current assets:                                      |                       |                     |                     |                     |              |
| Cash and pooled investments                          | \$ -                  | \$ -                | \$ 3,677,502        | \$ 124,691          | \$ 3,802,193 |
| Receivables:   |                       |                     |                     |                     |              |
| Interest   | -                     | -                   | 37,645              | 1,218               | 38,863       |
| Accounts   | 11,902                | -                   | 27,905              | -                   | 39,807       |
| Due from other funds                                 | -                     | -                   | 207,866             | -                   | 207,866      |
| Inventories  | 113,940               | 2,443               | -                   | -                   | 116,383      |
| Total current assets                                 | 125,842               | 2,443               | 3,950,918           | 125,909             | 4,205,112    |
| Capital assets:                                      |                       |                     |                     |                     |              |
| Equipment  | 718,674               | -                   | -                   | -                   | 718,674      |
| Vehicles   | 35,830                | -                   | -                   | -                   | 35,830       |
| Less accumulated depreciation                        | (203,017)             | -                   | -                   | -                   | (203,017)    |
| Total capital assets net of accumulated depreciation | 551,487               | -                   | -                   | -                   | 551,487      |
| Total assets   | 677,329               | 2,443               | 3,950,918           | 125,909             | 4,756,599    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                |                       |                     |                     |                     |              |
| Pension related deferred outflows                    | 42,446                | -                   | -                   | -                   | 42,446       |
| OPEB related deferred outflows                       | 16,582                | -                   | -                   | -                   | 16,582       |
| Total deferred outflow of resources                  | 59,028                | -                   | -                   | -                   | 59,028       |
| <b>LIABILITIES</b>                                   |                       |                     |                     |                     |              |
| Current liabilities:                                 |                       |                     |                     |                     |              |
| Accounts payable and accruals                        | 54,742                | 21                  | 221,061             | 6,018               | 281,842      |
| Compensated absences payable                         | 82,573                | -                   | -                   | -                   | 82,573       |
| Other post employment benefits                       | 1,432                 | -                   | -                   | -                   | 1,432        |
| Unearned revenue                                     | -                     | -                   | 2,679               | -                   | 2,679        |
| Due to other funds                                   | 205,468               | 2,398               | -                   | -                   | 207,866      |
| Total current liabilities                            | 344,215               | 2,419               | 223,740             | 6,018               | 576,392      |
| Noncurrent liabilities:                              |                       |                     |                     |                     |              |
| Compensated absences payable                         | 17,866                | -                   | -                   | -                   | 17,866       |
| Other post employment benefits                       | 37,059                | -                   | -                   | -                   | 37,059       |
| Net pension liability                                | 119,896               | -                   | -                   | -                   | 119,896      |
| Total noncurrent liabilities                         | 174,821               | -                   | -                   | -                   | 174,821      |
| Total liabilities                                    | 519,036               | 2,419               | 223,740             | 6,018               | 751,213      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                 |                       |                     |                     |                     |              |
| Pension related deferred inflows                     | 3,405                 | -                   | -                   | -                   | 3,405        |
| OPEB related deferred inflows                        | 1,962                 | -                   | -                   | -                   | 1,962        |
| Total deferred inflow of resources                   | 5,367                 | -                   | -                   | -                   | 5,367        |
| <b>NET POSITION (DEFICIT)</b>                        |                       |                     |                     |                     |              |
| Investment in capital assets                         | 551,487               | -                   | -                   | -                   | 551,487      |
| Unrestricted   | (339,533)             | 24                  | 3,727,178           | 119,891             | 3,507,560    |
| Total net position (deficit)                         | \$ 211,954            | \$ 24               | \$ 3,727,178        | \$ 119,891          | \$ 4,059,047 |

City of Muscatine, Iowa

Internal Service Funds  
Combining Statement of Revenues, Expenses and Changes in Net Position (Deficit)  
Year Ended June 30, 2025

|   | Equipment<br>Services | Central<br>Supplies | Health<br>Insurance | Dental<br>Insurance | Total               |
|---|-----------------------|---------------------|---------------------|---------------------|---------------------|
| Operating revenues:   |                       |                     |                     |                     |                     |
| Charges for sales and services:                             |                       |                     |                     |                     |                     |
| Services  | \$ 821,362            | \$ -                | \$ -                | \$ -                | \$ 821,362          |
| Fuel  | 360,273               | -                   | -                   | -                   | 360,273             |
| Supply charges  | -                     | 1,523               | -                   | -                   | 1,523               |
| Employer contributions                                      | -                     | -                   | 4,149,471           | 74,361              | 4,223,832           |
| Employee contributions                                      | -                     | -                   | 414,779             | 91,401              | 506,180             |
| Other contributions   | -                     | -                   | 79,726              | 1,785               | 81,511              |
| Other operating revenue                                     | 16,002                | -                   | -                   | -                   | 16,002              |
| Total operating revenues                                    | <u>1,197,637</u>      | <u>1,523</u>        | <u>4,643,976</u>    | <u>167,547</u>      | <u>6,010,683</u>    |
| Operating expenses:   |                       |                     |                     |                     |                     |
| Cost of sales and services:                                 |                       |                     |                     |                     |                     |
| Personal services   | 431,103               | -                   | -                   | -                   | 431,103             |
| Commodities   | 537,476               | 1,511               | -                   | -                   | 538,987             |
| Contractual services  | 269,408               | -                   | 4,002,694           | 162,645             | 4,434,747           |
| Administration  | 21,800                | -                   | 3,000               | -                   | 24,800              |
| Depreciation  | 32,222                | -                   | -                   | -                   | 32,222              |
| Total operating expenses                                    | <u>1,292,009</u>      | <u>1,511</u>        | <u>4,005,694</u>    | <u>162,645</u>      | <u>5,461,859</u>    |
| Operating income (loss)                                     | (94,372)              | 12                  | 638,282             | 4,902               | 548,824             |
| Non-operating revenues:                                     |                       |                     |                     |                     |                     |
| Interest revenue  | 910                   | -                   | 160,121             | 5,920               | 166,951             |
| Income (loss) before capital<br>contributions and transfers | (93,462)              | 12                  | 798,403             | 10,822              | 715,775             |
| Transfers out   | <u>(20,546)</u>       | <u>-</u>            | <u>(58,321)</u>     | <u>-</u>            | <u>(78,867)</u>     |
| Change in net position                                      | (114,008)             | 12                  | 740,082             | 10,822              | 636,908             |
| Net position, June 30, 2024, as restated                    | <u>325,962</u>        | <u>12</u>           | <u>2,987,096</u>    | <u>109,069</u>      | <u>3,422,139</u>    |
| Net position, June 30, 2025                                 | <u>\$ 211,954</u>     | <u>\$ 24</u>        | <u>\$ 3,727,178</u> | <u>\$ 119,891</u>   | <u>\$ 4,059,047</u> |

City of Muscatine, Iowa

Internal Service Funds  
Combining Statement of Cash Flows  
Year Ended June 30, 2025

|   | Equipment<br>Services | Central<br>Supplies | Health<br>Insurance | Dental<br>Insurance | Total        |
|---|-----------------------|---------------------|---------------------|---------------------|--------------|
| <b>Cash flows from operating activities</b>   |                       |                     |                     |                     |              |
| Receipts from interfund services provided   | \$ 1,197,609          | \$ 1,523            | \$ 4,777,442        | \$ 167,547          | \$ 6,144,121 |
| Payments to suppliers   | (798,863)             | (1,570)             | (4,051,770)         | (165,364)           | (5,017,567)  |
| Payments to employees   | (274,574)             | -                   | -                   | -                   | (274,574)    |
| Payments for employee benefits  | (148,412)             | -                   | -                   | -                   | (148,412)    |
| Payments for interfund services used  | (21,800)              | -                   | (3,000)             | -                   | (24,800)     |
| Net cash provided (used) by operating activities  | (46,040)              | (47)                | 722,672             | 2,183               | 678,768      |
| <b>Cash flows from noncapital financing activities</b>  |                       |                     |                     |                     |              |
| Transfers to other funds  | (20,546)              | -                   | (58,321)            | -                   | (78,867)     |
| Advances from other funds   | 205,468               | 2,398               | -                   | -                   | 207,866      |
| Advances to other funds   | -                     | -                   | (207,866)           | -                   | (207,866)    |
| Repayment of advances from other funds  | (137,687)             | (2,351)             | -                   | -                   | (140,038)    |
| Repayment of advances to other funds  | -                     | -                   | 140,038             | -                   | 140,038      |
| Net cash provided (used) by noncapital financing activities   | 47,235                | 47                  | (126,149)           | -                   | (78,867)     |
| <b>Cash flows from capital and related financing activities</b>                                       |                       |                     |                     |                     |              |
| Purchase of capital assets  | (451,039)             | -                   | -                   | -                   | (451,039)    |
| Net cash provided (used) by capital and related financing activities                                  | (451,039)             | -                   | -                   | -                   | (451,039)    |
| <b>Cash flows from investing activities</b>   |                       |                     |                     |                     |              |
| Interest received   | 1,375                 | -                   | 167,022             | 6,594               | 174,991      |
| Net increase (decrease) in cash and pooled investments  | (448,469)             | -                   | 763,545             | 8,777               | 323,853      |
| Cash and pooled investments, June 30, 2024  | 448,469               | -                   | 2,913,957           | 115,914             | 3,478,340    |
| Cash and pooled investments, June 30, 2025  | \$ -                  | \$ -                | \$ 3,677,502        | \$ 124,691          | \$ 3,802,193 |
| <b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b> |                       |                     |                     |                     |              |
| Cash flows from operating activities:   |                       |                     |                     |                     |              |
| Operating income (loss)   | \$ (94,372)           | \$ 12               | \$ 638,282          | \$ 4,902            | \$ 548,824   |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                       |                     |                     |                     |              |
| Depreciation  | 32,222                | -                   | -                   | -                   | 32,222       |
| Changes in assets and liabilities:  |                       |                     |                     |                     |              |
| (Increase) decrease in:   |                       |                     |                     |                     |              |
| Accounts receivable   | (28)                  | -                   | 133,466             | -                   | 133,438      |
| Inventories   | 26,302                | (58)                | -                   | -                   | 26,244       |
| Pension related deferred outflows   | 11,932                | -                   | -                   | -                   | 11,932       |
| OPEB related deferred outflows  | (5,373)               | -                   | -                   | -                   | (5,373)      |
| Increase (decrease) in:   |                       |                     |                     |                     |              |
| Accounts payable and accruals   | (15,153)              | (1)                 | (48,576)            | (2,719)             | (66,449)     |
| Compensated absences payable  | 14,385                | -                   | -                   | -                   | 14,385       |
| Other post employment benefits payable  | 10,828                | -                   | -                   | -                   | 10,828       |
| Unearned revenue  | -                     | -                   | (500)               | -                   | (500)        |
| Net pension liability   | (24,221)              | -                   | -                   | -                   | (24,221)     |
| Pension related deferred inflows  | (2,265)               | -                   | -                   | -                   | (2,265)      |
| OPEB related deferred inflows   | (297)                 | -                   | -                   | -                   | (297)        |
| Total adjustments   | 48,332                | (59)                | 84,390              | (2,719)             | 129,944      |
| Net cash provided (used) by operating activities  | \$ (46,040)           | \$ (47)             | \$ 722,672          | \$ 2,183            | \$ 678,768   |

## **MUSCATINE COUNTY SOLID WASTE AGENCY COMPONENT UNIT**

**Muscatine County Solid Waste Agency (Agency).** The Agency has been organized as a joint venture under Chapter 28E of the Code of Iowa between the City of Muscatine; Muscatine County; and the municipalities of Fruitland, Stockton, West Liberty, Atalissa, Nichols, and Conesville, Iowa. The Agency is responsible for the disposal of all solid waste for member municipalities and unincorporated portions of Muscatine County.

