



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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**NEWS RELEASE**

FOR RELEASE

December 19, 2018

Contact: Andy Nielsen  
515/281-5834

Auditor of State Mary Mosiman today released an audit report on the City of Carlisle, Iowa.

The City's receipts totaled \$10,370,714 for the year ended June 30, 2018, a 6.9% increase over the prior year. The receipts included \$1,982,783 in property tax, \$106,280 from tax increment financing, \$496,553 from local sales tax, \$5,269,080 from charges for service, \$604,317 from operating grants, contributions and restricted interest, \$852,274 from capital grants, contributions and restricted interest, \$13,461 from unrestricted interest on investments, \$44,563 from commercial/industrial tax replacement, \$158,756 from utility franchise fees, \$712,800 from note proceeds and \$129,847 from other general receipts.

Disbursements for the year ended June 30, 2018 totaled \$9,584,365, a 5.3% decrease from the prior year, and included \$1,258,773 for public safety, \$938,479 for debt service and \$716,758 for capital projects. Also, disbursements for business type activities totaled \$4,786,396.

The decrease in disbursements is due primarily to the completion of capital projects in 2017 and fewer projects started in 2018.

A copy of the audit report is available for review in the City Clerk's Office, in the Office of the Auditor of State and on the Auditor of State's web site at <https://auditor.iowa.gov/reports/audit-reports/>.

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**CITY OF CARLISLE**

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

**JUNE 30, 2018**

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**City of Carlisle**

**Officials**

**(Before January 2018)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ruth Randleman	Mayor	Jan 2018
Eric Goodhue	Mayor Pro tem	Jan 2018
Doug Hammerand	Council Member	Jan 2018
Dan McCulloch	Council Member	Jan 2020
Drew Merrifield	Council Member	Jan 2020
Robert Van Ryswyk	Council Member	Jan 2020
Andrew Lent	Administrator	Indefinite
Martha Becker	City Clerk	Indefinite
Robert L. Stuyvesant	Attorney	Indefinite

**(After January 2018)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Drew Merrifield	Mayor	Jan 2022
Eric Goodhue	Mayor Pro tem	Jan 2022
Josiah Doughty (Appointed Jan 2018)	Council Member	Nov 2019
Dan McCulloch	Council Member	Jan 2020
Robert Van Ryswyk	Council Member	Jan 2020
Doug Hammerand	Council Member	Jan 2022
Andrew Lent	Administrator	(Resigned March 2018)
Deven Markley (Appointed Sept 2018)	Administrator	Indefinite
Martha Becker	City Clerk	Indefinite
Robert L. Stuyvesant	Attorney	Indefinite

**City of Carlisle**



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Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Carlisle, Iowa, as of and for the year ended June 30, 2018, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Carlisle as of June 30, 2018, and the respective changes in its cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

## Basis of Accounting

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

## Emphasis of a Matter

As discussed in Note 5 to the financial statements, the City of Carlisle adopted new accounting guidance related to Governmental Accounting Standards Board (GASB) Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. Our opinions are not modified with respect to this matter.

## Other Matters

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carlisle's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2017 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary 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. Such 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 U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The other information, Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City Contributions on pages 9 through 15 and 42 through 48, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 7, 2018 on our consideration of the City of Carlisle'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 the City of Carlisle's internal control over financial reporting and compliance.



MARY MOSIMAN, CPA  
Auditor of State

December 7, 2018

**City of Carlisle**

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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The City of Carlisle provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2018. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2018 FINANCIAL HIGHLIGHTS**

- Receipts of the City's governmental activities decreased 14.1%, or approximately \$765,000, from fiscal year 2017 to fiscal year 2018, primarily due to not issuing any general obligation capital loan notes in 2018.
- The City's governmental activities disbursements decreased approximately \$1,798,000, or 27.3%, from fiscal year 2017 to fiscal year 2018, primarily due to less work on capital projects.
- The City's governmental activities cash balance at June 30, 2018 increased 5.6%, or approximately \$158,000, from June 30, 2017.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Cash Basis Statement of Activities and Net Position. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

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

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Other Information further explains and supports the financial statements with a comparison of the City's budget for the year and the City's proportionate share of the net pension liability and related contributions.

Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

### **BASIS OF ACCOUNTING**

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

## **REPORTING THE CITY'S FINANCIAL ACTIVITIES**

### *Government-wide Financial Statement*

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Cash Basis Statement of Activities and Net Position reports information which helps answer this question.

The Cash Basis Statement of Activities and Net Position presents the City's net position. Over time, increases or decreases in the City's net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Cash Basis Statement of Activities and Net Position are divided into two kinds of activities:

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- Business Type Activities include the water system, the sanitary sewer system and the electric system. These activities are financed primarily by user charges.

### *Fund Financial Statements*

The City has two kinds of funds:

- 1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax and Local Option Sales Tax, 3) the Debt Service Fund, 4) the Capital Projects Fund and 5) the Permanent Fund. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

- 2) Proprietary funds account for the City's Enterprise Funds and the Internal Service Fund. Enterprise Funds are used to report business type activities. The City maintains three Enterprise Funds to provide separate information for the Water, Sewer and Electric Funds, considered to be major funds of the City. The Internal Service Fund is an accounting device used to accumulate and allocate costs internally among the City's various functions.

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

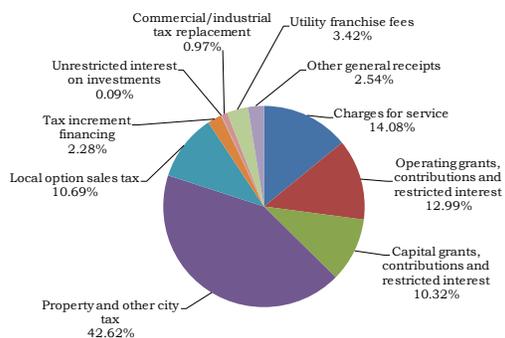
Reconciliations between the government-wide financial statement and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

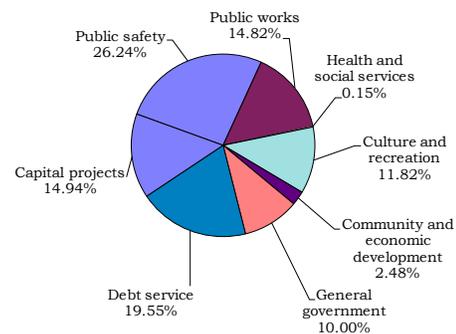
Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from approximately \$2.806 million to approximately \$2.964 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities (Expressed in Thousands)		
	Year ended June 30,	
	2018	2017
<b>Receipts:</b>		
Program receipts:		
Charges for service	\$ 655	635
Operating grants, contributions and restricted interest	604	569
Capital grants, contributions and restricted interest	480	333
General receipts:		
Property and other city tax	1,983	1,886
Tax increment financing	106	98
Local option sales tax	497	469
Commercial/industrial tax replacement	45	42
Unrestricted interest on investments	4	4
Utility franchise fees	159	136
Note proceeds	-	1,130
Other general receipts	118	114
<b>Total receipts</b>	<b>4,651</b>	<b>5,416</b>
<b>Disbursements:</b>		
Operating:		
Public safety	1,259	1,356
Public works	711	679
Health and social services	7	30
Culture and recreation	567	541
Community and economic development	119	116
General government	480	450
Debt service	938	894
Capital projects	717	2,530
<b>Total disbursements</b>	<b>4,798</b>	<b>6,596</b>
Change in cash basis net position before transfers	(147)	(1,180)
Transfers, net	305	305
Change in cash basis net position	158	(875)
Cash basis net position beginning of year	2,806	3,681
Cash basis net position end of year	\$ 2,964	2,806

**Receipts by Source**



**Disbursements by Function**



The City's total receipts for governmental activities decreased 14.1%, or approximately \$765,000. The total cost of all programs and services decreased approximately \$1,798,000, or 27.3%. The decrease in receipts was primarily because the City issued general obligation capital loan notes in the prior year for the purpose of making various capital projects improvements including street reconstruction and repair, construction and reconstruction of sidewalks, and trails. No general obligation notes were issued in fiscal year 2018.

The City increased property tax rates for fiscal year 2018 approximately 1.6%. This increase, coupled with an increase in taxable valuation, increased the City's property tax receipts approximately \$97,000 in fiscal year 2018.

The cost of all governmental activities this year was approximately \$4.798 million compared to approximately \$6.596 million last year. However, as shown in the Cash Basis Statement of Activities and Net Position on pages 18-19, the amount taxpayers ultimately financed for these activities was approximately \$3.058 million because some of the cost was paid by those directly benefiting from the programs (approximately \$656,000) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (approximately \$1,084,000). The City paid for the remaining "public benefit" portion of governmental activities with property tax (some of which could only be used for certain programs) and with other receipts, such as interest and miscellaneous receipts. Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service, increased in fiscal year 2018 from approximately \$1.537 million to approximately \$1.739 million, principally due to receiving more special assessments.

