

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

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**NEWS RELEASE**

FOR RELEASE

December 27, 2016

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515/281-5834

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

The City's receipts totaled \$12,631,748 for the year ended June 30, 2016, a 52.3% increase over the prior year. The receipts included \$1,827,319 in property tax, \$87,855 from tax increment financing, \$4,065,506 from note proceeds, \$4,450,006 from charges for service, \$613,304 from operating grants, contributions and restricted interest, \$1,396,045 from capital grants, contributions and restricted interest, \$10,342 from unrestricted interest on investments, \$47,273 from commercial/industrial tax replacement, \$97,288 from utility franchise fees and \$36,810 from other general receipts.

Disbursements for the year ended June 30, 2016 totaled \$10,916,982, a 31.3% increase over the prior year, and included \$1,419,147 for capital projects, \$1,149,324 for public safety and \$731,448 for debt service. Also, disbursements for business type activities totaled \$5,937,645.

The significant increase in receipts and disbursements is due primarily to the issuance of general obligation and sewer revenue notes for capital projects and to refund certain notes to reduce debt service payments.

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/1620-0870-B00F>.

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**CITY OF CARLISLE**

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

**JUNE 30, 2016**

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**City of Carlisle**

**Officials**

**(Before January 2016)**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ruth Randleman	Mayor	Jan 2018
Joe Grandstaff	Mayor Pro tem	Jan 2016
Drew Merrifield	Council Member	Jan 2016
Robert Van Ryswyk	Council Member	Jan 2016
Eric Goodhue	Council Member	Jan 2018
Doug Hammerand	Council Member	Jan 2018
Andrew Lent	Administrator/City Clerk	Indefinite
Andra K. Black	Deputy City Clerk	Indefinite
Robert L. Stuyvesant	Attorney	Indefinite

**(After January 2016)**

<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/City Clerk	Indefinite
Andra K. Black	Deputy 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, 2016, 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, 2016, 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.

### 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, 2015 (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 7 through 12 and 36 through 42, 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 November 28, 2016 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 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 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

November 28, 2016



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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, 2016. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

### **2016 FINANCIAL HIGHLIGHTS**

- Receipts of the City's governmental activities increased 47.6%, or approximately \$2,180,000, from fiscal year 2015 to fiscal year 2016, primarily due to issuing general obligation capital loan notes.
- The City's governmental activities disbursements increased approximately \$249,000, or 5.3%, from fiscal year 2015 to fiscal year 2016.
- The City's governmental activities cash balance at June 30, 2016 increased 124.3%, or approximately \$2,040,000, over June 30, 2015.

### **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, 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.

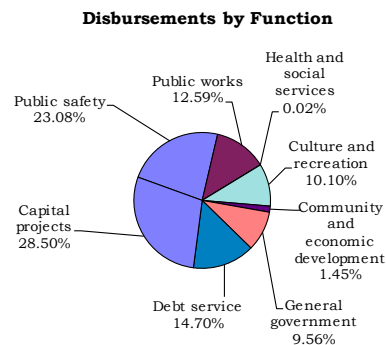
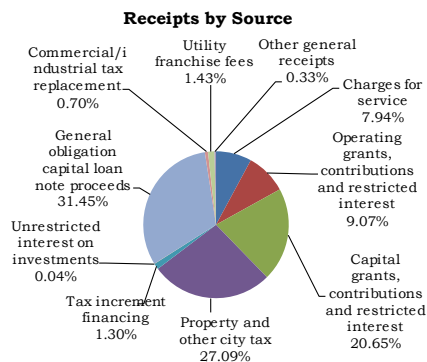
The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