**Muscatine County Solid Waste Agency  
Component Unit**

**Statement of Net Position  
June 30, 2025**

**ASSETS**

Current:

|                             |               |
|-----------------------------|---------------|
| Cash and pooled investments | \$ 2,722,534  |
| Interest receivable         | <u>61,231</u> |

|                      |                  |
|----------------------|------------------|
| Total current assets | <u>2,783,765</u> |
|----------------------|------------------|

Restricted assets:

|                             |                  |
|-----------------------------|------------------|
| Cash and pooled investments | <u>3,486,517</u> |
|-----------------------------|------------------|

Capital assets:

|                               |                    |
|-------------------------------|--------------------|
| Land                          | 1,120,958          |
| Land improvements             | 3,389,799          |
| Buildings                     | 76,098             |
| Equipment                     | 126,201            |
| Less accumulated depreciation | <u>(3,305,602)</u> |

|  |                  |
|--|------------------|
| Total capital assets (net of accumulated depreciation) | <u>1,407,454</u> |
|--|------------------|

|              |                         |
|--------------|-------------------------|
| Total assets | <u><u>7,677,736</u></u> |
|--------------|-------------------------|

**LIABILITIES**

Current liabilities:

|                               |              |
|-------------------------------|--------------|
| Accounts payable and accruals | 80,276       |
| Compensated absences payable  | <u>4,698</u> |

|                           |               |
|---------------------------|---------------|
| Total current liabilities | <u>84,974</u> |
|---------------------------|---------------|

Noncurrent liabilities:

|                                 |              |
|---------------------------------|--------------|
| Closure/post-closure obligation | 5,378,820    |
| Compensated absences payable    | <u>4,633</u> |

|                              |                  |
|------------------------------|------------------|
| Total noncurrent liabilities | <u>5,383,453</u> |
|------------------------------|------------------|

|                   |                  |
|-------------------|------------------|
| Total liabilities | <u>5,468,427</u> |
|-------------------|------------------|

**NET POSITION**

|                                  |                |
|----------------------------------|----------------|
| Net investment in capital assets | 1,407,454      |
| Unrestricted                     | <u>801,855</u> |

|                    |                            |
|--------------------|----------------------------|
| Total net position | <u><u>\$ 2,209,309</u></u> |
|--------------------|----------------------------|

**Muscatine County Solid Waste Agency  
Component Unit**

**Statement of Revenues, Expenses and Changes in Net Position  
Year Ended June 30, 2025**

|   |                            |
|---|----------------------------|
| Operating revenues:                     |                            |
| Charges for services                    | <u>\$ 1,116,628</u>        |
| Total operating revenues                | <u>1,116,628</u>           |
| Operating expenses:                     |                            |
| Cost of services:                       |                            |
| Personal services                       | 81,803                     |
| Commodities                             | 8,434                      |
| Contractual services                    | 1,115,638                  |
| Administration                          | 69,000                     |
| Depreciation                            | <u>93,272</u>              |
| Total operating expenses                | <u>1,368,147</u>           |
| Operating income                        | <u>(251,519)</u>           |
| Non-operating revenue:                  |                            |
| Intergovernmental revenue               | 117,177                    |
| Interest revenue                        | <u>269,193</u>             |
| Total non-operating revenues            | <u>386,370</u>             |
| Change in net position                  | 134,851                    |
| Net position, June 30, 2024, as restaed | <u>2,074,458</u>           |
| Net position, June 30, 2025             | <u><u>\$ 2,209,309</u></u> |



**Muscatine County Solid Waste Agency  
Component Unit**

**Statement of Cash Flows  
Year Ended June 30, 2025**

**Cash flows from operating activities**

|   |                |
|---|----------------|
| Receipts from customers and users         | \$ 1,116,628   |
| Payments to suppliers                     | (781,394)      |
| Payments to employees                     | (56,100)       |
| Payments for employee benefits            | (24,420)       |
| Payments for interfund services used      | (69,000)       |
| Net cash provided by operating activities | <u>185,714</u> |

**Cash flows from noncapital financing activities**

|  |                |
|--|----------------|
| Subsidies from federal, state and local governments            | <u>117,177</u> |
| Net cash provided (used) by noncapital<br>financing activities | <u>117,177</u> |

**Cash flows from investing activities**

|   |                |
|---|----------------|
| Interest received                         | <u>293,617</u> |
| Net cash provided by investing activities | <u>293,617</u> |

Net increase in cash and pooled investments 596,508

Cash and pooled investments, June 30, 2024 5,612,543

Cash and pooled investments, June 30, 2025 \$ 6,209,051

**Reconciliation of operating income (loss) to net cash  
provided by operating activities:**

|   |                          |
|---|--------------------------|
| Cash flows from operating activities:   |                          |
| Operating income (loss)   | <u>\$ (251,519)</u>      |
| Adjustments to reconcile operating income (loss)<br>to net cash provided by operating activities: |                          |
| Depreciation  | 93,272                   |
| Changes in assets and liabilities:  |                          |
| Increase (decrease) in:   |                          |
| Accounts payable and accruals   | (252)                    |
| Compensated absences payable  | 969                      |
| Closure/post-closure liability  | <u>343,244</u>           |
| Total adjustments   | <u>437,233</u>           |
| Net cash provided by operating activities   | <u><u>\$ 185,714</u></u> |

# STATISTICAL SECTION

This part of the City of Muscatine's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

| <b>Contents</b>   | <b>Page</b> |
|---|-------------|
| <b><u>Financial Trends (Schedules 1 – 5)</u></b>  | 166-172     |
| <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>  |             |
| <b><u>Revenue Capacity (Schedules 6 – 9)</u></b>  | 173-176     |
| <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>  |             |
| <b><u>Debt Capacity (Schedules 10 – 13)</u></b>   | 177-180     |
| <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>                    |             |
| <b><u>Demographic and Economic Information (Schedules 14 – 15)</u></b>  | 181-182     |
| <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>   |             |
| <b><u>Operating Information (Schedules 16 – 18)</u></b>   | 183-185     |
| <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i> |             |

City of Muscatine, Iowa  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

|   | Fiscal Year           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|   | 2015/2016             | 2016/2017             | 2017/2018             | 2018/2019             | 2019/2020             | 2020/2021             | 2021/2022             | 2022/2023             | 2023/2024             | 2024/2025             |
| Governmental activities                     |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investment in capital assets            | \$ 55,770,714         | \$ 60,958,092         | \$ 68,645,257         | \$ 71,749,786         | \$ 73,561,365         | \$ 77,447,711         | \$ 80,298,038         | \$ 81,445,255         | \$ 77,911,738         | \$ 76,286,620         |
| Restricted                                  | 5,254,231             | 5,110,781             | 4,893,198             | 5,278,510             | 4,802,845             | 5,922,058             | 6,855,840             | 5,713,824             | 14,074,263            | 10,965,516            |
| Unrestricted                                | 6,851,290             | 8,250,964             | 2,004,424             | (14,820)              | (2,612,322)           | (3,040,653)           | (1,800,881)           | (56,427)              | (2,172,211)           | 585,616               |
| Total governmental activities net position  | <u>\$ 67,876,235</u>  | <u>\$ 74,319,837</u>  | <u>\$ 75,542,879</u>  | <u>\$ 77,013,476</u>  | <u>\$ 75,751,888</u>  | <u>\$ 80,329,116</u>  | <u>\$ 85,352,997</u>  | <u>\$ 87,102,652</u>  | <u>\$ 89,813,790</u>  | <u>\$ 87,837,752</u>  |
| Business-type activities                    |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investment in capital assets            | \$ 73,202,711         | \$ 74,209,077         | \$ 75,432,548         | \$ 75,043,292         | \$ 79,043,719         | \$ 80,664,102         | \$ 83,454,376         | \$ 84,669,996         | \$ 93,732,592         | \$ 103,021,862        |
| Restricted                                  | 108,677               | 110,475               | 116,009               | 117,227               | 126,916               | 128,687               | 130,025               | 146,432               | 173,303               | 200,485               |
| Unrestricted                                | 5,022,028             | 6,560,437             | 7,595,714             | 9,731,343             | 9,866,780             | 11,503,963            | 14,283,203            | 16,513,174            | 16,968,094            | 17,108,348            |
| Total business-type activities net position | <u>\$ 78,333,416</u>  | <u>\$ 80,879,989</u>  | <u>\$ 83,144,271</u>  | <u>\$ 84,891,862</u>  | <u>\$ 89,037,415</u>  | <u>\$ 92,296,752</u>  | <u>\$ 97,867,604</u>  | <u>\$ 101,329,602</u> | <u>\$ 110,873,989</u> | <u>\$ 120,330,695</u> |
| Primary government                          |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Net investment in capital assets            | \$ 128,973,425        | \$ 135,167,169        | \$ 144,077,805        | \$ 146,793,078        | \$ 152,605,084        | \$ 158,111,813        | \$ 163,752,414        | \$ 166,115,251        | \$ 171,644,330        | \$ 179,308,482        |
| Restricted                                  | 5,362,908             | 5,221,256             | 5,009,207             | 5,395,737             | 4,929,761             | 6,050,745             | 6,985,865             | 5,860,256             | 14,247,566            | 11,166,001            |
| Unrestricted                                | 11,873,318            | 14,811,401            | 9,600,138             | 9,716,523             | 7,254,458             | 8,463,310             | 12,482,322            | 16,456,747            | 14,795,883            | 17,693,964            |
| Total primary government net position       | <u>\$ 146,209,651</u> | <u>\$ 155,199,826</u> | <u>\$ 158,687,150</u> | <u>\$ 161,905,338</u> | <u>\$ 164,789,303</u> | <u>\$ 172,625,868</u> | <u>\$ 183,220,601</u> | <u>\$ 188,432,254</u> | <u>\$ 200,687,779</u> | <u>\$ 208,168,447</u> |

**City of Muscatine, Iowa**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual Basis of Accounting)**  
**(Unaudited)**

|  | Fiscal Year   |               |               |               |               |               |               |               |               |               |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 2015/2016     | 2016/2017     | 2017/2018     | 2018/2019     | 2019/2020     | 2020/2021     | 2021/2022     | 2022/2023     | 2023/2024     | 2024/2025     |
| <b>Expenses</b>                        |               |               |               |               |               |               |               |               |               |               |
| Governmental activities:               |               |               |               |               |               |               |               |               |               |               |
| Public safety                          | \$ 8,797,894  | \$ 9,349,247  | \$ 9,848,480  | \$ 10,159,973 | \$ 11,249,523 | \$ 11,679,594 | \$ 9,809,415  | \$ 11,043,940 | \$ 11,821,842 | \$ 13,051,509 |
| Public works                           | 5,021,386     | 5,631,914     | 7,315,563     | 5,545,863     | 5,871,272     | 5,632,893     | 5,875,054     | 6,345,350     | 6,485,264     | 6,247,178     |
| Health and social services             | 45,000        | 45,000        | 55,000        | 50,000        | 50,000        | 50,000        | 37,500        | 55,000        | 60,000        | 60,000        |
| Culture and recreation                 | 3,963,354     | 4,420,009     | 3,918,817     | 4,332,644     | 4,556,522     | 5,697,526     | 4,642,656     | 5,060,091     | 5,131,201     | 5,727,830     |
| Community and economic development     | 3,835,492     | 4,520,932     | 4,387,887     | 4,402,409     | 5,016,984     | 4,438,422     | 5,294,571     | 5,288,806     | 6,704,243     | 8,020,840     |
| General government                     | 2,667,443     | 3,101,457     | 3,605,887     | 3,661,530     | 3,648,966     | 3,270,926     | 3,573,570     | 3,403,521     | 3,748,045     | 3,950,823     |
| Interest and fees on long-term debt    | 379,115       | 328,466       | 289,578       | 305,361       | 263,120       | 280,124       | 250,580       | 371,883       | 398,391       | 606,421       |
| Total governmental activities expense  | 24,709,684    | 27,397,025    | 29,421,212    | 28,457,780    | 30,656,387    | 31,049,485    | 29,483,346    | 31,568,591    | 34,348,986    | 37,664,601    |
| Business-type activities:              |               |               |               |               |               |               |               |               |               |               |
| Water pollution control                | 6,628,762     | 6,289,874     | 6,334,906     | 6,914,396     | 6,943,121     | 8,083,096     | 7,345,101     | 7,971,673     | 8,589,463     | 9,224,729     |
| Transfer station                       | 2,400,592     | 2,218,056     | 2,658,974     | 2,456,161     | 2,245,386     | 2,271,398     | 2,429,057     | 2,540,143     | 2,495,788     | 2,559,465     |
| Refuse collection                      | 2,333,812     | 2,203,986     | 2,183,165     | 2,226,253     | 2,196,991     | 2,307,720     | 2,257,853     | 2,293,097     | 2,511,842     | 2,546,247     |
| Airport                                | 421,115       | 531,974       | 507,434       | 510,418       | 469,323       | 437,402       | 414,563       | 512,254       | 470,639       | 519,646       |
| Parking                                | 240,745       | 245,558       | 259,797       | 247,032       | 241,560       | 217,051       | 187,405       | 210,854       | 210,317       | 219,585       |
| Transit                                | 999,884       | 1,048,924     | 1,067,392     | 1,128,327     | 1,083,419     | 1,071,837     | 1,067,608     | 1,132,347     | 1,304,687     | 1,296,662     |
| Golf course                            | 790,351       | 777,639       | 784,792       | 742,773       | 794,259       | 819,126       | 763,183       | 919,059       | 964,451       | 1,070,819     |
| Boat harbor                            | 28,205        | 31,738        | 100,373       | 30,948        | 30,182        | 37,997        | 43,152        | 37,671        | 39,828        | 41,485        |
| Marina                                 | 12,061        | 7,490         | 9,305         | 7,302         | 6,472         | 11,408        | 6,193         | 10,786        | 10,367        | 9,416         |
| Convention and visitors bureau         | 83,397        | 92,062        | 106,177       | 90,793        | 106,593       | 128,800       | 128,900       | 125,000       | 135,000       | 135,000       |
| Ambulance                              | 624,785       | 636,805       | 664,364       | 667,276       | 661,470       | 734,058       | 780,329       | 852,078       | 850,196       | 877,054       |
| Soccer Events                          | -             | -             | 5,935         | 47,409        | 51,905        | 19,954        | 35,883        | 9,769         | -             | -             |
| Public housing                         | 1,058,502     | 1,040,688     | 912,553       | 918,038       | 993,184       | 944,046       | 999,527       | 1,215,840     | 1,149,973     | 1,349,364     |
| Total business-type activities expense | 15,622,211    | 15,124,794    | 15,595,167    | 15,987,126    | 15,823,865    | 17,083,893    | 16,458,754    | 17,830,571    | 18,732,551    | 19,849,472    |
| Total primary government expense       | \$ 40,331,895 | \$ 42,521,819 | \$ 45,016,379 | \$ 44,444,906 | \$ 46,480,252 | \$ 48,133,378 | \$ 45,942,100 | \$ 49,399,162 | \$ 53,081,537 | \$ 57,514,073 |