Changes in Cash Basis Net Position of Business Type Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2018	2017
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 731	585
Sewer	930	902
Electric	2,953	2,728
Operating grants, contributions and restricted interest	-	40
Capital grants, contributions and restricted interest	372	8
General receipts:		
Unrestricted interest on investments	9	7
Note proceeds	713	-
Miscellaneous	12	12
Total receipts	<u>5,720</u>	<u>4,282</u>
Disbursements:		
Water	1,568	544
Sewer	611	726
Electric	2,607	2,250
Total disbursements	<u>4,786</u>	<u>3,520</u>
Change in cash basis net position before transfers	934	762
Transfers, net	<u>(305)</u>	<u>(305)</u>
Change in cash basis net position	629	457
Cash basis net position beginning of year	<u>2,217</u>	<u>1,760</u>
Cash basis net position end of year	<u>\$ 2,846</u>	<u>2,217</u>

Total business type activities receipts for the fiscal year were approximately \$5.720 million compared to approximately \$4.282 million last year. The significant increase is due primarily to the current year issuance of revenue notes of \$720,000 for improvements to the water utility. Business type activities disbursements increased approximately \$1.266 million, or 36.0%. The significant increase is due to disbursements for a water system improvement project.

#### **INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS**

As the City of Carlisle completed the year, its governmental funds reported a combined fund balance of \$2,965,812, an increase of \$152,163 over last year's total of \$2,813,649. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance increased \$49,368, or 5.9%, over the prior year, resulting in an ending cash balance of \$882,220 at June 30, 2018. Property taxes increased \$78,735 over the prior year while total disbursements decreased slightly.
- The Special Revenue, Road Use Tax Fund cash balance decreased \$5,680 during the fiscal year to \$296,769 at June 30, 2018. Receipts increased a modest \$13,358 and disbursements increased \$29,657. The City received slightly more street construction funds than in the prior year.
- The Special Revenue, Local Option Sales Tax Fund cash balance decreased \$165,727 to \$302,940. Receipts totaling \$496,553 were received in the current year and transfers to the Debt Service and Capital Projects Funds totaled \$662,280, resulting in an ending fund balance of \$302,940.
- The Debt Service Fund cash balance increased \$183,369 to \$737,288 at June 30, 2018. Special assessment receipts increased \$160,203, or 82%, over the prior year and property tax receipts increased \$2,194. Disbursements for scheduled principal and interest payments increased \$44,825.
- The Capital Projects Fund cash balance decreased \$17,234 to \$528,446 at June 30, 2018. The slight decrease is due to the type and size of capital projects in fiscal year 2018.

#### **INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS**

- The Enterprise, Water Fund cash balance increased \$162,378, or 34.2%, over the prior year to \$637,192. Water rates increased 7.7% over the prior year while operating disbursements decreased slightly. Also, new customers were added during fiscal year 2018.
- The Enterprise, Sewer Fund cash balance increased \$222,708 or 21.8%, over the prior year to \$1,245,459. Operating receipts increased \$28,558 due primarily to adding new customers while operating disbursements remained virtually unchanged.
- The Enterprise, Electric Fund cash balance increased \$240,422, or 33.2%, to \$964,049 during the fiscal year. Operating receipts increased \$185,086 primarily due to a \$97,755 rebate for purchased electricity. Charges for service increased due to an increase in electric customers and disbursements increased due primarily to hiring a new employee, increases in purchased power costs and additional capital projects.

## BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget twice. The first amendment was approved on November 13, 2017 and resulted in an increase of \$137,515 in budgeted receipts and an increase in budgeted disbursements of \$221,708 to pay costs primarily for capital projects and projects at the electric plant. The second amendment was approved on April 9, 2018 and resulted in an increase of \$20,000 in budgeted receipts for licenses and permits and an increase in budgeted disbursements of \$105,025 primarily for public safety and public works disbursements.

The City's total receipts were \$533,966 more than the amended budgeted, mainly due to receiving more special assessments and Enterprise Fund charges for service than budgeted.

Total disbursements were \$1,103,196 less than the amended budgeted. Actual business type activities function disbursements were \$213,484, less than budgeted due to the City over budgeting for disbursements for the City's utilities.

During the year ended June 30, 2018, disbursements exceeded the amount budgeted in the general government function.

## DEBT ADMINISTRATION

At June 30, 2018, the City had approximately \$8.174 million of notes outstanding compared to approximately \$8.685 million of notes last year, as shown below:

	Outstanding Debt at Year-End	
	(Expressed in Thousands)	
	June 30,	
	2018	2017
General obligation capital loan notes	\$ 4,605	5,395
Revenue capital loan notes	3,569	3,290
Lease purchase agreement	137	-
Total	\$ 8,311	8,685

The Constitution of the State of Iowa limits the amount of general obligation debt cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation and lease purchase debt of \$4,780,994, including TIF debt of \$39,088, is significantly below its constitutional debt limit of approximately \$10.9 million.

More detailed information about the City's long-term debt is presented in Note 3 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The City's elected and appointed officials and citizens considered many factors when setting the fiscal year 2019 budget. One of those factors is the economy. The City's total assessed valuations have increased slightly. The City Council worked hard to retain a similar tax rate for fiscal year 2019 with a decrease in the City's overall tax rate of \$.00213 per \$1,000 of taxable valuation.

## **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Deven Markley, City Administrator, or Martha Becker, City Clerk, 195 N 1st Street, Carlisle, Iowa 50047.

**City of Carlisle**

## **Basic Financial Statements**

City of Carlisle

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2018

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
<b>Functions/Programs:</b>				
Governmental activities:				
Public safety	\$ 1,258,773	186,562	42,404	100
Public works	711,055	248,838	494,539	-
Health and social services	7,081	-	-	-
Culture and recreation	566,830	156,761	45,357	-
Community and economic development	119,333	42,912	7,083	-
General government	479,660	20,539	5,060	-
Debt service	938,479	-	3,181	355,694
Capital projects	716,758	-	6,693	124,167
Total governmental activities	4,797,969	655,612	604,317	479,961
Business type activities:				
Water	1,567,770	730,601	-	372,313
Sewer	611,673	930,194	-	-
Electric	2,606,953	2,952,673	-	-
Total business type activities	4,786,396	4,613,468	-	372,313
Total	\$ 9,584,365	5,269,080	604,317	852,274
<b>General Receipts and Transfers:</b>				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Commercial/industrial tax replacement				
Unrestricted interest on investments				
Utility franchise fees				
Note proceeds, net of \$7,200 discount				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
<b>Cash Basis Net Position</b>				
Restricted:				
Nonexpendable:				
Cemetery perpetual care				
Expendable:				
Debt service				
Streets				
Local option sales tax				
Capital projects				
Library				
Fire				
Other purposes				
Unrestricted				
<b>Total cash basis net position</b>				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Governmental Activities	Business Type Activities	Total
(1,029,707)	-	(1,029,707)
32,322	-	32,322
(7,081)	-	(7,081)
(364,712)	-	(364,712)
(69,338)	-	(69,338)
(454,061)	-	(454,061)
(579,604)	-	(579,604)
(585,898)	-	(585,898)
(3,058,079)	-	(3,058,079)
-	(464,856)	(464,856)
-	318,521	318,521
-	345,720	345,720
-	199,385	199,385
(3,058,079)	199,385	(2,858,694)
1,374,876	-	1,374,876
607,907	-	607,907
106,280	-	106,280
496,553	-	496,553
44,563	-	44,563
4,284	9,177	13,461
158,756	-	158,756
-	712,800	712,800
117,583	12,264	129,847
305,000	(305,000)	-
3,215,802	429,241	3,645,043
157,723	628,626	786,349
2,805,877	2,217,317	5,023,194
\$ 2,963,600	2,845,943	5,809,543
\$ 51,622	-	51,622
799,633	462,224	1,261,857
296,769	-	296,769
302,940	-	302,940
528,446	-	528,446
32,074	-	32,074
32,932	-	32,932
39,176	-	39,176
880,008	2,383,719	3,263,727
\$ 2,963,600	2,845,943	5,809,543