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 over a year ago, increasing from approximately \$1.641 million to approximately \$3.681 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,	
	2016	2015
<b>Receipts:</b>		
Program receipts:		
Charges for service	\$ 537	571
Operating grants, contributions and restricted interest	613	560
Capital grants, contributions and restricted interest	1,396	1,570
General receipts:		
Property and other city tax	1,827	1,755
Tax increment financing	88	31
Unrestricted interest on investments	3	4
Commercial/industrial tax replacement	47	25
Utility franchise fees	97	31
General obligation capital loan note proceeds	2,126	-
Other general receipts	26	33
<b>Total receipts</b>	<b>6,760</b>	<b>4,580</b>
<b>Disbursements:</b>		
Operating:		
Public safety	1,149	1,139
Public works	627	587
Health and social services	1	-
Culture and recreation	503	462
Community and economic development	72	132
General government	476	154
Debt service	732	713
Capital projects	1,419	1,543
<b>Total disbursements</b>	<b>4,979</b>	<b>4,730</b>
Change in cash basis net position before transfers	1,781	(150)
Transfers, net	259	59
Change in cash basis net position	2,040	(91)
Cash basis net position beginning of year	1,641	1,732
Cash basis net position end of year	\$ 3,681	1,641



The City's total receipts for governmental activities increased 47.6%, or approximately \$2,180,000. The total cost of all programs and services increased approximately \$249,000, or 5.3%. The increase in receipts was primarily the result of issuing general obligation capital loan notes for the purpose of making various capital projects improvements including street reconstruction and repair, construction and reconstruction of sidewalks, trails and pedestrian underpasses, improvements and repair of bridges, culverts, retaining walls, viaducts, underpasses, grade crossing separations, expand and remodel the fire station, equip the police department including acquisition of vehicles as well as improving and equipping the library.

The City increased property tax rates for fiscal year 2016 an average of 3.5%. This increase raised the City's property tax receipts approximately \$72,000 in fiscal year 2016.

The cost of all governmental activities this year was approximately \$4.979 million compared to approximately \$4.730 million last year. However, as shown in the Cash Basis Statement of Activities and Net Position on pages 14-15, the amount taxpayers ultimately financed for these activities was approximately \$2.434 million because some of the cost was paid by those directly benefited from the programs (approximately \$537,000) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (approximately \$2,009,000). 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 note proceeds, intergovernmental aid and fees for service, decreased in fiscal year 2016 from approximately \$2,701,000 to approximately \$2,546,000, principally due to receiving less grant proceeds to complete the Scotch Ridge nature trail project.

Changes in Cash Basis Net Position of Business Type Activities		
(Expressed in Thousands)		
	Year ended June 30,	
	2016	2015
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 513	501
Sewer	897	842
Electric	2,503	2,342
Operating grants, contributions and restricted interest	-	5
General receipts:		
Unrestricted interest on investments	7	9
Sewer revenue capital loan note proceeds	1,940	-
Miscellaneous	11	13
Total receipts	<u>5,871</u>	<u>3,712</u>
Disbursements:		
Water	479	480
Sewer	1,861	723
Payment to refunding bond agent	1,370	-
Electric	2,228	2,381
Total disbursements	<u>5,938</u>	<u>3,584</u>
Change in cash basis net position before transfers	(67)	128
Transfers, net	<u>(259)</u>	<u>(59)</u>
Change in cash basis net position	(326)	69
Cash basis net position beginning of year	2,086	2,017
Cash basis net position end of year	<u>\$ 1,760</u>	<u>2,086</u>

Total business type activities receipts for the fiscal year were approximately \$5.871 million compared to approximately \$3.712 million last year. The significant increase is due primarily to the issuance of debt to refund \$1,370,000 of sewer revenue capital loan notes to obtain a lower interest rate and to make improvements to the sanitary sewer system in fiscal year 2016. Business type activities disbursements increased approximately \$2.354 million, or 65.7%. The significant increase is due to refunding \$1,370,000 of sewer revenue capital loan notes and payment of a judgment related to work completed on the City sewer system.

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

As the City of Carlisle completed the year, its governmental funds reported a combined fund balance of \$3,690,099, an increase of \$2,050,244 over last year's total of \$1,639,855. 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 \$48,390, or 5.6%, over the prior year, resulting in an ending cash balance of \$909,075 at June 30, 2016.
- The Special Revenue, Road Use Tax Fund cash balance increased \$65,554 during the fiscal year to \$295,182 at June 30, 2016. Receipts increased \$75,803 and disbursements increased \$33,631. The City received more street construction funds than in the prior year.
- The Debt Service Fund cash balance increased \$79,609 to \$599,631 at June 30, 2016. This overall fund balance increase was less than last fiscal year's increase of \$209,640. Special assessment receipts decreased approximately \$128,000 or 38.0%, from the prior year. Property tax receipts also decreased approximately \$20,000. Disbursements for scheduled principal and interest payments increased approximately \$19,000.
- The Capital Projects Fund cash balance increased \$1,860,809 to \$1,790,871 at June 30, 2016. The increase is due to proceeds received for issuing general obligation capital loan notes. The balance of the note proceeds will be used as progress on the projects continues.