(Continued)

|   | Fical Year             |                        |                        |                        |                        |                        |                        |                        |                        |                        |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|   | 2015/2016              | 2016/2017              | 2017/2018              | 2018/2019              | 2019/2020              | 2020/2021              | 2021/2022              | 2022/2023              | 2023/2024              | 2024/2025              |
| <b>(Continued)</b>                              |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| <b>Program Revenues</b>                         |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities:                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Charges for services:                           |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Public safety                                   | \$ 1,152,410           | \$ 1,031,206           | \$ 958,184             | \$ 664,986             | \$ 807,220             | \$ 905,951             | \$ 865,153             | \$ 889,917             | \$ 820,691             | \$ 848,040             |
| Public works                                    | 156,247                | 125,198                | 162,033                | 203,112                | 214,523                | 420,849                | 267,821                | 237,451                | 784,265                | 278,964                |
| Culture and recreation                          | 565,515                | 535,939                | 526,920                | 476,309                | 390,270                | 551,621                | 496,754                | 556,157                | 571,244                | 535,260                |
| Community and economic development              | 458,379                | 519,157                | 772,325                | 528,938                | 486,714                | 413,815                | 793,403                | 628,772                | 893,273                | 707,423                |
| General government                              | 722,068                | 813,198                | 793,173                | 823,217                | 885,678                | 788,502                | 875,361                | 853,911                | 837,719                | 832,617                |
| Operating grants and contributions              | 5,744,949              | 6,267,606              | 5,629,280              | 6,187,745              | 5,971,139              | 6,287,586              | 7,707,340              | 8,245,144              | 8,196,115              | 10,323,453             |
| Capital grants and contributions                | 561,749                | 6,583,878              | 3,454,124              | 1,278,580              | 1,135,003              | 4,325,984              | 2,664,159              | 77,285                 | 4,320,062              | 4,218,171              |
| Total governmental activities program revenues  | <u>9,361,317</u>       | <u>15,876,182</u>      | <u>12,296,039</u>      | <u>10,162,887</u>      | <u>9,890,547</u>       | <u>13,694,308</u>      | <u>13,669,991</u>      | <u>11,488,637</u>      | <u>16,423,369</u>      | <u>17,743,928</u>      |
| Business-type activities:                       |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Charges for services:                           |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Water pollution control                         | 5,738,763              | 6,037,872              | 6,214,446              | 6,721,780              | 6,961,278              | 7,382,166              | 7,379,228              | 7,453,420              | 7,656,893              | 8,233,397              |
| Transfer station                                | 2,125,064              | 2,247,965              | 2,404,592              | 2,387,815              | 2,246,507              | 2,195,824              | 2,241,707              | 2,213,456              | 2,201,181              | 2,149,406              |
| Refuse collection                               | 2,192,597              | 2,204,645              | 2,240,701              | 2,297,675              | 2,372,780              | 2,366,675              | 2,380,759              | 2,498,876              | 2,605,813              | 2,608,244              |
| Airport   | 74,379                 | 77,015                 | 78,178                 | 76,495                 | 83,328                 | 87,340                 | 88,250                 | 93,875                 | 95,543                 | 102,303                |
| Parking   | 218,424                | 217,742                | 220,535                | 196,225                | 167,081                | 174,486                | 187,904                | 202,191                | 183,026                | 182,113                |
| Transit   | 240,930                | 373,610                | 251,968                | 174,961                | 132,968                | 97,492                 | 126,654                | 133,721                | 150,378                | 153,566                |
| Golf course                                     | 770,450                | 747,973                | 762,327                | 681,182                | 764,809                | 847,202                | 872,180                | 1,010,143              | 1,108,553              | 1,228,595              |
| Boat harbor                                     | 21,293                 | 15,243                 | 96,930                 | 3,890                  | 19,396                 | 20,514                 | 13,873                 | 15,040                 | 14,850                 | 18,443                 |
| Marina  | 11,441                 | 6,266                  | 8,087                  | 5,241                  | 4,242                  | 8,189                  | 8,618                  | 8,327                  | 5,538                  | 4,965                  |
| Convention and visitors bureau                  | 4,360                  | 4,727                  | 325                    | -                      | 425                    | -                      | -                      | -                      | -                      | -                      |
| Ambulance                                       | 1,511,905              | 1,538,062              | 1,649,717              | 1,636,682              | 2,129,341              | 2,004,547              | 2,104,064              | 2,333,260              | 2,493,506              | 2,326,977              |
| Soccer Events                                   | -                      | -                      | 67,748                 | 61,027                 | 13,446                 | 36,672                 | 20,152                 | 10                     | -                      | 50                     |
| Public housing                                  | 488,197                | 425,454                | 455,053                | 491,398                | 490,803                | 483,807                | 509,877                | 506,035                | 558,286                | 525,521                |
| Operating grants and contributions              | 1,045,579              | 1,207,303              | 1,133,238              | 1,113,863              | 1,484,888              | 1,570,900              | 1,907,013              | 1,654,247              | 1,276,333              | 1,276,780              |
| Capital grants and contributions                | 3,463,587              | 1,018,914              | 406,036                | 113,706                | 704,054                | 2,053,828              | 1,714,621              | 614,062                | 3,870,848              | 2,893,160              |
| Total business-type activities program revenues | <u>17,906,969</u>      | <u>16,122,791</u>      | <u>15,989,881</u>      | <u>15,961,940</u>      | <u>17,575,346</u>      | <u>19,329,642</u>      | <u>19,554,900</u>      | <u>18,736,663</u>      | <u>22,220,748</u>      | <u>21,703,520</u>      |
| Total primary government program revenues       | <u>\$ 27,268,286</u>   | <u>\$ 31,998,973</u>   | <u>\$ 28,285,920</u>   | <u>\$ 26,124,827</u>   | <u>\$ 27,465,893</u>   | <u>\$ 33,023,950</u>   | <u>\$ 33,224,891</u>   | <u>\$ 30,225,300</u>   | <u>\$ 38,644,117</u>   | <u>\$ 39,447,448</u>   |
| <b>Net (Expense)/Revenue</b>                    |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                         | \$ (15,348,367)        | \$ (11,520,843)        | \$ (17,125,173)        | \$ (18,294,893)        | \$ (20,765,840)        | \$ (17,355,177)        | \$ (15,813,355)        | \$ (20,079,954)        | \$ (17,925,617)        | \$ (19,920,673)        |
| Business-type activities                        | <u>2,284,758</u>       | <u>997,997</u>         | <u>394,714</u>         | <u>(25,186)</u>        | <u>1,751,481</u>       | <u>2,245,749</u>       | <u>3,096,146</u>       | <u>906,092</u>         | <u>3,488,197</u>       | <u>1,854,048</u>       |
| Total primary government net expense            | <u>\$ (13,063,609)</u> | <u>\$ (10,522,846)</u> | <u>\$ (16,730,459)</u> | <u>\$ (18,320,079)</u> | <u>\$ (19,014,359)</u> | <u>\$ (15,109,428)</u> | <u>\$ (12,717,209)</u> | <u>\$ (19,173,862)</u> | <u>\$ (14,437,420)</u> | <u>\$ (18,066,625)</u> |
| <b>(Continued)</b>                              |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |

|   | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2015/2016            | 2016/2017            | 2017/2018            | 2018/2019            | 2019/2020            | 2020/2021            | 2021/2022            | 2022/2023            | 2023/2024            | 2024/2025            |
| (Continued)   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| <b>General Revenues and Other Changes in Net Position</b> |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities:                                  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Taxes   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Property taxes  | \$ 14,432,728        | \$ 14,997,905        | \$ 15,572,193        | \$ 15,941,284        | \$ 16,638,396        | \$ 16,783,749        | \$ 17,316,897        | \$ 17,561,942        | \$ 18,739,792        | \$ 18,804,236        |
| Utility taxes   | 58,665               | 47,357               | 58,394               | 49,050               | 53,623               | 62,736               | 55,053               | 54,091               | 60,229               | 62,375               |
| Local option sales tax                                    | 2,789,212            | 2,921,698            | 3,015,029            | 3,206,407            | 2,940,519            | 3,693,591            | 3,869,916            | 4,058,733            | 4,114,250            | 4,121,686            |
| Hotel/motel taxes   | 361,803              | 441,079              | 521,993              | 494,951              | 398,588              | 374,449              | 593,267              | 577,993              | 585,232              | 563,311              |
| Cable franchise taxes                                     | 189,044              | 176,095              | 165,004              | 158,717              | 143,166              | 132,287              | 124,022              | 111,150              | 99,896               | 96,417               |
| Utility franchise taxes                                   | 81,308               | 81,399               | 102,859              | 220,448              | 440,654              | 456,312              | 518,879              | 429,907              | 313,906              | 332,628              |
| Intergovernmental, unrestricted                           | 808,792              | 663,441              | 643,339              | 705,064              | 710,704              | 1,208,683            | 654,374              | 575,957              | 935,869              | 864,820              |
| Unrestricted investment income                            | 136,940              | 143,193              | 290,858              | 445,013              | 325,962              | 42,870               | 20,952               | 517,641              | 1,076,093            | 1,237,018            |
| Gain on sale of capital assets                            | -                    | -                    | -                    | 75,000               | -                    | 150,850              | 18,290               | 65,000               | -                    | -                    |
| Contributions to endowments                               | 11,654               | 4,021                | 3,941                | 7,516                | 4,580                | 11,794               | 8,243                | 3,992                | 7,578                | 4,109                |
| Transfers   | (1,863,485)          | (1,511,743)          | (1,825,292)          | (1,537,960)          | (2,151,940)          | (984,916)            | (2,415,158)          | (2,126,797)          | (5,296,090)          | (7,157,461)          |
| Total governmental activities                             | <u>17,006,661</u>    | <u>17,964,445</u>    | <u>18,548,318</u>    | <u>19,765,490</u>    | <u>19,504,252</u>    | <u>21,932,405</u>    | <u>20,764,735</u>    | <u>21,829,609</u>    | <u>20,636,755</u>    | <u>18,929,139</u>    |
| Business-type activities:                                 |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Unrestricted investment income                            | 9,051                | 36,833               | 107,515              | 234,817              | 217,382              | 28,672               | 26,521               | 425,149              | 753,493              | 725,691              |
| Gain (loss) on sale of capital assets                     | -                    | -                    | -                    | -                    | 24,750               | -                    | 15,201               | 3,960                | 6,607                | 4,285                |
| Transfers   | 1,863,485            | 1,511,743            | 1,825,292            | 1,537,960            | 2,151,940            | 984,916              | 2,415,158            | 2,126,797            | 5,296,090            | 7,157,461            |
| Total business-type activities                            | <u>1,872,536</u>     | <u>1,548,576</u>     | <u>1,932,807</u>     | <u>1,772,777</u>     | <u>2,394,072</u>     | <u>1,013,588</u>     | <u>2,456,880</u>     | <u>2,555,906</u>     | <u>6,056,190</u>     | <u>7,887,437</u>     |
| Total primary government                                  | <u>\$ 18,879,197</u> | <u>\$ 19,513,021</u> | <u>\$ 20,481,125</u> | <u>\$ 21,538,267</u> | <u>\$ 21,898,324</u> | <u>\$ 22,945,993</u> | <u>\$ 23,221,615</u> | <u>\$ 24,385,515</u> | <u>\$ 26,692,945</u> | <u>\$ 26,816,576</u> |
| <b>Changes in Net Position</b>                            |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities                                   | \$ 1,658,294         | \$ 6,443,602         | \$ 1,423,145         | \$ 1,470,597         | \$ (1,261,588)       | \$ 4,577,228         | \$ 4,951,380         | \$ 1,749,655         | \$ 2,711,138         | \$ (991,534)         |
| Business-type activities                                  | <u>4,157,294</u>     | <u>2,546,573</u>     | <u>2,327,521</u>     | <u>1,747,591</u>     | <u>4,145,553</u>     | <u>3,259,337</u>     | <u>5,553,026</u>     | <u>3,461,998</u>     | <u>9,544,387</u>     | <u>9,741,485</u>     |
| Total primary government                                  | <u>\$ 5,815,588</u>  | <u>\$ 8,990,175</u>  | <u>\$ 3,750,666</u>  | <u>\$ 3,218,188</u>  | <u>\$ 2,883,965</u>  | <u>\$ 7,836,565</u>  | <u>\$ 10,504,406</u> | <u>\$ 5,211,653</u>  | <u>\$ 12,255,525</u> | <u>\$ 8,749,951</u>  |