City of Carlisle

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

As of and for the year ended June 30, 2018

	Special Revenue		
	General	Road Use Tax	Local Option Sales Tax
Receipts:			
Property tax	\$ 1,150,927	-	-
Tax increment financing	-	-	-
Other city tax	23,144	-	496,553
Licenses and permits	275,688	-	-
Use of money and property	21,221	-	-
Intergovernmental	121,912	494,539	-
Charges for service	464,254	-	-
Special assessments	-	-	-
Miscellaneous	65,854	-	-
Total receipts	2,123,000	494,539	496,553
Disbursements:			
Operating:			
Public safety	1,244,965	-	-
Public works	211,782	500,219	-
Health and social services	7,081	-	-
Culture and recreation	549,777	-	-
Community and economic development	89,180	-	-
General government	481,121	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	2,583,906	500,219	-
Excess (deficiency) of receipts over (under) disbursements	(460,906)	(5,680)	496,553
Other financing sources (uses):			
Sale of capital assets	-	-	-
Transfers in	510,274	-	-
Transfers out	-	-	(662,280)
Total other financing sources (uses)	510,274	-	(662,280)
Change in cash balances	49,368	(5,680)	(165,727)
Cash balances beginning of year	832,852	302,449	468,667
Cash balances end of year	\$ 882,220	296,769	302,940
<b>Cash Basis Fund Balances</b>			
Nonspendable - Cemetery perpetual care	\$ -	-	-
Restricted for:			
Debt service	-	-	-
Streets	-	296,769	-
Local option sales tax	-	-	302,940
Capital projects	-	-	-
Library	-	-	-
Fire	-	-	-
Other purposes	-	-	-
Unassigned	882,220	-	-
Total cash basis fund balances	\$ 882,220	296,769	302,940

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
593,806	-	196,821	1,941,554
-	-	106,280	106,280
14,101	-	3,984	537,782
-	-	-	275,688
3,181	69	-	24,471
14,086	125,790	4,469	760,796
-	-	-	464,254
355,694	-	-	355,694
-	17,015	65,954	148,823
980,868	142,874	377,508	4,615,342
-	-	16,202	1,261,167
-	-	-	712,001
-	-	-	7,081
-	-	17,812	567,589
-	-	30,153	119,333
-	-	-	481,121
938,479	-	-	938,479
-	716,758	-	716,758
938,479	716,758	64,167	4,803,529
42,389	(573,884)	313,341	(188,187)
-	35,350	-	35,350
140,980	521,300	-	1,172,554
-	-	(205,274)	(867,554)
140,980	556,650	(205,274)	340,350
183,369	(17,234)	108,067	152,163
553,919	545,680	110,082	2,813,649
737,288	528,446	218,149	2,965,812
-	-	51,622	51,622
737,288	-	62,345	799,633
-	-	-	296,769
-	-	-	302,940
-	528,446	-	528,446
-	-	32,074	32,074
-	-	32,932	32,932
-	-	39,176	39,176
-	-	-	882,220
737,288	528,446	218,149	2,965,812

**City of Carlisle**

City of Carlisle

Reconciliation of the Statement of Cash  
Receipts, Disbursements and Changes in Cash Balances  
to the Cash Basis Statement of Activities and Net Position -  
Governmental Funds

As of and for the year ended June 30, 2018

**Total governmental funds cash balances (page 21)** \$ 2,965,812

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

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

(2,212)

**Cash basis net position of governmental activities (page 19)** \$ 2,963,600

**Change in cash balances (page 21)** \$ 152,163

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

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

5,560

**Change in cash basis net position of governmental activities (page 19)** \$ 157,723

See notes to financial statements.

City of Carlisle

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

As of and for the year ended June 30, 2018

	Enterprise				Internal
	Water	Sewer	Electric	Total	Service Self - Funded Insurance
Operating receipts:					
Charges for service	\$ 730,601	920,746	2,854,918	4,506,265	-
Miscellaneous	-	9,448	97,755	107,203	64,164
Total operating receipts	730,601	930,194	2,952,673	4,613,468	64,164
Operating disbursements:					
Governmental activities:					
Public safety	-	-	-	-	15,168
Public works	-	-	-	-	6,053
Culture and recreation	-	-	-	-	4,984
General government	-	-	-	-	9,347
Business type activities	431,389	302,646	2,391,725	3,125,760	19,934
Total operating disbursements	431,389	302,646	2,391,725	3,125,760	55,486
Excess of operating receipts over operating disbursements	299,212	627,548	560,948	1,487,708	8,678
Non-operating receipts (disbursements):					
Interest on investments	2,170	4,187	2,820	9,177	-
Intergovernmental	189,943	-	-	189,943	-
Rent	12,264	-	-	12,264	-
Note proceeds, net of \$7,200 discount	712,800	-	-	712,800	-
Reimbursement for custom install	182,370	-	-	182,370	-
Debt service	(77,866)	(309,027)	(112,350)	(499,243)	-
Capital projects	(1,058,515)	-	(105,996)	(1,164,511)	-
Net non-operating receipts (disbursements)	(36,834)	(304,840)	(215,526)	(557,200)	-
Excess of receipts over disbursements	262,378	322,708	345,422	930,508	8,678
Transfers out	(100,000)	(100,000)	(105,000)	(305,000)	-
Change in cash balances	162,378	222,708	240,422	625,508	8,678
Cash balances beginning of year	474,814	1,022,751	723,627	2,221,192	(11,647)
Cash balances end of year	\$ 637,192	1,245,459	964,049	2,846,700	(2,969)
<b>Cash Basis Fund Balances</b>					
Restricted for debt service	\$ 78,460	272,587	111,177	462,224	-
Unrestricted	558,732	972,872	852,872	2,384,476	(2,969)
Total cash basis fund balances	\$ 637,192	1,245,459	964,049	2,846,700	(2,969)

See notes to financial statements.

City of Carlisle

Reconciliation of the Statement of Cash  
Receipts, Disbursements and Changes in Cash Balances  
to the Cash Basis Statement of Activities and Net Position –  
Proprietary Funds

As of and for the year ended June 30, 2018

**Total enterprise funds cash balances (page 24)** \$ 2,846,700

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

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

(757)

**Cash basis net position of business type activities (page 19)** \$ 2,845,943

**Change in cash balances (page 24)** \$ 625,508

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

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

3,118

**Change in cash basis net position of business type activities (page 19)** \$ 628,626

See notes to financial statements.

**City of Carlisle**

City of Carlisle

Notes to Financial Statements

June 30, 2018

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

The City of Carlisle is a political subdivision of the State of Iowa located in Warren County. It was first incorporated in 1870 and operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens, including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. The City also provides water, sewer and electric utilities for its citizens.

A. Reporting Entity

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

These financial statements present the City of Carlisle (the primary government) and the Friends of the Carlisle Library, the Carlisle Library Foundation, the Carlisle Firemen's Enterprises Corporation, the Carlisle Police Auxiliary and the Carlisle Friends of the Park (component units). These component units are included in the City's reporting entity because of the significance of their operational or financial relationship with the City.

Blended Component Units

The Friends of the Carlisle Library, the Carlisle Library Foundation, the Carlisle Firemen's Enterprises Corporation, the Carlisle Police Auxiliary and the Carlisle Friends of the Park are entities which are legally separate from the City, but are so intertwined with the City they are, in substance, the same as the City. They are reported as part of the City and blended into the appropriate funds.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Warren County Assessor's Conference Board, Warren County Emergency Management Commission and Warren County Joint 911 Service Board.

The City also participates in the following jointly governed organizations established pursuant to Chapter 28E of the Code of Iowa: Des Moines Area Transportation Planning Commission and Central Iowa Area Safety and Support Organization.

B. Basis of Presentation

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

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

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

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

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

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

Fund Financial Statements – Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The City reports the following major governmental funds:

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

Special Revenue:

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

The Local Option Sales Tax Fund is used to account for the collection and use of the local option sales tax.

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

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

The City reports the following major proprietary funds:

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

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

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

The City also reports the following additional proprietary fund:

An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the City and provided to other departments or agencies on a cost reimbursement basis.

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Governmental Cash Basis Fund Balances

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. Disbursements at June 30, 2018 exceeded the amount budgeted in the general government function.