Schedule 3

City of Muscatine, Iowa  
Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)

|                                    | 2015/16              | 2016/17              | 2017/18              | 2018/19              | 2019/20              | 2020/21             | 2021/22             | 2022/23             | 2023/24              | 2024/25              |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
| General Fund                       |                      |                      |                      |                      |                      |                     |                     |                     |                      |                      |
| Nonspendable                       | \$ 117,190           | \$ 64,944            | \$ 2,984             | \$ 150,602           | \$ 80,245            | \$ 1,286            | \$ 217,889          | \$ 116,980          | \$ 36,512            | \$ 165,643           |
| Assigned                           | 445,593              | 343,057              | 349,905              | 402,121              | 253,575              | 416,571             | 589,038             | 447,737             | 652,338              | 299,006              |
| Unassigned                         | 4,035,533            | 4,328,414            | 4,821,465            | 4,732,497            | 4,772,168            | 5,819,799           | 5,842,148           | 6,185,328           | 6,182,453            | 6,104,669            |
| Total General Fund                 | <u>\$ 4,598,316</u>  | <u>\$ 4,736,415</u>  | <u>\$ 5,174,354</u>  | <u>\$ 5,285,220</u>  | <u>\$ 5,105,988</u>  | <u>\$ 6,237,656</u> | <u>\$ 6,649,075</u> | <u>\$ 6,750,045</u> | <u>\$ 6,871,303</u>  | <u>\$ 6,569,318</u>  |
| All other governmental funds       |                      |                      |                      |                      |                      |                     |                     |                     |                      |                      |
| Nonspendable                       | \$ 1,003,832         | \$ 1,007,853         | \$ 1,011,794         | \$ 1,019,310         | \$ 1,023,890         | \$ 1,035,684        | \$ 1,043,927        | \$ 1,047,919        | \$ 1,055,497         | \$ 1,059,606         |
| Assigned                           | 12,715,352           | 12,963,012           | 7,722,138            | 6,537,750            | 5,097,320            | 2,064,022           | -                   | -                   | -                    | -                    |
| Restricted                         | 5,713,190            | 5,034,619            | 5,564,980            | 4,246,648            | 6,818,066            | 6,719,826           | 7,495,775           | 7,471,257           | 17,016,357           | 15,813,135           |
| Unassigned                         | (22,842)             | (57,818)             | (53,567)             | (136,849)            | -                    | -                   | (973,160)           | (216,930)           | -                    | (1,136,699)          |
| Total all other governmental funds | <u>\$ 19,409,532</u> | <u>\$ 18,947,666</u> | <u>\$ 14,245,345</u> | <u>\$ 11,666,859</u> | <u>\$ 12,939,276</u> | <u>\$ 9,819,532</u> | <u>\$ 7,566,542</u> | <u>\$ 8,302,246</u> | <u>\$ 18,071,854</u> | <u>\$ 15,736,042</u> |

City of Muscatine, Iowa  
Changes of Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(Modified Accrual Basis of Accounting)  
(Unaudited)

|  | 2015/2016     | 2016/2017     | 2017/2018      | 2018/2019      | 2019/2020     | 2020/2021      | 2021/2022      | 2022/2023     | 2023/2024     | 2024/2025      |
|--|---------------|---------------|----------------|----------------|---------------|----------------|----------------|---------------|---------------|----------------|
| <b>Revenues</b>  |               |               |                |                |               |                |                |               |               |                |
| Taxes  | \$ 17,910,556 | \$ 18,677,783 | \$ 19,408,472  | \$ 20,175,857  | \$ 20,540,552 | \$ 21,602,517  | \$ 22,478,034  | \$ 22,818,816 | \$ 23,913,305 | \$ 23,980,652  |
| Licenses and permits                                     | 389,596       | 426,847       | 562,284        | 440,277        | 303,758       | 226,375        | 429,861        | 478,668       | 628,213       | 455,621        |
| Fines and forfeitures                                    | 997,069       | 862,417       | 723,406        | 492,157        | 639,514       | 727,760        | 664,939        | 693,606       | 648,697       | 519,022        |
| Intergovernmental  | 6,498,820     | 8,073,335     | 6,924,799      | 6,553,355      | 7,192,177     | 8,087,746      | 7,095,121      | 11,425,304    | 10,162,960    | 11,063,153     |
| Charges for services                                     | 573,758       | 579,213       | 560,780        | 523,863        | 436,956       | 537,842        | 585,097        | 587,677       | 611,255       | 646,172        |
| Use of money and property                                | 265,333       | 274,773       | 353,800        | 508,096        | 388,013       | 140,944        | 103,529        | 541,128       | 1,117,042     | 1,282,186      |
| Other  | 1,301,347     | 5,056,998     | 3,947,364      | 2,632,100      | 1,645,687     | 1,931,972      | 2,676,310      | 2,223,292     | 5,134,435     | 4,247,272      |
| Total revenues   | 27,936,479    | 33,951,366    | 32,480,905     | 31,325,705     | 31,146,657    | 33,255,156     | 34,032,891     | 38,768,491    | 42,215,907    | 42,194,078     |
| <b>Expenditures</b>                                      |               |               |                |                |               |                |                |               |               |                |
| Public safety  | 8,313,401     | 8,867,219     | 9,137,545      | 9,554,157      | 9,507,769     | 10,118,048     | 10,687,068     | 11,177,405    | 11,372,228    | 12,367,200     |
| Public works   | 2,037,427     | 2,262,483     | 2,112,243      | 2,660,909      | 2,537,951     | 2,665,965      | 2,701,893      | 2,527,788     | 2,570,054     | 2,522,820      |
| Health and social services                               | 45,000        | 45,000        | 55,000         | 50,000         | 50,000        | 50,000         | 37,500         | 55,000        | 60,000        | 60,000         |
| Culture and recreation                                   | 2,940,980     | 3,086,488     | 3,104,798      | 3,179,793      | 3,203,989     | 3,352,567      | 4,007,243      | 3,790,190     | 3,797,983     | 4,048,607      |
| Community and economic development                       | 3,811,936     | 3,921,777     | 4,361,461      | 4,396,896      | 4,836,175     | 4,392,978      | 5,235,135      | 5,216,319     | 6,049,614     | 7,326,612      |
| General government                                       | 2,295,600     | 2,574,045     | 2,660,370      | 2,613,798      | 2,980,206     | 2,753,012      | 2,961,681      | 3,036,020     | 3,271,076     | 3,336,551      |
| Capital outlay   | 4,731,052     | 9,243,901     | 14,201,919     | 6,905,402      | 8,231,017     | 8,027,096      | 11,623,999     | 7,390,928     | 5,944,047     | 11,972,666     |
| Debt service:  |               |               |                |                |               |                |                |               |               |                |
| Principal  | 3,840,000     | 2,415,000     | 2,635,000      | 2,545,000      | 2,710,000     | 2,560,000      | 2,485,000      | 2,383,870     | 2,463,441     | 2,988,424      |
| Interest   | 389,568       | 398,755       | 333,660        | 401,483        | 331,155       | 392,466        | 319,788        | 498,116       | 472,515       | 754,942        |
| Paying agent   | 2,500         | 2,000         | 2,300          | 2,600          | 2,900         | 2,700          | 3,000          | 2,800         | 3,100         | 2,900          |
| Bond issuance costs                                      | 17,355        | -             | -              | -              | -             | -              | -              | -             | -             | -              |
| Total expenditures                                       | 28,424,819    | 32,816,668    | 38,604,296     | 32,310,038     | 34,391,162    | 34,314,832     | 40,062,307     | 36,078,436    | 36,004,058    | 45,380,722     |
| Excess of revenues over (under) expenditures             | (488,340)     | 1,134,698     | (6,123,391)    | (984,333)      | (3,244,505)   | (1,059,676)    | (6,029,416)    | 2,690,055     | 6,211,849     | (3,186,644)    |
| <b>Other financing sources (uses)</b>                    |               |               |                |                |               |                |                |               |               |                |
| General obligation bonds issued                          | 3,250,879     | -             | 3,334,242      | -              | 6,310,000     | -              | 6,190,000      | -             | 8,950,907     | 7,434,890      |
| General obligation bond premium (discount)               | 211,712       | -             | 296,701        | -              | 124,788       | -              | 284,037        | -             | 466,883       | -              |
| Refunding bonds issued                                   | 1,299,121     | -             | -              | -              | -             | -              | -              | -             | -             | -              |
| Refunding bond premium                                   | 44,328        | -             | -              | -              | -             | -              | -              | -             | -             | -              |
| Issuance of subscription obligation                      | -             | -             | -              | -              | -             | -              | -              | 193,269       | -             | 192,551        |
| Issuance of lease obligations                            | -             | -             | -              | -              | -             | -              | -              | 15,344        | 8,044         | -              |
| Transfers in   | 8,784,455     | 9,486,825     | 9,185,446      | 9,692,035      | 10,119,210    | 10,968,091     | 11,296,538     | 11,755,563    | 12,408,031    | 14,704,318     |
| Transfers out  | (10,596,410)  | (10,945,290)  | (10,957,380)   | (11,175,322)   | (12,216,308)  | (11,896,491)   | (13,655,918)   | (13,817,557)  | (18,154,848)  | (21,782,912)   |
| Total other financing sources (uses)                     | 2,994,085     | (1,458,465)   | 1,859,009      | (1,483,287)    | 4,337,690     | (928,400)      | 4,114,657      | (1,853,381)   | 3,679,017     | 548,847        |
| Net change in fund balances                              | \$ 2,505,745  | \$ (323,767)  | \$ (4,264,382) | \$ (2,467,620) | \$ 1,093,185  | \$ (1,988,076) | \$ (1,914,759) | \$ 836,674    | \$ 9,890,866  | \$ (2,637,797) |
| Debt service as a percentage of non-capital expenditures | 17.0%         | 11.0%         | 10.8%          | 11.2%          | 11.2%         | 10.6%          | 9.6%           | 9.6%          | 9.8%          | 10.5%          |



## Schedule 5

**City of Muscatine, Iowa**  
**Tax Revenues by Source, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified Accrual Basis of Accounting)**  
**(Unaudited)**

| <b>Fiscal Year</b>            | <b>General<br/>Property<br/>Tax</b> | <b>Incremental<br/>Property Tax<br/>(TIF Districts)</b> | <b>Utility<br/>Excise<br/>Tax</b> | <b>Mobile<br/>Home<br/>Tax</b> | <b>Hotel/Motel<br/>Tax</b> | <b>Cable<br/>Franchise<br/>Tax</b> | <b>Utility<br/>Franchise<br/>Tax (1)</b> | <b>Local Option<br/>Sales Tax</b> | <b>Total</b>  |
|-------------------------------|-------------------------------------|---|-----------------------------------|--------------------------------|----------------------------|------------------------------------|--|-----------------------------------|---------------|
| 2015/2016                     | \$ 12,434,982                       | \$ 1,961,342  | \$ 58,665                         | \$ 36,404                      | \$ 361,803                 | \$ 189,044                         | \$ 81,308                                | \$ 2,787,008                      | \$ 17,910,556 |
| 2016/2017                     | 13,086,357                          | 1,875,600   | 47,357                            | 35,948                         | 441,079                    | 176,095                            | 81,399                                   | 2,933,948                         | 18,677,783    |
| 2017/2018                     | 13,460,719                          | 2,074,119   | 58,394                            | 37,355                         | 521,993                    | 165,004                            | 102,859                                  | 2,988,029                         | 19,408,472    |
| 2018/2019                     | 13,848,455                          | 2,051,795   | 49,050                            | 41,034                         | 494,951                    | 158,716                            | 220,448                                  | 3,311,407                         | 20,175,856    |
| 2019/2020                     | 14,032,072                          | 2,472,102   | 53,623                            | 34,828                         | 398,588                    | 143,166                            | 440,654                                  | 2,965,519                         | 20,540,552    |
| 2020/2021                     | 14,354,535                          | 2,490,235   | 62,735                            | 38,373                         | 374,449                    | 132,287                            | 456,312                                  | 3,693,591                         | 21,602,517    |
| 2021/2022                     | 14,916,531                          | 2,358,990   | 55,053                            | 41,377                         | 593,267                    | 124,022                            | 518,879                                  | 3,869,915                         | 22,478,034    |
| 2022/2023                     | 15,191,651                          | 2,329,345   | 54,091                            | 40,946                         | 577,993                    | 111,150                            | 429,907                                  | 4,083,733                         | 22,818,816    |
| 2023/2024                     | 16,142,338                          | 2,560,194   | 60,229                            | 37,260                         | 585,232                    | 99,896                             | 313,906                                  | 4,114,250                         | 23,913,305    |
| 2023/2025                     | 16,133,021                          | 2,629,225   | 62,375                            | 41,990                         | 563,310                    | 96,417                             | 332,628                                  | 4,121,686                         | 23,980,652    |
| Change 2015/2016 to 2024/2025 | 29.7%                               | 34.1%   | 6.3%                              | 15.3%                          | 55.7%                      | -49.0%                             | 309.1%                                   | 47.9%                             | 33.9%         |

1. A Utility Franchise Fee on the provider of natural gas services was implemented in 2010/2011 at the rate of 2%. This rate was reduced to 1% for 2012/2013 through 2017/2018. This rate was increased to 2% for 2018/2019 and to 5% for 2019/2020, 2020/2021, and the first seven months of 2021/2022. City Council reduced the rate to 3% effective February 1, 2022 due to the significant increase in the cost of natural gas. The 3% rate continued in 2023/2024 and 2024/2025.