**(2) Cash and Pooled Investments**

The City's deposits in banks and credit unions at June 30, 2018 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

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

### (3) Notes Payable

Annual debt service requirements to maturity for general obligation capital loan notes and revenue capital loan notes are as follows:

Year Ending June 30,	General Obligation Capital Loan Notes		Revenue Capital Loan Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 835,000	113,307	448,463	83,593	1,283,463	196,900
2020	705,000	93,824	434,123	77,257	1,139,123	171,081
2021	615,000	77,718	432,637	70,028	1,047,637	147,746
2022	630,000	62,672	438,257	61,966	1,068,257	124,638
2023	305,000	46,275	438,897	53,096	743,897	99,371
2024-2028	1,415,000	119,555	639,939	175,484	2,054,939	295,039
2029-2033	100,000	3,400	124,761	123,564	224,761	126,964
2034-2038	-	-	148,373	99,952	148,373	99,952
2039-2043	-	-	176,501	71,824	176,501	71,824
2044-2048	-	-	182,265	38,874	182,265	38,874
2049-2051	-	-	104,747	7,932	104,747	7,932
Total	\$ 4,605,000	516,751	3,568,963	863,570	8,173,963	1,380,321

#### Urban Renewal Tax Increment Financing (TIF) Revenue Capital Loan Notes

The City issued \$145,000 of interest free urban renewal tax increment financing (TIF) revenue capital loan notes in April 2014 for the purpose of making a grant to a developer to assist with the purchase of development property. The notes are payable solely from the TIF receipts generated by increased property values in the City's TIF district and credited to the Special Revenue, Urban Renewal Tax Increment Fund in accordance with Chapter 403.19 of the Code of Iowa. TIF receipts are generally projected to produce 100% of the debt service requirements over the life of the notes. The proceeds of the urban renewal tax increment financing revenue capital loan notes shall be expended only for purposes which are consistent with the plans of the City's urban renewal area. The notes are not a general obligation of the City. However, the debt is subject to the constitutional debt limitation of the City. Total principal remaining on the notes is \$39,088, payable through June 2020. For the current year, principal of \$30,153 was paid and total TIF receipts were \$106,280.

#### Revenue Notes

The City has pledged future water customer receipts, net of specified operating disbursements, to repay \$720,000 of water revenue capital loan notes issued on July 12, 2017. The notes were issued to provide funds to pay the costs of improvements and extensions to the City's water utility system. The notes are payable solely and only out of the net earnings of the water utility system and are payable through 2027. The total principal and interest remaining to be paid on the notes is \$730,713. For the current year, water revenue capital loan note principal and interest paid and total customer net receipts were \$77,516 and \$299,212, respectively. Annual principal and interest payments on the water revenue capital loan notes are expected to require approximately 26% of net receipts.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$1,325,000 of sewer revenue refunding capital loan notes issued April 13, 2016. The notes were issued for the purpose of refunding the sewer revenue capital loan notes issued May 28, 2008. The City has also pledged future sewer customer receipts, net of specified operating disbursements, to repay \$1,026,000 of USDA subordinate sewer revenue capital loan notes issued October 26, 2011. The notes were issued for the purpose of paying the costs of improvements and extensions to the sewer system, including the construction of a sanitary sewer collection system for the Avon Lake Area. The City has also pledged future customer receipts, net of specified operating disbursements, to repay \$625,000 of sewer revenue capital loan notes issued October 28, 2015. The notes were issued for the purpose of paying the costs of improvements and extensions to the sewer collection system. The notes are payable solely and only out of the net earnings of the sewer utility system and are payable through 2051. The total principal and interest remaining to be paid on the notes is \$3,128,282. For the current year, sewer revenue capital loan note principal and interest paid and total customer net receipts were \$308,527 and \$627,548, respectively. Annual principal and interest payments on the sewer revenue capital loan notes are expected to require approximately 49% of net receipts.

The City has pledged future electric customer receipts, net of specified operating disbursements, to repay \$995,000 of electric revenue capital loan notes issued October 23, 2012. The notes were issued for the purpose of paying costs of constructing extensions and improvements to the municipal electric utility, including constructing and equipping a utility facility building addition. The notes are payable solely and only out of the net earnings of the electric utility system and are payable through 2023. The total principal and interest remaining to be paid on the notes is \$534,450. For the current year, electric revenue capital loan note principal and interest paid and total customer net receipts were \$112,350 and \$560,948, respectively. Annual principal and interest payments on the electric revenue capital loan notes are expected to require approximately 20% of net receipts.

The resolutions providing for the issuance of the water, sewer and electric revenue capital loan notes include the following provisions:

- (1) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (2) Sufficient monthly transfers shall be made to separate water, sewer and electric revenue sinking accounts within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- (3) For the sewer revenue capital loan notes, \$195,000 shall be deposited in a reserve account. For the electric revenue capital loan notes, \$99,500 shall be deposited in a reserve account. For the water revenue capital loan notes, \$72,000 shall be deposited in a reserve account. These accounts are restricted for the purpose of paying note principal and interest payments when insufficient money is available in the sinking accounts. The City did not deposit \$72,000 of the water revenue capital loan notes in a reserve account.
- (4) Water, sewer and electric user rates shall be established at a level which produces net revenues at a level not less than 125% of the amount of principal and interest due on the bonds and notes during the same year.

### Lease Purchase Agreement

On August 14, 2017, the City entered into a lease purchase agreement to acquire communications radios for the fire and police departments. The lease term is for seven years, with interest at 4.16% per annum.

The following is a schedule of future minimum lease payments and the present value of net minimum lease payments under the agreement in effect at June 30, 2018.

Year Ending June 30,	Amount
2019	\$ 22,945
2020	22,945
2021	22,945
2022	22,945
2023	22,945
2024-2025	45,890
Total minimum lease payments	160,615
less amount representing interest	(23,709)
Present value of net minimum lease payment	\$ 136,906

#### **(4) Pension Plan**

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees’ Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO 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 the member’s first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member’s monthly IPERS benefit includes:

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

Protection occupation members may retire at normal retirement age, which is generally at age 55. The formula used to calculate a protection occupation member’s monthly IPERS benefits includes:

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

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

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

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

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

In fiscal year 2018, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the City contributed 8.93% of covered payroll, for a total rate of 14.88%. Protection occupation members contributed 6.56% of covered payroll and the City contributed 9.84% of covered payroll, for a total rate of 16.40%.

The City's contributions to IPERS for the year ended June 30, 2018 totaled \$143,120.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2018, the City reported a liability of \$881,191 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2017, the City's proportion was 0.013229%, which was an increase of 0.000651% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$170,300, \$484,072 and \$282,270, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

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

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of actuarial experience study dated March 24, 2017.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

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

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	24.0%	6.25%
International equity	16.0	6.71
Core plus fixed income	27.0	2.25
Public credit	3.5	3.46
Public real assets	7.0	3.27
Cash	1.0	(0.31)
Private equity	11.0	11.15
Private real assets	7.5	4.18
Private credit	3.0	4.25
Total	<u>100.0%</u>	

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

Sensitivity of the City's Proportionate Share of the Net Pension Liability 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 7.00%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability	\$ 1,752,899	881,191	149,110

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

**(5) Other Postemployment Benefits (OPEB)**

Plan Description – The City operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the City and the plan members range from \$495 for single coverage, \$1,022 for employee and spouse coverage, \$956 for employee and child coverage and \$1,485 for family coverage. For the year ended June 30, 2018, the City contributed \$215,790 and plan members eligible for benefits contributed \$52,770 to the plan. At June 30, 2018, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2018, there were 22 active employees and no inactive employees or beneficiaries receiving benefit payments.

**(6) Compensated Absences**

City employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, retirement or death. Unused sick leave hours are lost upon resignation or termination. These accumulations are not recognized as disbursements by the City until used or paid. The City's approximate liability for earned vacation and compensatory time payable to employees at June 30, 2018, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 77,000
Compensatory time	54,000
Total	<u>\$ 131,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2018.

**(7) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2018 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Employee Benefits	<u>\$ 205,274</u>
	Enterprise:	
	Water	100,000
	Sewer	100,000
	Electric	<u>105,000</u>
		<u>510,274</u>
Capital Projects	Special Revenue:	
	Local Option Sales Tax	<u>521,300</u>
Debt Service	Special Revenue:	
	Local Option Sales Tax	<u>140,980</u>
Total		<u>\$ 1,172,554</u>

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

**(8) Risk Management**

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

**(9) Employee Dental and Short-Term Disability Insurance Plan**

The City's Internal Service, Self-Funded Insurance Fund was established to account for the self-funding of the City's dental and short-term disability insurance plan. The plan is funded by City contributions and is administered through a service agreement with TRISTAR Benefit Administrators.

The plan provides dental and short-term disability coverage for eligible employees and, if elected, their spouses and dependents. The maximum annual coverage for dental coverage is \$1,500 per person, except for orthodontia services which are limited to \$1,000 per lifetime. Benefits for short-term disability equal two thirds of the employee's average weekly earnings, up to a maximum benefit of \$400 per week, for up to 26 weeks, at which time the City's long-term disability insurance coverage begins.

Monthly payments of service fees and plan contributions to the Internal Service, Self-Funded Insurance Fund are recorded as disbursements from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to TRISTAR Benefit Administrators. The City's contribution to the fund for the year ended June 30, 2018 was \$64,164.