**City of Muscatine, Iowa**  
**Taxable Value and Estimated Actual Value of Property**  
**Last Ten Fiscal Years**  
**(Unaudited)**

| <b>Tax<br/>Collection<br/>Year</b> | <b>Residential<br/>Property</b> | <b>Commercial<br/>Property</b> | <b>Industrial<br/>Property</b> | <b>Multi-<br/>Residential (1)</b> | <b>Railroads and<br/>Utilities</b> | <b>Less:<br/>Military/Homestead<br/>Exemption (2)</b> | <b>Total<br/>Taxable<br/>Value</b> | <b>Total Direct<br/>Tax Rate<br/>(per \$1,000 of<br/>Valuation)</b> | <b>Estimated<br/>Actual<br/>Value</b> | <b>Taxable Value<br/>as a Percentage<br/>of Estimated<br/>Actual Value</b> |
|------------------------------------|---------------------------------|--------------------------------|--------------------------------|-----------------------------------|------------------------------------|---|------------------------------------|---|---------------------------------------|--|
| 2015/2016                          | \$ 461,629,813                  | \$ 218,659,686                 | \$ 97,565,025                  | N/A                               | \$ 5,032,917                       | \$ 1,812,242  | \$ 781,075,199                     | \$ 15.67209   | \$ 1,193,627,101                      | 65.4%  |
| 2016/2017                          | 476,813,707                     | 201,892,371                    | 108,073,772                    | \$ 33,837,709                     | 4,669,990                          | 1,721,595   | 823,565,954                        | 15.67209  | 1,253,806,921                         | 65.7%  |
| 2017/2018                          | 491,066,816                     | 209,041,414                    | 111,796,825                    | 32,996,982                        | 4,613,164                          | 1,680,836   | 847,834,365                        | 15.67209  | 1,272,831,442                         | 66.6%  |
| 2018/2019                          | 489,430,931                     | 221,925,876                    | 124,695,505                    | 33,261,173                        | 4,886,272                          | 1,617,336   | 872,582,421                        | 15.67209  | 1,321,975,383                         | 66.0%  |
| 2019/2020                          | 504,858,389                     | 223,837,935                    | 125,927,119                    | 30,151,651                        | 5,394,181                          | 1,542,716   | 888,626,559                        | 15.67209  | 1,332,788,748                         | 66.7%  |
| 2020/2021                          | 504,040,953                     | 230,377,751                    | 129,529,216                    | 28,419,164                        | 5,365,456                          | 1,464,932   | 896,267,608                        | 15.67209  | 1,375,439,414                         | 65.2%  |
| 2021/2022                          | 534,375,402                     | 240,751,289                    | 134,421,623                    | 27,176,056                        | 4,693,121                          | 1,370,986   | 940,046,505                        | 15.67209  | 1,422,713,491                         | 66.1%  |
| 2022/2023                          | 526,660,756                     | 245,695,726                    | 137,278,903                    | 27,661,053                        | 4,414,152                          | 1,306,265   | 940,404,325                        | 15.97054  | 1,462,458,043                         | 64.3%  |
| 2023/2024                          | 609,990,675                     | 259,230,197                    | 147,657,328                    | -                                 | 3,336,162                          | 1,228,494   | 1,018,985,868                      | 15.67219  | 1,621,578,954                         | 62.8%  |
| 2024/2025                          | 599,548,984                     | 275,508,892                    | 146,474,986                    | -                                 | 2,354,848                          | 6,767,669   | 1,017,120,041                      | 15.67219  | 1,820,790,168                         | 55.9%  |

1. Multi-residential properties were included with commercial properties until January 1, 2015. These properties include mobile home parks, manufactured home communities, land-leased communities, assisted living facilities, and properties with three or more separate living quarters. These properties were rolled back from 90% to 86.25% for January 1, 2015, to 82.50% for January 1, 2016, to 78.75% for January 1, 2017, to 75.00% for January 1, 2018, to 71.25% for January 1, 2019, to 67.50% for January 1, 2020, and to 63.75% for January 1, 2021. These properties were rolled back to the rollback for residential properties beginning January 1, 2022. These properties are now included in the residential property category beginning with the January 1, 2022.
2. Starting in 2024/2025, the Military/Homestead Exemptions column includes Homestead Exemptions for property owners age 65 and older.

Source: Muscatine County Auditor's Office

**City of Muscatine, Iowa**  
**Direct and Overlapping Property Tax Rates**  
**(Rates per \$1,000 of Valuation)**  
**Last Ten Fiscal Years**  
**(Unaudited)**

| Fiscal Year | City Direct Rates         |                  |              |            |                |            |               |                   | Overlapping Rates   |                     |                            | Totals by School District |                            |
|-------------|---------------------------|------------------|--------------|------------|----------------|------------|---------------|-------------------|---------------------|---------------------|----------------------------|---------------------------|----------------------------|
|             | Combined General Fund (1) | Employee Benefit | Debt Service | Transit    | Tort Liability | Levee      | Emergency (1) | Total Direct Rate | County Consolidated | School Districts    |                            | Muscatine Community       | Louisa-Muscatine Community |
|             |                           |                  |              |            |                |            |               |                   |                     | Muscatine Community | Louisa-Muscatine Community |                           |                            |
| 2015/2016   | \$ 8.10000                | \$ 4.11611       | \$ 2.79677   | \$ 0.30282 | \$ 0.28889     | \$ 0.06750 | -             | \$ 15.67209       | \$ 9.36435          | \$ 15.80950         | \$ 12.39496                | \$ 40.84594               | \$ 37.43140                |
| 2016/2017   | 8.10000                   | 4.25714          | 2.78470      | 0.23071    | 0.28031        | 0.01923    | -             | 15.67209          | 9.44359             | 15.53914            | 12.84927                   | 40.65482                  | 37.96495                   |
| 2017/2018   | 8.10000                   | 4.43100          | 2.69458      | 0.11240    | 0.26661        | 0.06750    | -             | 15.67209          | 9.07348             | 14.91989            | 12.29400                   | 39.66546                  | 37.03957                   |
| 2018/2019   | 8.10000                   | 4.70408          | 2.53669      | 0.05710    | 0.27422        | -          | -             | 15.67209          | 8.67942             | 14.82884            | 11.34850                   | 39.18035                  | 35.70001                   |
| 2019/2020   | 8.10000                   | 4.59481          | 2.60018      | 0.05607    | 0.32103        | -          | -             | 15.67209          | 9.30678             | 13.83172            | 11.15953                   | 38.81059                  | 36.13840                   |
| 2020/2021   | 8.10000                   | 4.78659          | 2.34955      | 0.11987    | 0.31608        | -          | -             | 15.67209          | 8.96278             | 13.51952            | 10.79597                   | 38.15439                  | 35.43084                   |
| 2021/2022   | 8.10000                   | 4.76979          | 2.32232      | -          | 0.33769        | -          | 0.14229       | 15.67209          | 8.79772             | 13.52853            | 10.78504                   | 37.99834                  | 35.25485                   |
| 2022/2023   | 8.10000                   | 5.05175          | 2.20086      | -          | 0.34793        | -          | 0.27000       | 15.97054          | 8.30299             | 13.42230            | 11.14682                   | 37.69583                  | 35.42035                   |
| 2023/2024   | 8.10000                   | 4.70493          | 2.04192      | 0.19459    | 0.36075        | -          | 0.27000       | 15.67219          | 7.90058             | 13.23077            | 11.01242                   | 36.80354                  | 34.58519                   |
| 2024/2025   | 8.37000                   | 4.77363          | 1.98512      | 0.07346    | 0.46998        | -          | -             | 15.67219          | 8.36442             | 13.52117            | 10.69967                   | 37.55778                  | 34.73628                   |

1. Starting in 2024/2025, the General Fund Levy includes the former Emergency Levy.

Notes - Per State statutes maximum tax rates apply to the General Fund, Transit, Levee and Emergency levies. The City has been at the maximum rate of \$8.10 for the General Fund, and \$.0675 for the Levee in prior years as shown above. A maximum rate of \$.95 applies to the Transit tax and a maximum rate of \$.27 applies to the Emergency tax. The City's Transit tax rate is less than the maximum allowed. In 2024/2025 the Emergency Levy was eliminated and combined with the General Fund Levy, now known as the Combined General Fund Levy.

Source: Muscatine County Auditor's Office

**City of Muscatine, Iowa  
Principal Property Tax Payers  
Current Year and Nine Years Ago  
(Unaudited)**

| <u><b>Taxpayer</b></u>   | <u><b>January 1, 2023 Valuation (for 2024/2025 Tax Levy)</b></u> |                    |  | <u><b>January 1, 2014 Valuation (for 2015/2026 Tax Levy)</b></u> |                    |  |
|--|--|--------------------|--|--|--------------------|--|
|  | <u><b>Taxable<br/>Valuation (1)</b></u>                          | <u><b>Rank</b></u> | <u><b>Percent of<br/>Total Taxable<br/>Value</b></u> | <u><b>Taxable<br/>Valuation (1)</b></u>                          | <u><b>Rank</b></u> | <u><b>Percent of<br/>Total Taxable<br/>Value</b></u> |
| Grain Processing/Kent Feeds  | \$ 53,811,065  | 1                  | 5.3%   | \$ 36,011,592  | 1                  | 4.6%   |
| HNI Corporation (HON Industries/HON Financial)                                 | 43,987,955   | 2                  | 4.3%   | 28,313,856   | 2                  | 3.6%   |
| Wal-View Developments  | 30,619,414   | 3                  | 3.0%   | 16,200,000   | 3                  | 2.1%   |
| MLC Land Company   | 9,433,058  | 10                 | 0.9%   |  |                    |  |
| Sodarak Properties, LLC<br>(Property formerly owned by Riverbend Leasing, LLC) | 12,550,247   | 4                  | 1.2%   | 6,305,598  | 9                  | 0.8%   |
| GRIDCO, LLC  | 10,523,603   | 7                  | 1.0%   | 6,850,521  | 8                  | 0.9%   |
| Wal-Mart Stores, Inc.  | 10,938,796   | 5                  | 1.1%   | 9,182,583  | 4                  | 1.2%   |
| Heinz, U.S.A.  | 10,301,207   | 8                  | 1.0%   | 9,031,077  | 5                  | 1.2%   |
| Menard Inc.  | 10,620,071   | 6                  | 1.0%   | 8,734,230  | 6                  | 1.1%   |
| Muscatine Downtown Investors   | 8,989,124  | 11                 | 0.9%   | 6,030,999  | 12                 | 0.8%   |
| Bridgestone Bandag LLC /<br>Bandag, Inc.                                       | 9,767,794  | 9                  | 1.0%   | 7,930,386  | 7                  | 1.0%   |
| LHV Muscatine LLC/Hy-Vee Inc   | 6,748,366  | 14                 | 0.7%   | 5,807,934  | 13                 | 0.7%   |
| Store Master Funding XIV LLC   | 6,750,870  | 13                 | 0.7%   |  |                    |  |
| MidWestOne Bank<br>(Formerly First National Bank)                              | 7,138,082  | 12                 | 0.7%   | 5,279,949  | 15                 | 0.7%   |
| BT Prime Mover   | 5,724,511  | 18                 | 0.6%   | 5,152,329  | 17                 | 0.7%   |
| Central State Bank<br>(CBI Bank & Trust)                                       | 6,157,807  | 16                 | 0.6%   | 4,903,191  | 18                 | 0.6%   |
| SECO Investment Co. (Stanley Engineering Co.)                                  | 6,354,872  | 15                 | 0.6%   | 4,871,313  | 19                 | 0.6%   |
| Davenport Farm & Fleet, Inc.<br>(Blain's Farm & Fleet)                         | 5,289,515  | 19                 | 0.5%   | 6,095,745  | 11                 | 0.8%   |
| Muscatine Medical Associates, LLC  | 5,817,705  | 17                 | 0.6%   |  |                    |  |
| Community Bank   | 4,875,937  | 20                 | 0.5%   |  |                    |  |
| Muscatine Mall Associates LLP  |  |                    |  | 5,373,351  | 14                 | 0.7%   |
| Cobblestone Apartments   |  |                    |  | 6,110,964  | 10                 | 0.8%   |
| W I D, Inc.  |  |                    |  | 5,206,752  | 16                 | 0.7%   |
| Cottonwood Apartments  |  |                    |  | 4,310,739  | 20                 | 0.6%   |
|  | <u><u>\$ 266,399,999</u></u>                                     |                    | <u><u>26.2%</u></u>                                  | <u><u>\$ 187,703,109</u></u>                                     |                    | <u><u>24.2%</u></u>                                  |

1. Commercial and industrial taxable valuations were rolled back to 90% of assessed values beginning with the January 1, 2016 valuations used for the 2017/2018 tax levy. In 2015/2016 these properties were taxed at 100% of assessed valuations. Multi-residential properties were included with commercial properties until January 1, 2015. These properties were rolled back to the residential rate of 46.3428% for January 1, 2023.