**(10) Development Agreements**

The City has entered into development agreements to assist with urban renewal projects. The agreements require the City to rebate portions of the incremental property tax paid by the developers in exchange for minimum improvements to be constructed on the development property.

The total to be paid by the City under the agreements is not to exceed \$2,030,000. The City began rebating incremental property tax on June 1, 2017. The City did not rebate any funds during fiscal year 2018, leaving an outstanding balance of \$1,982,037 at June 30, 2018.

These agreements are not general obligations of the City. The agreements include an annual appropriation clause and, accordingly, only the amount payable in the succeeding year is subject to the constitutional debt limitation of the City.

**(11) Tax Abatements**

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

City Tax Abatements

The City provides tax abatements for urban renewal and economic development projects with tax increment financing as provided for in Chapters 15A and 403 of the Code of Iowa. For these types of projects, the City enters into agreements with developers which require the City, after developers meet the terms of the agreements, to rebate a portion of the property tax paid by the developers, to pay the developers an economic development grant or to pay the developers a predetermined dollar amount. No other commitments were made by the City as part of these agreements.

For the year ended June 30, 2018, the City abated \$10,956 of property tax under the urban renewal and economic development agreements.

**(12) Deficit Balance**

The Internal Service, Self-Funded Insurance Fund had a deficit balance of \$2,969 at June 30, 2018. The deficit was the result of costs incurred prior to the availability of funds. The deficit will be eliminated through contributions.

**(13) Construction Commitments**

Construction commitments at June 30, 2018 totaled \$849,205 which will be paid as work on the projects progress. These projects will be funded through note proceeds, grants and local funds on hand.

**(14) Industrial Development Revenue Bonds**

During the year ended June 30, 2015, the City issued \$14,000,000 of industrial development revenue bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the rents payable by tenants on the properties constructed and the bond principal and interest do not constitute liabilities of the City.

**(15) Subsequent Events**

In August 2018, the City issued \$960,000 of General Obligation Capital Loan Notes, Series 2018A. The notes were issued to pay the costs of street and sidewalk improvements. The notes bear interest at rates ranging from 2.60% to 3.35% per annum and mature in varying annual amounts ranging from \$40,000 to \$110,000, with a final maturity of June 1, 2028.

**City of Carlisle**

**Other Information**

City of Carlisle

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

Other Information

Year ended June 30, 2018

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
<b>Receipts:</b>			
Property tax	\$ 1,941,554	-	-
Tax increment financing	106,280	-	-
Other city tax	537,782	-	-
Licenses and permits	275,688	-	-
Use of money and property	24,471	21,441	-
Intergovernmental	760,796	189,943	-
Charges for service	464,254	4,506,265	-
Special assessments	355,694	-	-
Miscellaneous	148,823	353,737	128,018
Total receipts	4,615,342	5,071,386	128,018
<b>Disbursements:</b>			
Public safety	1,261,167	15,168	31,370
Public works	712,001	6,053	6,053
Health and social services	7,081	-	-
Culture and recreation	567,589	4,984	22,796
Community and economic development	119,333	-	-
General government	481,121	9,347	9,347
Debt service	938,479	-	-
Capital projects	716,758	-	-
Business type activities	-	4,809,448	19,934
Total disbursements	4,803,529	4,845,000	89,500
Excess (deficiency) of receipts over (under) disbursements	(188,187)	226,386	38,518
Other financing sources, net	340,350	407,800	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	152,163	634,186	38,518
Balances beginning of year	2,813,649	2,209,545	56,266
Balances end of year	\$ 2,965,812	2,843,731	94,784

See accompanying independent auditor's report.

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Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
1,941,554	1,982,663	1,982,663	(41,109)
106,280	95,037	95,037	11,243
537,782	552,490	552,490	(14,708)
275,688	223,875	243,875	31,813
45,912	38,564	63,564	(17,652)
950,739	677,675	677,675	273,064
4,970,519	4,747,200	4,747,200	223,319
355,694	113,540	113,540	242,154
374,542	435,700	548,700	(174,158)
<u>9,558,710</u>	<u>8,866,744</u>	<u>9,024,744</u>	<u>533,966</u>
1,244,965	1,380,514	1,448,139	203,174
712,001	729,002	742,271	30,270
7,081	10,000	10,000	2,919
549,777	584,439	591,007	41,230
119,333	132,251	132,251	12,918
481,121	454,564	471,500	(9,621)
938,479	973,667	973,667	35,188
716,758	1,221,392	1,290,392	573,634
4,789,514	4,849,178	5,002,998	213,484
<u>9,559,029</u>	<u>10,335,007</u>	<u>10,662,225</u>	<u>1,103,196</u>
(319)	(1,468,263)	(1,637,481)	1,637,162
<u>748,150</u>	<u>700,000</u>	<u>700,000</u>	<u>48,150</u>
747,831	(768,263)	(937,481)	1,685,312
<u>4,966,928</u>	<u>5,007,700</u>	<u>5,007,700</u>	<u>(40,772)</u>
<u>5,714,759</u>	<u>4,239,437</u>	<u>4,070,219</u>	<u>1,644,540</u>

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City of Carlisle

Notes to Other Information – Budgetary Reporting

June 30, 2018

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

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except the blended component units and the Internal Service Fund. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendments increased budgeted disbursements by \$327,218. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2018, disbursements exceeded the amount budgeted in the general government function.

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City of Carlisle

Schedule of the City's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System  
For the Last Four Years\*  
(In Thousands)

Other Information

	2018	2017	2016	2015
City's proportion of the net pension liability	0.013229%	0.012578%	0.010918%	0.009796%
City's proportionate share of the net pension liability	\$ 881	792	539	388
City's covered payroll	\$ 1,507	1,314	1,320	1,145
City's proportionate share of the net pension liability as a percentage of its covered payroll	58.46%	60.27%	40.83%	33.89%
IPERS' net position as a percentage of the total pension liability	82.21%	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

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City of Carlisle

Schedule of City Contributions

Iowa Public Employees' Retirement System  
For the Last Ten Years  
(In Thousands)

Other Information

	2018	2017	2016	2015
Statutorily required contribution	\$ 143	140	121	124
Contributions in relation to the statutorily required contribution	(143)	(140)	(121)	(124)
Contribution deficiency (excess)	\$ -	-	-	-
City's covered payroll	\$ 1,548	1,507	1,314	1,320
Contributions as a percentage of covered payroll	9.24%	9.29%	9.21%	9.39%

\* City's covered-employee payroll information was not readily available. Therefore, contributions as a percentage of covered-employee payroll could not be calculated.

See accompanying independent auditor's report.

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2014	2013	2012	2011	2010	2009
116	103	95	80	73	70
(116)	(103)	(95)	(80)	(73)	(70)
-	-	-	-	-	-
1,145	1,120	1,105	1,032	1,024	*
10.13%	9.20%	8.60%	7.75%	7.13%	*

City of Carlisle

Notes to Other Information – Pension Liability

Year ended June 30, 2018

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Changes of assumptions:

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

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

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2015. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

## **Supplementary Information**

City of Carlisle

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

As of and for the year ended June 30, 2018

	Employee Benefits	Gifts and Bequests	Urban Renewal Tax Increment	Special Police Seizure Fund
Receipts:				
Property tax	\$ 196,821	-	-	-
Tax increment financing	-	-	106,280	-
Other city tax	3,984	-	-	-
Intergovernmental	4,469	-	-	-
Miscellaneous	-	-	-	-
Total receipts	205,274	-	106,280	-
Disbursements:				
Operating:				
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	-	30,153	-
Total disbursements	-	-	30,153	-
Excess (deficiency) of receipts over (under) disbursements	205,274	-	76,127	-
Other financing uses:				
Transfers out	(205,274)	-	-	-
Change in cash balances	-	-	76,127	-
Cash balances beginning of year	1,919	1,350	(13,782)	3,160
Cash balances end of year	\$ 1,919	1,350	62,345	3,160
<b>Cash Basis Fund Balances</b>				
Nonspendable - Cemetery perpetual care	\$ -	-	-	-
Restricted for:				
Debt service	-	-	62,345	-
Library	-	-	-	-
Fire	-	-	-	-
Other purposes	1,919	1,350	-	3,160
Total cash basis fund balances	\$ 1,919	1,350	62,345	3,160

See accompanying independent auditor's report.

Revenue					Permanent		
Friends of the Carlisle Library	Carlisle Library Foundation	Carlisle Firemen's Enterprises Corporation	Carlisle Police Auxiliary	Carlisle Friends of the Park	Cemetery Perpetual Care		Total
-	-	-	-	-	-	-	196,821
-	-	-	-	-	-	-	106,280
-	-	-	-	-	-	-	3,984
-	-	-	-	-	-	-	4,469
13,101	2,310	9,977	4,628	33,838	2,100	-	65,954
13,101	2,310	9,977	4,628	33,838	2,100	-	377,508
-	-	11,886	4,316	-	-	-	16,202
9,893	3,079	-	-	4,840	-	-	17,812
-	-	-	-	-	-	-	30,153
9,893	3,079	11,886	4,316	4,840	-	-	64,167
3,208	(769)	(1,909)	312	28,998	2,100	-	313,341
-	-	-	-	-	-	-	(205,274)
3,208	(769)	(1,909)	312	28,998	2,100	-	108,067
17,867	11,768	34,841	3,437	-	49,522	-	110,082
21,075	10,999	32,932	3,749	28,998	51,622	-	218,149
-	-	-	-	-	51,622	-	51,622
-	-	-	-	-	-	-	62,345
21,075	10,999	-	-	-	-	-	32,074
-	-	32,932	-	-	-	-	32,932
-	-	-	3,749	28,998	-	-	39,176
21,075	10,999	32,932	3,749	28,998	51,622	-	218,149

City of Carlisle  
Schedule of Indebtedness  
Year ended June 30, 2018

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation capital loan notes:			
General obligation	Oct 14, 2009	1.30-3.70%	\$ 1,020,000
General obligation	May 10, 2011	1.50-3.65	2,300,000
General obligation	May 15, 2012	0.55-2.20	1,335,000
General obligation	Aug 6, 2013	2.00-2.50	620,000
General obligation	Aug 25, 2015	1.50-3.40	1,015,000
General obligation	May 25, 2016	1.00-2.00	1,120,000
General obligation	Feb 9, 2017	2.00-3.00	1,110,000
Total			
Revenue capital loan notes:			
Sewer subordinate RCLN-1	Oct 26, 2011	3.75%	\$ 700,000
Sewer subordinate RCLN-2	Oct 26, 2011	3.75	58,000
Sewer subordinate RCLN-3	Oct 26, 2011	3.00	268,000
Electric	Oct 23, 2012	1.25-2.50	995,000
Urban renewal tax increment financing (TIF)	Apr 8, 2014	0.00	145,000
Sewer	Oct 28, 2015	1.25-2.75	625,000
Sewer refunding	Apr 13, 2016	1.00-1.85	1,325,000
Water	Jul 12, 2017	1.3-2.60	720,000
Total			
Lease-purchase agreement:			
Communications radios	Aug 14, 2017	4.16%	\$ 136,906

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
225,000	-	115,000	110,000	7,980
955,000	-	215,000	740,000	30,002
750,000	-	145,000	605,000	13,267
315,000	-	105,000	210,000	6,353
980,000	-	60,000	920,000	24,910
1,070,000	-	50,000	1,020,000	17,020
1,100,000	-	100,000	1,000,000	40,482
<b>\$ 5,395,000</b>	<b>-</b>	<b>790,000</b>	<b>4,605,000</b>	<b>140,014</b>
663,574	-	9,976	653,598	24,884
54,979	-	827	54,152	2,062
227,224	-	5,099	222,125	6,817
600,000	-	100,000	500,000	12,350
69,241	-	30,153	39,088	-
525,000	-	50,000	475,000	11,787
1,150,000	-	180,000	970,000	17,075
-	720,000	65,000	655,000	12,516
<b>\$ 3,290,018</b>	<b>720,000</b>	<b>441,055</b>	<b>3,568,963</b>	<b>87,491</b>
-	136,906	-	136,906	-

City of Carlisle

Note Maturities

June 30, 2018

Year Ending June 30,	General Obligation							
	Issued Oct 14, 2009		Issued May 10, 2011		Issued May 15, 2012		Issued August 6, 2013	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2019	3.70%	\$ 110,000	2.90%	\$ 210,000	1.55%	\$ 145,000	2.00%	\$ 105,000
2020		-	3.20	175,000	1.75	150,000	2.05	105,000
2021		-	3.40	180,000	2.00	155,000		-
2022		-	3.65	175,000	2.20	155,000		-
2023		-		-		-		-
2024		-		-		-		-
2025		-		-		-		-
2026		-		-		-		-
2027		-		-		-		-
2028		-		-		-		-
2029		-		-		-		-
Total		<u>\$ 110,000</u>		<u>\$ 740,000</u>		<u>\$ 605,000</u>		<u>\$ 210,000</u>

See accompanying independent auditor's report.

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**Capital Loan Notes**


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Issued Aug 25, 2015		Issued May 25, 2016		Issued Feb 9, 2017		Total
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
1.50%	\$ 65,000	1.00%	\$ 100,000	3.00%	\$ 100,000	835,000
1.90	70,000	1.25	100,000	3.00	105,000	705,000
1.90	75,000	1.25	100,000	3.00	105,000	615,000
2.30	80,000	1.40	115,000	3.00	105,000	630,000
2.30	80,000	1.40	115,000	2.50	110,000	305,000
2.60	85,000	2.00	120,000	2.50	115,000	320,000
2.60	85,000	2.00	120,000	3.00	115,000	320,000
3.00	90,000	2.00	125,000	3.00	120,000	335,000
3.00	95,000	2.00	125,000	3.00	125,000	345,000
3.40	95,000		-		-	95,000
3.40	100,000		-		-	100,000
	<u>\$ 920,000</u>		<u>\$ 1,020,000</u>		<u>\$ 1,000,000</u>	<u>4,605,000</u>

City of Carlisle

Note Maturities

June 30, 2018

Year Ending June 30,	Revenue Capital							
	Sewer Subordinate RCLN-1		Sewer Subordinate RCLN-2		Sewer Subordinate RCLN-3		Electric	
	Issued Oct 26, 2011		Issued Oct 26, 2011		Issued Oct 26, 2011		Issued Oct 23, 2012	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2019	3.75%	\$ 10,350	3.75%	\$ 858	3.00%	\$ 5,252	1.75%	\$ 100,000
2020	3.75	10,738	3.75	890	3.00	5,410	2.00	100,000
2021	3.75	11,141	3.75	924	3.00	5,572	2.20	100,000
2022	3.75	11,559	3.75	959	3.00	5,739	2.40	100,000
2023	3.75	11,992	3.75	994	3.00	5,911	2.50	100,000
2024	3.75	12,442	3.75	1,032	3.00	6,089		-
2025	3.75	12,908	3.75	1,070	3.00	6,271		-
2026	3.75	13,393	3.75	1,111	3.00	6,459		-
2027	3.75	13,895	3.75	1,152	3.00	6,653		-
2028	3.75	14,416	3.75	1,195	3.00	6,853		-
2029	3.75	14,956	3.75	1,240	3.00	7,058		-
2030	3.75	15,517	3.75	1,287	3.00	7,270		-
2031	3.75	16,099	3.75	1,335	3.00	7,488		-
2032	3.75	16,703	3.75	1,385	3.00	7,713		-
2033	3.75	17,329	3.75	1,437	3.00	7,944		-
2034	3.75	17,979	3.75	1,491	3.00	8,183		-
2035	3.75	18,653	3.75	1,547	3.00	8,428		-
2036	3.75	19,353	3.75	1,605	3.00	8,681		-
2037	3.75	20,078	3.75	1,665	3.00	8,941		-
2038	3.75	20,831	3.75	1,728	3.00	9,210		-
2039	3.75	21,613	3.75	1,792	3.00	9,486		-
2040	3.75	22,423	3.75	1,860	3.00	9,771		-
2041	3.75	23,264	3.75	1,929	3.00	10,064		-
2042	3.75	24,136	3.75	2,002	3.00	10,366		-
2043	3.75	25,041	3.75	2,077	3.00	10,677		-
2044	3.75	25,981	3.75	2,155	3.00	10,997		-
2045	3.75	26,955	3.75	2,235	3.00	11,327		-
2046	3.75	27,966	3.75	2,319	3.00	8,312		-
2047	3.75	29,014	3.75	2,406		-		-
2048	3.75	30,102	3.75	2,496		-		-
2049	3.75	31,231	3.75	2,590		-		-
2050	3.75	32,402	3.75	2,687		-		-
2051	3.75	33,138	3.75	2,699		-		-
Total		<u>\$ 653,598</u>		<u>\$ 54,152</u>		<u>\$ 222,125</u>		<u>\$ 500,000</u>

See accompanying independent auditor's report.