Source: Muscatine County Auditor's Office

**City of Muscatine, Iowa**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**  
**(Unaudited)**

| Fiscal Year | Taxes Levied<br>for the<br>Fiscal Year | Collected within the<br>Fiscal Year of the Levy |                                     | Delinquent Tax<br>Collections<br>(2) | Total Tax<br>Collections<br>(2) | Ratio of Total Tax<br>Collections to Total<br>Tax Levy (3) |
|-------------|--|---|-------------------------------------|--------------------------------------|---------------------------------|--|
|             |  | Amount (1)                                      | Percent of<br>Levy<br>Collected (3) |                                      |                                 |  |
| 2015/2016   | \$ 12,404,951                          | \$ 12,432,618                                   | 100.22%                             | \$ 2,364                             | \$ 12,434,982                   | 100.24%  |
| 2016/2017   | 13,063,348                             | 13,084,633                                      | 100.16%                             | 1,724                                | 13,086,357                      | 100.18%  |
| 2017/2018   | 13,459,207                             | 13,457,920                                      | 99.99%                              | 2,799                                | 13,460,719                      | 100.01%  |
| 2018/2019   | 13,837,957                             | 13,837,774                                      | 100.00%                             | 10,682                               | 13,848,456                      | 100.08%  |
| 2019/2020   | 14,129,521                             | 14,030,126                                      | 99.30%                              | (4) 1,946                            | 14,032,072                      | 99.31%   |
| 2020/2021   | 14,232,772                             | 14,235,244                                      | 100.02%                             | 119,291                              | (5) 14,354,535                  | 100.86%  |
| 2021/2022   | 14,909,777                             | 14,913,412                                      | 100.02%                             | 3,119                                | 14,916,531                      | 100.05%  |
| 2022/2023   | 15,185,562                             | 15,182,406                                      | 99.98%                              | 9,245                                | 15,191,651                      | 100.04%  |
| 2023/2024   | 16,143,123                             | 16,141,553                                      | 99.99%                              | 785                                  | 16,142,338                      | 100.00%  |
| 2024/2025   | 16,109,544                             | 16,123,333                                      | 100.09%                             | 9,688                                | 16,133,021                      | 100.15%  |

1. Current tax collections reflect payments received by the Muscatine County Treasurer's office from July 1 through June 30 of each year. Taxes levied for the current year are classified as delinquent if not paid by June 30 each year.
2. Delinquent tax collections reflect the amounts of delinquent taxes the City received during the year. Information is not available from the County Treasurer's Office as to the year(s) for which the delinquent tax collections apply.
3. Collection percentages are close to 100% each year since the State of Iowa provides for "tax sales" in June of each year for properties with unpaid taxes. Substantially all of the taxes are paid by investors purchasing tax certificates from the "tax sales". Collections in excess of 100% are due to rounding differences when tax rates are applied to property valuations, differences in tax credits reimbursed by the State of Iowa, or changes in taxable valuations by the County Assessor after the City's budget is certified.
4. The percent of levy collected in 2019/2020 was lower since there was not a "tax sale" in June. Due to the COVID-19 pandemic, the State allowed payments of the taxes due by March 31, 2020 to be paid no later than June 27, 2020 with no interest or penalty. This did not allow time for the "tax sale" to be held in June.
5. The delinquent tax collections in 2020/2021 is higher due to collections on the 2019/2020 levy (see footnote 4).

**City of Muscatine, Iowa**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(Unaudited)**

| <b>Fiscal Year</b> | <b>Governmental Activities</b>          |                                    |                                   | <b>Business-Type Activities</b>         |  |                                   | <b>Total<br/>Primary<br/>Government</b> | <b>Percentage<br/>of Personal<br/>Income (2)</b> | <b>Per<br/>Capita (2)</b> |
|--------------------|---|------------------------------------|-----------------------------------|---|--|-----------------------------------|---|--|---------------------------|
|                    | <b>General<br/>Obligation<br/>Bonds</b> | <b>Tax<br/>Increment<br/>Bonds</b> | <b>Leases and<br/>SBITA's (1)</b> | <b>General<br/>Obligation<br/>Bonds</b> | <b>State<br/>Revolving<br/>Fund Loan</b> | <b>Leases and<br/>SBITA's (1)</b> |   |  |                           |
| 2015/2016          | \$ 15,402,985                           | \$ 690,000                         | -                                 | -                                       | \$ 13,082,000                            | -                                 | \$ 29,174,985                           | 2.8%   | 1,225                     |
| 2016/2017          | 13,047,619                              | 565,000                            | -                                 | -                                       | 12,446,000                               | -                                 | 26,058,619                              | 2.5%   | 1,094                     |
| 2017/2018          | 14,119,524                              | 435,000                            | -                                 | 813,714                                 | 11,789,000                               | -                                 | 27,157,238                              | 2.5%   | 1,140                     |
| 2018/2019          | 11,624,424                              | 295,000                            | -                                 | 738,432                                 | 11,111,000                               | -                                 | 23,768,856                              | 2.1%   | 998                       |
| 2019/2020          | 15,410,456                              | 150,000                            | -                                 | 664,039                                 | 10,411,000                               | -                                 | 26,635,495                              | 2.2%   | 1,118                     |
| 2020/2021          | 12,899,183                              | -                                  | -                                 | 590,313                                 | 9,688,000                                | -                                 | 23,177,496                              | 1.8%   | 974                       |
| 2021/2022          | 16,801,255                              | -                                  | 8,040                             | 512,474                                 | 8,941,000                                | 16,113                            | 26,278,882                              | 2.0%   | 1,104                     |
| 2022/2023          | 14,458,967                              | -                                  | 269,999                           | 430,592                                 | 8,170,000                                | 19,895                            | 23,349,453                              | 1.7%   | 981                       |
| 2023/2024          | 21,472,283                              | -                                  | 114,477                           | 349,990                                 | 7,374,000                                | 13,412                            | 29,324,162                              | N/A  | 1,232                     |
| 2024/2025          | 25,905,782                              | -                                  | 146,451                           | 265,670                                 | 6,552,000                                | 165,167                           | 33,035,070                              | N/A  | 1,388                     |

Note - Details regarding the City's outstanding debt can be found in the notes to the financial statements.

1. The City implemented GASB Statement Number 87, *Leases*, in fiscal year 2021/2022 and GASB Statement Number 96, *Subscription Based Information Technology Arrangements (SBITA's)*, in fiscal year 2022/2023.
2. See the Schedule of Demographic and Economic Statistics (Table 14) for personal income and population data.

**City of Muscatine, Iowa**  
**Ratios of Net General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**(Unaudited)**

| <u>Fiscal Year</u> | <u>Net General<br/>Obligation<br/>Bonds</u> | <u>Total<br/>Primary<br/>Government</u> | <u>Estimated<br/>Actual<br/>Value of<br/>Property (1)</u> | <u>Percentage<br/>of Actual<br/>Valuation</u> | <u>Population (2)</u> | <u>Per<br/>Capita</u> |
|--------------------|---|---|---|---|-----------------------|-----------------------|
| 2015/2016          | \$ 15,402,985                               | \$ 15,402,985                           | \$ 1,193,627,101  | 1.3%  | 23,819                | \$ 647                |
| 2016/2017          | 13,047,619                                  | 13,047,619                              | 1,253,806,921   | 1.0%  | 23,819                | 548                   |
| 2017/2018          | 14,933,238                                  | 14,933,238                              | 1,272,831,442   | 1.2%  | 23,819                | 627                   |
| 2018/2019          | 12,362,856                                  | 12,362,856                              | 1,321,975,383   | 0.9%  | 23,819                | 519                   |
| 2019/2020          | 16,074,495                                  | 16,074,495                              | 1,332,788,748   | 1.2%  | 23,819                | 675                   |
| 2020/2021          | 13,489,496                                  | 13,489,496                              | 1,375,439,414   | 1.0%  | 23,797                | 567                   |
| 2021/2022          | 17,202,128                                  | 17,202,128                              | 1,422,713,491   | 1.2%  | 23,797                | 723                   |
| 2022/2023          | 14,797,367                                  | 14,797,367                              | 1,462,458,043   | 1.0%  | 23,797                | 622                   |
| 2023/2024          | 17,623,246                                  | 17,623,246                              | 1,621,578,954   | 1.1%  | 23,797                | 741                   |
| 2024/2025          | 15,291,177                                  | 15,291,177                              | 1,820,790,168   | 0.8%  | 23,797                | 643                   |

Note - Net position restricted for debt service is restricted for future interest payments. Further details regarding the City's outstanding debt can be found in the notes to the financial statements. General obligation bonds are net of the restricted amount for debt service.

**Sources:**

1. Muscatine County Auditor's Office
2. United States Census Bureau. The population beginning in 2020/2021 is from the 2020 Census.

**City of Muscatine, Iowa**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2025**  
**(Unaudited)**

| <u>Governmental Unit</u>                 | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percent<br/>Applicable<br/>to City (1)</u> | <u>Estimated Share<br/>of Direct and<br/>Overlapping<br/>Debt</u> |
|--|-----------------------------|---|---|
| <b>Debt repaid with property taxes</b>   |                             |   |   |
| Muscatine County                         | \$ 8,245,000                | 44.59%  | \$ 3,676,446  |
| Eastern Iowa Community College (EICC)    | 26,390,000                  | 5.96%   | 1,572,844   |
| <b>Other debt</b>                        |                             |   |   |
| Muscatine Community School District      | 22,708,303                  | 36.64%  | 8,320,322   |
| Eastern Iowa Community College (EICC)    | 20,670,000                  | 5.96%   | <u>1,231,932</u>  |
| Subtotal, overlapping debt               |                             |   | \$ 14,801,544   |
| <b>City direct debt (2)</b>              |                             | 100.00%   | <u>26,052,232</u>   |
| <b>Total direct and overlapping debt</b> |                             |   | <u><u>\$ 40,853,776</u></u>                                       |

1. The percentage of overlapping debt applicable to the City is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the other governmental unit's taxable assessed value that is within the City of Muscatine's boundaries and dividing it by each governmental unit's total taxable value. These estimates were used for both debt to be repaid with property taxes as well as debt for the EICC and Muscatine Community School District to be repaid from sources other than property tax.
2. Excludes general obligation bonds reported in business-type activities.

**Sources:**

Muscatine County Auditor's Office  
Eastern Iowa Community College

Note - Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Muscatine. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Muscatine. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.