Loan Notes									
Urban Renewal TIF		Sewer		Sewer Refunding		Water			
Issued Apr 8, 2014		Issued Oct 28, 2015		Issued Apr 13, 2016		Issued July 12, 2017			
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Total	
0.00%	\$ 32,003	1.70%	\$ 50,000	1.25%	\$ 185,000	1.30%	65,000	448,463	
0.00	7,085	1.70	50,000	1.40	190,000	1.60	70,000	434,123	
	-	2.20	50,000	1.55	195,000	1.60	70,000	432,637	
	-	2.20	50,000	1.70	200,000	1.90	70,000	438,257	
	-	2.50	50,000	1.85	200,000	1.90	70,000	438,897	
	-	2.50	70,000	-	-	2.25	75,000	164,563	
	-	2.75	75,000	-	-	2.25	75,000	170,249	
	-	2.75	80,000	-	-	2.60	80,000	180,963	
	-	-	-	-	-	2.60	80,000	101,700	
	-	-	-	-	-	-	-	22,464	
	-	-	-	-	-	-	-	23,254	
	-	-	-	-	-	-	-	24,074	
	-	-	-	-	-	-	-	24,922	
	-	-	-	-	-	-	-	25,801	
	-	-	-	-	-	-	-	26,710	
	-	-	-	-	-	-	-	27,653	
	-	-	-	-	-	-	-	28,628	
	-	-	-	-	-	-	-	29,639	
	-	-	-	-	-	-	-	30,684	
	-	-	-	-	-	-	-	31,769	
	-	-	-	-	-	-	-	32,891	
	-	-	-	-	-	-	-	34,054	
	-	-	-	-	-	-	-	35,257	
	-	-	-	-	-	-	-	36,504	
	-	-	-	-	-	-	-	37,795	
	-	-	-	-	-	-	-	39,133	
	-	-	-	-	-	-	-	40,517	
	-	-	-	-	-	-	-	38,597	
	-	-	-	-	-	-	-	31,420	
	-	-	-	-	-	-	-	32,598	
	-	-	-	-	-	-	-	33,821	
	-	-	-	-	-	-	-	35,089	
	-	-	-	-	-	-	-	35,837	
	<u>\$ 39,088</u>		<u>\$ 475,000</u>		<u>\$ 970,000</u>		<u>\$ 655,000</u>	<u>3,568,963</u>	

City of Carlisle

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

For the Last Ten Years

	2018	2017	2016	2015
<b>Receipts:</b>				
Property tax	\$ 1,941,554	1,854,161	1,787,144	1,732,611
Tax increment financing	106,280	97,489	87,855	30,548
Other city tax	537,782	500,845	40,175	22,717
Licenses and permits	275,688	214,516	154,925	94,475
Use of money and property	24,471	23,412	22,031	23,080
Intergovernmental	760,796	704,335	1,795,156	1,630,621
Charges for service	464,254	518,719	439,885	471,938
Special assessments	355,694	195,491	209,626	337,987
Miscellaneous	148,823	129,441	97,489	235,996
<b>Total</b>	<b>\$ 4,615,342</b>	<b>4,238,409</b>	<b>4,634,286</b>	<b>4,579,973</b>
<b>Disbursements:</b>				
<b>Operating:</b>				
Public safety	\$ 1,261,167	1,356,377	1,144,903	1,131,832
Public works	712,001	679,835	625,494	584,402
Health and social services	7,081	30,279	1,273	-
Culture and recreation	567,589	540,793	500,630	460,299
Community and economic development	119,333	116,084	71,901	132,086
General government	481,121	449,839	474,623	153,487
Debt service	938,479	893,654	731,448	712,775
Capital projects	716,758	2,530,469	1,419,147	1,543,010
<b>Total</b>	<b>\$ 4,803,529</b>	<b>6,597,330</b>	<b>4,969,419</b>	<b>4,717,891</b>

See accompanying independent auditor's report.

2014	2013	2012	2011	2010	2009
1,659,847	1,581,797	1,515,682	1,454,014	1,387,198	1,325,750
2,082	16,566	23,089	-	-	203
20,815	21,437	20,344	19,440	14,371	14,523
120,990	62,733	59,968	43,148	59,735	86,248
20,944	23,703	25,568	31,510	32,261	36,386
935,267	508,237	884,771	1,271,783	383,822	652,675
415,775	398,089	372,019	381,035	344,293	389,512
224,218	119,382	-	80,000	7,342	15,143
115,381	77,826	69,980	80,661	185,029	105,641
<b>3,515,319</b>	<b>2,809,770</b>	<b>2,971,421</b>	<b>3,361,591</b>	<b>2,414,051</b>	<b>2,626,081</b>
1,581,727	932,856	818,116	777,640	791,354	827,433
572,488	608,552	520,163	495,091	531,576	513,270
-	1,278	45	-	-	338
515,767	475,687	498,457	466,892	457,734	431,013
293,260	11,100	14,177	13,272	21,227	20,727
188,513	205,139	154,724	112,494	135,459	203,105
680,017	566,361	513,452	483,634	477,535	451,566
900,988	595,145	1,800,137	1,457,253	543,200	287,689
<b>4,732,760</b>	<b>3,396,118</b>	<b>4,319,271</b>	<b>3,806,276</b>	<b>2,958,085</b>	<b>2,735,141</b>

**City of Carlisle**



**OFFICE OF AUDITOR OF STATE  
STATE OF IOWA**

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

To the Honorable Mayor and Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Carlisle, Iowa, as of and for the year ended June 30, 2018, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 7, 2018. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Carlisle's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Carlisle's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Carlisle's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings, we identified deficiencies in internal control we consider to be material weaknesses and a significant deficiency.

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 a material misstatement of the City of Carlisle's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the accompanying Schedule of Findings as items (A) through (F) to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items (G) and (H) to be a significant deficiencies.

### Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2018 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.

### The City of Carlisle's Responses to the Findings

The City of Carlisle's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. The City of Carlisle's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### Purpose of this Report

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

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

  
MARY MOSIMAN, CPA  
Auditor of State

December 7, 2018

City of Carlisle

Schedule of Findings

Year ended June 30, 2018

**INTERNAL CONTROL DEFICIENCIES:**

(A) Segregation of Duties

Criteria – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check on those of another.

Condition – During the audit, we identified the following incompatible duties:

- (1) Bank reconciliations are not performed by an individual who is not involved in the cash receipt or disbursement functions. Also, bank reconciliations are not reviewed by an independent person. Additionally, the City did not prepare bank reconciliations for three months during the fiscal year.
- (2) The individual responsible for detailed record keeping of investments is also the custodian of the investments and reconciles the investment ledgers.
- (3) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from recording and accounting for receipts.
- (4) Mail is opened by an individual who is also responsible for recording and accounting for receipts.
- (5) The individual approving credit card purchases also has access to credit cards.

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

Effect – Inadequate segregation of duties could adversely affect the City's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions. The lack of a bank to book reconciliation can result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – We realize segregation of duties is difficult with a limited number of office employees. However, the City should review its control procedures to obtain the maximum internal control possible under the circumstances. The City should utilize current personnel, including elected officials, to provide additional control through review of financial transactions, reconciliations and reports. The City should ensure bank reconciliations are completed and independently reviewed timely. The mail should be opened by a person other than accounting personnel.

Response – The City feels several items referenced are in part due to staff turnover in the City Administrator role. The new City Administrator will continue providing review and oversight where allowable. The City will utilize office staff to segregate duties as allowable. On October 17, 2017, the City began utilizing a signature sheet for checks and cash when opening mail. This sheet is reviewed by an employee that does not account for the receipts.

Conclusion – Response acknowledged. The City should ensure bank reconciliations are completed and independently reviewed timely.

City of Carlisle

Schedule of Findings

Year ended June 30, 2018

(B) Segregation of Duties – Component Units

Criteria – One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. When duties are properly segregated, the activities of one employee act as a check on those of another.

Condition – For the component units of the City (i.e. the Friends of the Carlisle Library, the Library Foundation, the Carlisle Firemen’s Enterprises Corporation, the Friends of the Park and the Carlisle Police Auxiliary), the responsibilities for collection, deposit preparation, cash disbursement and bank reconciliation functions are not properly segregated. These duties are handled by one individual for each component unit. Additionally, there is no independent review of these duties.

In addition to the lack of segregation of duties, for the Friends of the Carlisle Library, the Library Foundation, the Carlisle Firemen’s Enterprises Corporation, the Friends of the Park and the Carlisle Police Auxiliary there is no independent review of bank reconciliations and/or bank statements.

Cause – The component units noted above have a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

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

Recommendation – We realize segregation of duties is difficult with a limited number of individuals. However, the Friends of the Carlisle Library, the Library Foundation, the Carlisle Firemen’s Enterprises Corporation, the Friends of the Park and the Carlisle Police Auxiliary should review their operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel, including Board members.

Response – City staff will coach component units on importance and utilization of segregation of duties and will provide periodic follow-up checks.

Conclusion – Response accepted.

(C) Monthly City Clerk’s Report

Criteria – An effective internal control system provides for internal controls to provide elected City officials with a monthly report which includes cash balances, a summary of receipts and disbursements for the month, a summary of activity by fund including beginning and ending fund balances for each individual fund and a comparison of budget to actual expenditures by function.

City of Carlisle

Schedule of Findings

Year ended June 30, 2018

Condition – A City Clerk’s report, including a summary of receipts, disbursements, transfers, beginning and ending balances by fund and a comparison of budget to actual disbursements was not prepared and provided to the City Council monthly.

Cause – City policies and procedures have not been established to require detailed financial reports to the City Council, including a summary of receipts, disbursements, transfers and beginning and ending balances by fund.

Effect – The City Council is not provided with accurate and complete information which is needed to make informed decisions.

Recommendation – To provide better financial information, a City Clerk’s report should be prepared monthly and include a summary of receipts, disbursements, transfers and beginning and ending balances by fund. The report should also include a comparison of budget to actual disbursements by function.

Response – The Clerk will start providing monthly City Clerk’s reports.

Conclusion – Response accepted.

(D) Utility Reconciliation

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

Condition – Utility billings, collections and delinquent accounts were not reconciled in a timely manner throughout the year.

Cause – Policies have not been established and procedures have not been implemented to reconcile utility billings, collections and delinquent accounts timely and to reconcile utility collections to deposits.

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

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

Response – City administrator will work to provide oversight and initial reconciliations.

Conclusion – Response accepted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2018

(E) Emergency Medical Services Billing and Collection

Criteria – An effective internal control system provides for internal controls related to reconciling emergency medical services billings and collections to ensure accuracy.

Condition – The City contracts for emergency medical services billing and collection. City staff does not independently review billing and collection information prepared by the contractor to help ensure accuracy. The City does not maintain a listing of accounts receivable for emergency services and does not reconcile reported collections by the contractor to deposits. Additionally, the City does not recalculate and verify the amount charged by the contractor for providing these services.

Cause – Policies have not been established and procedures have not been implemented to ensure the accuracy of billings and collections for emergency medical services, receipts have been deposited and the City is billed the proper amount by the contractor for services.

Effect – This condition could result in inaccurate emergency medical services billings and collections and the City may not pay the correct contracted fee for services.

Recommendation – The City should establish procedures to independently review the billing information prepared by the contractor to help ensure emergency medical services are billed properly. In addition, the City should maintain a listing of accounts receivable and reconcile billings and collections each month. Independent reviews of reconciliations should be documented by the signature or initials of the reviewer and the date of the review. The City should verify all collections have been deposited and ensure the fee charged by the contractor is accurate.

Response – The Fire Chief will gain access to the reporting system and perform a monthly review of statements.

Conclusion – Response acknowledged. The City should also verify all collections have been deposited and ensure the fee charged by the contractor is accurate.

(F) Journal Entries

Criteria – An effective internal control system provides for internal controls related to the preparation and independent review of journal entries. Independent review of journal entries helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City's financial statements.

Condition – There is no evidence journal entries are reviewed and approved by an independent person.

Cause – City policies do not require and procedures have not been designed to document approval and independent review of journal entries.

Effect – The lack of independent review and approval may adversely affect the City's ability to prevent or detect and correct misstatements or errors on a timely basis by employees in the normal course of performing their assigned functions.

City of Carlisle

Schedule of Findings

Year ended June 30, 2018

Recommendation – To strengthen controls, journal entries should be reviewed and approved by an independent person.

Response – City Administrator will work to provide oversight and journal entry review and approval.

Conclusion – Response accepted.

(G) Payroll Increases

Criteria – Compensation for City employees should be approved by the City Council and documented in the City Council meeting minutes.

Condition – Annual salary and wage increases for City employees were approved as a percentage increase, however the actual hourly rate or salary was not documented in the City Council meeting minutes.

Cause – Policies have not been established and procedures have not been implemented to include the approved wage rates and salaries in the City Council meeting minutes.

Effect – The lack of documentation of approved wage rates and salaries in the City Council meeting minutes reduces transparency and increases the risk of unauthorized pay increases.

Recommendation – Salaries and wages of all city employees should be approved and documented in the City Council meeting minutes.

Response – The city will pass wage adjustments by resolution and show hourly or salaried wages rather than a percentage increase. This will likely happen at the beginning of future fiscal years and periodically as the need arises.

Conclusion – Response accepted.

(H) Disaster Recovery Plan

Criteria – Properly designed and implemented policies and procedures pertaining to disaster recovery help ensure the City will be able to provide continuity of service.

Condition – While the City has adopted a written disaster recovery plan, certain items were not included in the plan. Specifically, the plan does not include an inventory of all essential hardware components and software applications or a requirement for offsite storage of essential supplies, relevant accounting manuals, current system backups and a copy of the disaster recovery plan. The plan also does not contain a requirement to test the plan annually.

Cause – The written disaster recovery plan adopted by the City did not incorporate all essential elements to provide continuity of service.

Effect – The failure to have a formal disaster recovery plan could result in the City's inability to function in the event of a disaster or continue City business without interruption.

City of Carlisle

Schedule of Findings

Year ended June 30, 2018

Recommendation – The City should include the above items in its written disaster recovery plan.

Response – The City will continue to work to update the disaster recovery plan.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2018

**Other Findings Related to Required Statutory Reporting:**

- (1) Certified Budget – Disbursements at June 30, 2018 exceeded the amount budgeted in the general government function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

Response – The City will strive to amend the budget prior to expending funds, as needed, in the future.

- (2) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.
- (4) Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title and Business Connection	Transaction Description	Amount
Eric Goodhue, City Council Member, Parents own Sandridge Farms	Rent and crop expenses	\$ 749

In accordance with Chapter 362.5(3)(k) of the Code of Iowa, the above transactions with Sandridge Farms do not appear to represent a conflict of interest since the cumulative amount was less than \$2,500 during the year.

- (5) Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- (6) City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.
- (7) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2018

- (8) Revenue Notes – The City did not deposit \$72,000 of the water revenue capital loan note proceeds to a water reserve account as required by the closing and allocation of proceeds agreement. In addition, the City did not make the required monthly transfers to the water sinking account as required by the water revenue capital loan note resolution. This was corrected for financial reporting.

Recommendation – In the future, the City should ensure funds are deposited as required. In addition, the City should make the required monthly transfers to the water revenue capital loan note sinking account as required.

Response – The City Clerk is correcting the amount in the accounting system and will review the note language to ensure compliance in future transactions.

Conclusion – Response accepted.

- (9) Financial Condition – At June 30, 2018, the Internal Service, Self-Funded Insurance Fund had a deficit balance of \$2,969.

Recommendation – The City should investigate alternatives to eliminate this deficit to return the fund to a sound financial position.

Response – The City will make transfers as needed to rectify the deficit.

Conclusion – Response accepted.

- (10) Annual Urban Renewal Report – The City’s beginning and ending cash balances of the Special Revenue, Urban Renewal Tax Increment Fund reported on the Levy Authority Summary did not agree with the City’s general ledger.

Recommendation – The City should ensure the cash balances reported on the Levy Authority Summary agree with the City’s records.

Response – The City will strive to submit accurate urban renewal reports in the future.

Conclusion – Response accepted.

- (11) Unclaimed Property – Chapter 556.11 of the Code of Iowa requires all cities to report and remit outstanding obligations, including checks, trusts and bonds held for more than two years, to the Office of Treasurer of State annually. The City did not remit all outstanding obligations held for more than two years to the Office of Treasurer of State annually.

Recommendation – Outstanding obligations should be reviewed annually and amounts over two years old should be remitted to the Office of Treasurer of State annually, as required.

Response – The City is in the process of compiling and remitting the information to the Office of Treasurer of State. Future amounts will be regularly remitted.

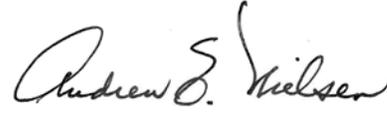
Conclusion – Response accepted.

City of Carlisle

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Manager  
Karen J. Kibbe, Senior Auditor II  
Taylor I. Cook, Staff Auditor  
Heather M. Poula, Assistant Auditor

A handwritten signature in black ink that reads "Andrew E. Nielsen". The signature is written in a cursive style with a large, looped initial "A".

Andrew E. Nielsen, CPA  
Deputy Auditor of State