**City of Muscatine, Iowa**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(Unaudited)**

|   | <u>2015/2016</u>     | <u>2016/2017</u>     | <u>2017/2018</u>     | <u>2018/2019</u>     | <u>2019/2020</u>     | <u>2020/2021</u>     | <u>2021/2022</u>     | <u>2022/2023</u>     | <u>2023/2024</u>     | <u>2024/2025</u>     |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Debt limit (1)  | \$ 63,163,995        | \$ 66,030,776        | \$ 67,450,183        | \$ 69,973,770        | \$ 71,250,964        | \$ 73,600,461        | \$ 75,808,910        | \$ 77,753,991        | \$ 86,167,073        | \$ 96,258,240        |
| Total debt applicable to limit                                      | <u>15,785,000</u>    | <u>13,370,000</u>    | <u>14,825,000</u>    | <u>12,215,000</u>    | <u>15,750,000</u>    | <u>13,125,000</u>    | <u>16,784,153</u>    | <u>14,754,894</u>    | <u>21,168,796</u>    | <u>25,866,414</u>    |
| Legal debt margin   | <u>\$ 47,378,995</u> | <u>\$ 52,660,776</u> | <u>\$ 52,625,183</u> | <u>\$ 57,758,770</u> | <u>\$ 55,500,964</u> | <u>\$ 60,475,461</u> | <u>\$ 59,024,757</u> | <u>\$ 62,999,097</u> | <u>\$ 64,998,277</u> | <u>\$ 70,391,826</u> |
| Total debt applicable to the limit<br>as a percentage of debt limit | 24.99%               | 20.25%               | 21.98%               | 17.46%               | 22.10%               | 17.83%               | 22.14%               | 18.98%               | 24.57%               | 26.87%               |

**Legal Debt Margin Calculation for Fiscal Year 2024/2025**

|  |                      |
|--|----------------------|
| Total assessed valuation as of January 1, 2023                 | \$ 1,925,164,807     |
| Debt limit - 5% of assessed valuation                          | \$ 96,258,240        |
| Amount of debt applicable to debt limit:                       |                      |
| General obligation bonds (face value)                          | 14,780,000           |
| State revolving fund loan (G.O.)                               | 10,774,797           |
| Leases   | 170,784              |
| Subscription-based information technology arrangements (SBITA) | <u>140,833</u>       |
| Total debt applicable to debt limit                            | <u>25,866,414</u>    |
| Legal debt margin  | <u>\$ 70,391,826</u> |

1. Under state law the City's debt may not exceed 5% of the total actual valuation of property.

**City of Muscatine, Iowa  
Demographic and Economic Statistics  
Last Ten Fiscal Years  
(Unaudited)**

| <b>Fiscal Year</b> | <b>Popula-<br/>tion<br/>(1)</b> | <b>Personal<br/>Income<br/>(2)</b> | <b>Personal<br/>Per Capita<br/>Income<br/>(2)</b> | <b>Median<br/>Age<br/>(1)</b> | <b>Percent High<br/>School Graduates<br/>or Higher<br/>(1)</b> | <b>School<br/>Enrollment<br/>(3)</b> | <b>Unemploy-<br/>ment Rate<br/>(4)</b> |
|--------------------|---------------------------------|------------------------------------|---|-------------------------------|--|--------------------------------------|--|
| 2015/2016          | 23,819                          | \$ 1,029,528,637                   | \$ 43,223   | 38.2                          | 85.2%  | 5,170                                | 3.8%                                   |
| 2016/2017          | 23,819                          | 1,050,012,977                      | 44,083  | 38.2                          | 85.2%  | 5,084                                | 3.8%                                   |
| 2017/2018          | 23,819                          | 1,082,192,446                      | 45,434  | 38.2                          | 85.2%  | 4,936                                | 3.2%                                   |
| 2018/2019          | 23,819                          | 1,110,417,961                      | 46,619  | 38.2                          | 85.2%  | 4,894                                | 2.7%                                   |
| 2019/2020          | 23,819                          | 1,202,811,862                      | 50,498  | 38.2                          | 85.2%  | 4,811                                | 2.8%                                   |
| 2020/2021          | 23,797                          | 1,272,592,169                      | 53,477  | 38.1                          | 88.0%  | 4,690                                | 5.8%                                   |
| 2021/2022          | 23,797                          | 1,326,254,404                      | 55,732  | 38.1                          | 88.0%  | 4,575                                | 4.2%                                   |
| 2022/2023          | 23,797                          | 1,370,588,215                      | 57,595  | 38.1                          | 88.0%  | 4,424                                | 3.0%                                   |
| 2023/2024          | 23,797                          | N/A                                | N/A   | 38.1                          | 88.0%  | 4,317                                | 3.2%                                   |
| 2024/2025          | 23,797                          | N/A                                | N/A   | 38.1                          | 88.0%  | 4,284                                | 3.2%                                   |

**Sources:**

1. The population beginning in 2020/2021 is from the 2020 Census.
2. Bureau of Economic Analysis. Per capita income for the City of Muscatine is not available. The amounts shown are for Muscatine County and reflect average per capita income for the calendar years which end midway through the fiscal years shown. Personal income for the City has been estimated using the per capita income for Muscatine County multiplied by the City's population. Personal income information is not yet available for 2024 or 2025.
3. Muscatine Community School District
4. Iowa Workforce Development. Unemployment rates for the City of Muscatine are not available. The rates shown are rates for Muscatine County and reflect average annual unemployment for the calendar years which end midway through the fiscal years shown.

**City of Muscatine, Iowa  
Principal Employers  
Current Year and Nine Years Ago  
(Unaudited)**

| <b><u>Employer</u></b>  | <b>2025</b>   |                    |   | <b>2016</b>   |                    |   |
|---|---|--------------------|---|---|--------------------|---|
|   | <b><u>Approximate<br/>Number of<br/>Employees (1)</u></b> | <b><u>Rank</u></b> | <b><u>Percentage of<br/>Estimated<br/>Total County<br/>Employment (2)</u></b> | <b><u>Approximate<br/>Number of<br/>Employees (1)</u></b> | <b><u>Rank</u></b> | <b><u>Percentage of<br/>Estimated<br/>Total County<br/>Employment (2)</u></b> |
| HNI Corporation//The HON Company,<br>Allsteel                         | 3,000   | 1                  | 13.8%   | 3,800   | 1                  | 16.4%   |
| Grain Processing/Kent Feeds   | 1,045   | 2                  | 4.8%  | 900   | 2                  | 3.9%  |
| Muscatine Community School<br>District                                | 800   | 3                  | 3.7%  | 853   | 3                  | 3.7%  |
| Raymond-Muscatine, Inc.<br>(Formerly BT Prime Mover)                  | 639   | 4                  | 2.9%  | 370   | 8                  | 1.6%  |
| Musco Sports Lighting   | 472   | 5                  | 2.2%  | 320   | 10                 | 1.4%  |
| Kraft-Heinz, U.S.A<br>(Formerly Heinz, U.S.A.)                        | 415   | 6                  | 1.9%  | 395   | 7                  | 1.7%  |
| Bayer U.S. - Crop Science<br>(Formerly Monsanto)                      | 408   | 7                  | 1.9%  | 432   | 5                  | 1.9%  |
| Hy-Vee Food Store   | 405   | 8                  | 1.9%  | 396   | 6                  | 1.7%  |
| UnityPoint Health - Trinity Muscatine<br>(Formerly Trinity Muscatine) | 400   | 9                  | 1.8%  | 468   | 4                  | 2.0%  |
| Wal-Mart Superstore   | 320   | 10                 | 1.5%  | 338   | 9                  | 1.5%  |
| Muscatine Power & Water   | 265   | 11                 | 1.2%  | 280   | 11                 | 1.2%  |
| City of Muscatine   | 240   | 12                 | 1.1%  | 221   | 13                 | 1.0%  |
| Muscatine County  | 230   | 13                 | 1.1%  | 195   | 14                 | 0.8%  |
| SECO Investment Co. (Stanley<br>Engineering Co.)                      | 190   | 14                 | 0.9%  | 254   | 12                 | 1.1%  |
| Bridgestone Bandag LLC<br>(Formerly Bandag, Inc.)                     | 132   | 15                 | 0.6%  | 189   | 15                 | 0.8%  |
|   | <b><u>8,961</u></b>                                       |                    | <b><u>41.3%</u></b>   | <b><u>9,411</u></b>                                       |                    | <b><u>40.7%</u></b>   |

**Sources:**

1. Muscatine Chamber of Commerce & Industry provided the 2024 employment figures. The 2015 figures were from City of Muscatine historical records and may be on a basis which differs from the data provided by the Muscatine Chamber of Commerce & Industry.
2. Iowa Workforce Development. Employment data for the City of Muscatine is not available. Employers listed are the largest in the immediate area of the City of Muscatine. Percentages shown are based on total employment in Muscatine County. The average monthly employment in Muscatine County was 21,665 in 2025 and 23,195 in 2016.

**City of Muscatine, Iowa**  
**Full-Time Equivalent Employees by Function**  
**(Excludes Seasonal Employees)**  
**Last Ten Fiscal Years**  
**(Unaudited)**

| <b>Function</b>                    | <b>2015/2016</b> | <b>2016/2017</b> | <b>2017/2018</b> | <b>2018/2019</b> | <b>2019/2020</b> | <b>2020/2021</b> | <b>2021/2022</b> | <b>2022/2023</b> | <b>2023/2024</b> | <b>2024/2025</b> |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| General government                 | 17.05            | 17.05            | 18.93            | 19.43            | 19.43            | 19.56            | 19.68            | 19.68            | 19.78            | 19.78            |
| Public Safety:                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Police                             |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Officers                           | 41.00            | 41.00            | 41.00            | 41.00            | 41.00            | 41.00            | 41.00            | 41.00            | 41.00            | 41.00            |
| Civilians                          | 3.73             | 3.73             | 3.73             | 3.73             | 3.73             | 3.73             | 3.73             | 3.73             | 3.73             | 3.73             |
| Fire                               |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Firefighters and officers          | 37.00            | 41.00            | 41.00            | 41.00            | 42.50            | 44.25            | 47.00            | 47.00            | 47.00            | 47.00            |
| Civilians                          | 0.50             | 0.50             | 0.50             | 0.50             | 0.50             | 0.50             | 0.50             | 0.50             | 0.50             | 0.50             |
| Culture and recreation             |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Library                            | 14.33            | 13.76            | 14.19            | 13.62            | 13.22            | 12.79            | 13.66            | 12.90            | 12.47            | 12.45            |
| Art center                         | 4.70             | 4.70             | 4.70             | 4.70             | 4.97             | 4.97             | 4.97             | 4.97             | 4.97             | 5.00             |
| Parks and recreation               | 11.75            | 11.75            | 11.75            | 11.75            | 11.75            | 11.88            | 12.00            | 12.00            | 12.63            | 14.63            |
| Community and economic development | 7.44             | 7.42             | 7.42             | 7.42             | 7.58             | 7.81             | 8.13             | 8.37             | 8.33             | 8.25             |
| Public works                       | 16.66            | 16.66            | 16.66            | 17.79            | 17.85            | 18.41            | 19.41            | 19.41            | 18.41            | 18.41            |
| Business-type:                     |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Parking                            | 2.90             | 2.90             | 2.90             | 2.90             | 2.90             | 2.65             | 2.40             | 2.40             | 2.30             | 2.30             |
| Golf course                        | 3.00             | 3.00             | 3.00             | 3.00             | 3.00             | 3.00             | 3.00             | 3.00             | 3.00             | 3.00             |
| Boat harbor                        | 0.25             | 0.25             | 0.25             | 0.25             | 0.25             | 0.25             | 0.25             | 0.25             | 0.25             | 0.25             |
| Transit                            | 3.03             | 3.03             | 3.03             | 3.03             | 3.03             | 3.03             | 3.03             | 3.03             | 3.03             | 3.53             |
| Refuse collection                  | 9.56             | 8.98             | 8.98             | 9.84             | 10.02            | 10.02            | 10.07            | 9.48             | 10.17            | 10.17            |
| Landfill                           | 0.25             | 0.60             | 0.60             | 0.60             | 0.60             | 0.60             | 0.60             | 0.60             | 0.60             | 0.60             |
| Transfer station                   | 3.42             | 3.15             | 3.15             | 3.11             | 3.08             | 3.08             | 3.08             | 3.66             | 4.30             | 4.30             |
| Water pollution control            | 26.61            | 26.61            | 26.34            | 26.09            | 26.84            | 27.09            | 27.09            | 27.09            | 26.86            | 26.86            |
| Ambulance                          | 1.25             | 1.25             | 1.25             | 1.25             | 1.25             | 1.25             | 1.25             | 1.25             | 1.50             | 1.50             |
| Housing                            | 11.77            | 10.71            | 10.28            | 10.28            | 9.10             | 9.24             | 9.21             | 10.26            | 11.89            | 12.45            |
| Equipment services                 | 4.00             | 4.00             | 4.00             | 4.00             | 4.00             | 4.00             | 4.00             | 4.00             | 4.00             | 4.00             |
| Totals                             | 220.20           | 222.05           | 223.66           | 225.29           | 226.60           | 229.11           | 234.06           | 234.58           | 236.72           | 239.71           |

Source: City of Muscatine records

**City of Muscatine, Iowa**  
**Operating Indicators by Function/Department**  
**Last Ten Calendar or Fiscal Years**  
**(Unaudited)**

**Calendar Year Indicators**

| <b>Function/Department</b>          | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> |
|-------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public Safety:                      |             |             |             |             |             |             |             |             |             |             |
| Police                              |             |             |             |             |             |             |             |             |             |             |
| Calls for service                   | 22,626      | 21,798      | 20,830      | 20,806      | 19,472      | 18,019      | 19,408      | 20,996      | 23,475      | 24,254      |
| Traffic enforcement                 | 3,094       | 3,715       | 3,246       | 4,039       | 3,121       | 1,746       | 1,966       | 1,782       | 3,285       | 2,956       |
| Arrests                             | 1,400       | 1,324       | 1,451       | 1,390       | 1,242       | 1,069       | 1,397       | 1,385       | 1,382       | 1,437       |
| Parking tickets issued              | 2,030       | 1,886       | 1,945       | 2,343       | 1,598       | 1,285       | 2,118       | 1,438       | 1,440       | 1,310       |
| Fire (includes ambulance)           |             |             |             |             |             |             |             |             |             |             |
| Calls for service                   | 4,526       | 4,706       | 5,100       | 5,027       | 5,238       | 5,034       | 5,709       | 5,909       | 5,773       | 5,513       |
| Culture and recreation:             |             |             |             |             |             |             |             |             |             |             |
| Parks and recreation                |             |             |             |             |             |             |             |             |             |             |
| Aquatic Center attendance (1)       | 37,355      | 41,382      | 38,592      | 36,907      | 30,204      | 0           | 28,431      | 35,123      | 36,623      | 37,789      |
| Adult program participants (2)      | 1,550       | 1,558       | 1,803       | 1,686       | 1,632       | 1,095       | 1,665       | 1,980       | 1,592       | 1,781       |
| Children's program participants (2) | 1,712       | 2,294       | 2,660       | 1,962       | 2,256       | 1,550       | 2,730       | 2,556       | 2,442       | 2,547       |
| Cemetery burials                    | 98          | 90          | 83          | 100         | 90          | 105         | 117         | 98          | 89          | 109         |
| Community and economic development: |             |             |             |             |             |             |             |             |             |             |
| Building-related permits (3)        | 993         | 1,034       | 1,415       | 1,386       | 1,119       | 1,109       | 1,157       | 980         | 1,105       | 1,022       |
| Business-type:                      |             |             |             |             |             |             |             |             |             |             |
| Golf course                         |             |             |             |             |             |             |             |             |             |             |
| Rounds played                       | 28,796      | 28,216      | 27,794      | 24,396      | 23,756      | 28,206      | 26,698      | 24,770      | 27,317      | 29,642      |

**Fiscal Year Indicators**

| <b>Function/Department</b>                         | <b>2015/16</b> | <b>2016/17</b> | <b>2017/2018</b> | <b>2018/2019</b> | <b>2019/2020</b> | <b>2020/2021</b> | <b>2021/2022</b> | <b>2022/2023</b> | <b>2023/2024</b> | <b>2024/2025</b> |
|--|----------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Culture and recreation:                            |                |                |                  |                  |                  |                  |                  |                  |                  |                  |
| Library  |                |                |                  |                  |                  |                  |                  |                  |                  |                  |
| Registered borrowers                               | 19,861         | 20,581         | 21,288           | 21,860           | 21,387           | 19,887           | 20,100           | 19,000           | 19,152           | 19,441           |
| Circulation  | 484,583        | 465,965        | 443,065          | 500,142          | 472,148          | 400,858          | 384,070          | 365,870          | 295,413          | 324,345          |
| Art center   |                |                |                  |                  |                  |                  |                  |                  |                  |                  |
| Attendance (4)                                     | 14,186         | 9,346          | 13,653           | 15,654           | 12,451           | 8,050            | 21,039           | 18,724           | 14,442           | 15,912           |
| Public works:                                      |                |                |                  |                  |                  |                  |                  |                  |                  |                  |
| Miles of streets maintained                        | 144            | 144            | 144              | 144              | 144              | 144              | 144              | 144              | 144              | 144              |
| Business-type activities:                          |                |                |                  |                  |                  |                  |                  |                  |                  |                  |
| Transit  |                |                |                  |                  |                  |                  |                  |                  |                  |                  |
| Total passengers (5)                               | 168,712        | 167,689        | 156,209          | 149,140          | 115,727          | 84,282           | 96,986           | 109,031          | 110,715          | 110,922          |
| Parking  |                |                |                  |                  |                  |                  |                  |                  |                  |                  |
| Tickets issued (6)                                 | 12,210         | 10,759         | 10,867           | 9,278            | 8,807            | 11,323           | 10,032           | 11,164           | 9,278            | 8,240            |
| Refuse collection                                  |                |                |                  |                  |                  |                  |                  |                  |                  |                  |
| Tons of refuse collected                           | 8,400          | 8,235          | 8,164            | 8,436            | 8,559            | 8,940            | 8,653            | 8,394            | 8,424            | 8,451            |
| Tons recycled (curbside)                           | 1,225          | 1,419          | 1,329            | 1,331            | 1,255            | 1,261            | 1,202            | 1,158            | 1,135            | 1,090            |
| Transfer station                                   |                |                |                  |                  |                  |                  |                  |                  |                  |                  |
| Tons of waste processed (7)                        | 40,652         | 41,419         | 49,448           | 44,447           | 39,637           | 39,029           | 42,169           | 39,791           | 39,453           | 38,646           |
| Water pollution control                            |                |                |                  |                  |                  |                  |                  |                  |                  |                  |
| Cubic feet of wastewater treated (in millions) (8) | 261.40         | 234.90         | 171.40           | 318.70           | 185.12           | 198.47           | 144.41           | 160.88           | 150.74           | 153.78           |

1. The Weed Park Aquatic Center attendance varies with summer temperatures and rain days. The Aquatic Center did not open in 2020 due to the COVID-19 pandemic.
2. The decline in participation in adult and children's programs in 2020 was due to the COVID-19 pandemic.
3. The building-related permit increase in 2017 was in part due to roof and related building repairs due to the 2017 hail storm.
4. Art Center attendance was down in 2016 due to construction of HVAC and building envelope improvements. The decrease in 2019/2020 was due to the temporary closure of the Art Center beginning in mid-March, 2020 due to the COVID-19 pandemic. The attendance decline from the pandemic continued in 2020/2021.
5. The transit passenger decrease in 2019/2020 was due to temporarily suspending fixed route services due to the COVID-19 pandemic. The regular transit routes did not operate from mid-March through June 2020. Ridership in 2020/2021 continued at lower levels due to the pandemic.
6. The decrease in the number of parking tickets issued in 2019/2020 was due to the COVID-19 pandemic which required most downtown businesses to be closed from mid-March through May, 2020.
7. The transfer station was closed to the public in April and May, 2020 due to COVID-19 pandemic. Only waste from customers with charge accounts was accepted which contributed to the decreased tonnage beginning in 2019/2020.
8. Wastewater treated in 2017/2018 was lower due to a sewer line repair which resulted in a bypass of wastewater to the plant. Wastewater treated in 2018/2019 was higher due to two record months of flow for February and June of 2019 due to river flooding. The reduction in wastewater in 2021 is due to reduced pumping from the Papoose Creek pump station. Lower volume in recent years is due to the sewer separation project.

Source: City of Muscatine records

City of Muscatine, Iowa  
Capital Asset Statistics by Function/Department  
Last Ten Fiscal Years  
(Unaudited)

| Function/Department               | 2015/16      | 2016/17      | 2017/18      | 2018/2019    | 2019/2020    | 2020/2021    | 2021/2022    | 2022/2023    | 2023/2024    | 2024/2025    |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Public Safety:                    |              |              |              |              |              |              |              |              |              |              |
| Police                            |              |              |              |              |              |              |              |              |              |              |
| Stations                          | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Patrol vehicles                   | 13           | 13           | 13           | 13           | 13           | 13           | 13           | 13           | 13           | 13           |
| Fire                              |              |              |              |              |              |              |              |              |              |              |
| Fire stations                     | 2            | 2            | 2            | 2            | 2            | 2            | 2            | 2            | 2            | 2            |
| Aerial tower                      | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Fire pumpers                      | 4            | 4            | 4            | 4            | 4            | 4            | 4            | 4            | 4            | 4            |
| Water Tender                      | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Hazmat vehicle                    | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Ambulances                        | 5            | 5            | 5            | 5            | 6            | 6            | 6            | 6            | 6            | 6            |
| Culture and recreation:           |              |              |              |              |              |              |              |              |              |              |
| Library                           | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Art center and museum             | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Parks and recreation:             |              |              |              |              |              |              |              |              |              |              |
| Parks                             | 15           | 15           | 15           | 15           | 15           | 15           | 15           | 15           | 15           | 15           |
| Park acreage (1)                  | 254          | 254          | 254          | 272          | 272          | 272          | 272          | 272          | 272          | 272          |
| Swimming pools                    | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Softball and baseball diamonds    | 20           | 20           | 20           | 20           | 20           | 20           | 20           | 20           | 20           | 20           |
| Soccer fields                     | 8            | 8            | 8            | 8            | 12           | 12           | 12           | 12           | 12           | 12           |
| Tennis courts                     | 8            | 8            | 8            | 8            | 8            | 8            | 8            | 8            | 8            | 8            |
| Spash pad water features          | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 2            | 2            | 2            |
| Sports Dome (2)                   | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 1            |
| Cemeteries                        | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Cemetery acreage                  | 80           | 80           | 80           | 80           | 80           | 80           | 80           | 80           | 80           | 80           |
| Public works:                     |              |              |              |              |              |              |              |              |              |              |
| Miles of streets                  | 144          | 144          | 144          | 144          | 144          | 144          | 144          | 144          | 144          | 144          |
| Business-type activities          |              |              |              |              |              |              |              |              |              |              |
| Transit:                          |              |              |              |              |              |              |              |              |              |              |
| Buses                             | 11           | 11           | 11           | 11           | 11           | 11           | 11           | 11           | 11           | 11           |
| Van                               | 0            | 0            | 0            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Golf course                       | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Airport:                          |              |              |              |              |              |              |              |              |              |              |
| Airport                           | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Primary runway length (in feet)   | 5,500        | 5,500        | 5,500        | 5,500        | 5,500        | 5,500        | 5,500        | 5,500        | 5,500        | 5,500        |
| Solid waste:                      |              |              |              |              |              |              |              |              |              |              |
| Transfer station/recycling center | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Refuse collection vehicles        | 5            | 5            | 5            | 5            | 5            | 5            | 5            | 5            | 5            | 5            |
| Water pollution control:          |              |              |              |              |              |              |              |              |              |              |
| Plants                            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            | 1            |
| Daily capacity (in gallons)       | 16.9 million | 16.9 million | 16.9 million | 16.9 million | 16.9 million | 16.9 million | 16.9 million | 16.9 million | 16.9 million | 16.9 million |

(1) In 2018/2019 the Parks and Recreation department acquired land for the Soccer Complex Expansion project. In 2019/2020, this project was completed, adding four new soccer fields.

(2) The Sports Dome was built in 2024/2025 and will open in the Fall of 2025.

Source: City of Muscatine records



**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 City Council  
City of Muscatine, Iowa  
Muscatine, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the City of Muscatine, Iowa, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 2, 2025.

Our report includes a reference to other auditors who audited the financial statements of Muscatine Power & Water, a discretely presented component unit, as described in our report on City of Muscatine, Iowa's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Our report includes an emphasis of matter paragraph for the implementation of Governmental Accounting Standards Board Statement No. 101.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Muscatine, Iowa'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 City of Muscatine, Iowa's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Muscatine, Iowa'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies that may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether City of Muscatine, Iowa'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 the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2025 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.

### **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 of Muscatine, Iowa's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Muscatine, Iowa's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bohnsack & Frommelt LLP*

Moline, Illinois  
December 2, 2025



**City of Muscatine, Iowa**

**Schedule of Findings and Responses  
Year Ended June 30, 2025**

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**I. Findings Relating to the Basic Financial Statements as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards**

**A. Internal Control**

No matters reported.

**B. Instances of Noncompliance**

No matters reported.

**II. Other Findings Related to Required Statutory Reporting**

**II-A-25**

Certified Budget – Expenditures for the year ended June 30, 2025 did not exceed the amounts budgeted.

**II-B-25**

Questionable Expenditures – No expenditures were noted that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

**II-C-25**

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

**II-D-25**

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

**II-E-25**

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 insure that the coverage is adequate for current operations.

**II-F-25**

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

**II-G-25**

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

**II-H-25**

Revenue Notes – There were no instances of noncompliance with revenue note provisions.

**II-I-25**

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.

**II-J-25**

Payment of General Obligation Bonds – The City appears to be in compliance with Chapter 384.4 of the Code of Iowa.