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

- The Enterprise, Water Fund cash balance decreased \$895, less than one percent, from the prior year to \$512,073.
- The Enterprise, Sewer Fund cash balance decreased \$476,525, or 33.6%, from the prior year to \$943,006. The decrease in cash balance is primarily due to payment of a judgment related to a dispute involving work completed on the City sewer system.
- The Enterprise, Electric Fund cash balance increased \$157,217, or 102.9%, to \$309,947 during the fiscal year. Operating receipts increased approximately \$161,000 due to a rate increase while operating disbursements decreased approximately \$145,000, primarily due to a decrease in the cost of purchased power from fiscal year 2015 to fiscal year 2016.

### **BUDGETARY HIGHLIGHTS**

Over the course of the year, the City amended its budget three times. The first amendment was approved on August 24, 2015 and resulted in an increase of \$600,000 in budgeted receipts and other financing sources and an increase in budgeted disbursements of \$1,150,000 to pay costs associated with the \$1.1 million sewer system judgment. The second amendment was approved on May 23, 2016 to provide additional receipts and disbursements for various grant projects. The third amendment was approved on June 27, 2016 to provide for refunding of sewer revenue notes.

The City's total receipts were \$378,478 more than budgeted, mainly due to receiving more intergovernmental receipts and special assessments than budgeted.

Total disbursements were \$1,712,036 less than budgeted. Actual capital projects and debt service function disbursements were \$1,047,053 and \$1,875,609, respectively, less than budgeted due to projects not being completed as budgeted and the City budgeting the refunding of the sewer revenue notes in the debt service function rather than the business-type activities function.

Disbursements during the year ended June 30, 2016 exceeded the amounts budgeted in the community and economic development, general government and business type activities functions prior to the budget amendment. Disbursements at June 30, 2016 exceeded the amounts budgeted in the community and economic development and business type activities functions.

## **DEBT ADMINISTRATION**

At June 30, 2016, the City had \$8,668,684 of notes outstanding, compared to \$6,917,566 of notes last year, as shown below:

Outstanding Debt at Year-End (Expressed in Thousands)		
	June 30,	
	2016	2015
General obligation capital loan notes	\$ 5,010	\$ 3,490
Revenue capital loan notes	3,659	3,428
Total	<u>\$ 8,669</u>	<u>\$ 6,918</u>

Debt outstanding increased as a result of issuing general obligation debt for capital projects and sewer revenue debt for sewer projects.

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 debt of \$5,107,544, including TIF debt of \$97,544, is significantly below its constitutional debt limit of approximately \$10.4 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 2017 budget. One of those factors is the economy. The City's total assessed valuations have increased slightly. However, funding from the State has decreased due to the State's budget constraints. The City Council worked hard to retain a similar tax rate for fiscal year 2016 with only a small increase in the City's overall tax rate of \$.01 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 Andy Lent, City Clerk, or Kay Black, Deputy City Clerk, 195 N 1st Street, Carlisle, Iowa 50047.

## **Basic Financial Statements**

City of Carlisle

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2016

	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	\$ 1,149,324	180,697	66,156	-
Public works	626,831	225,114	478,993	-
Health and social services	1,273	-	-	-
Culture and recreation	503,305	99,438	63,579	7,122
Community and economic development	71,901	10,339	1,027	-
General government	476,108	21,088	-	-
Debt service	731,448	-	3,333	209,626
Capital projects	1,419,147	-	-	1,179,297
Total governmental activities	4,979,337	536,676	613,088	1,396,045
Business type activities:				
Water	478,747	513,339	-	-
Sewer	1,860,842	896,543	-	-
Electric	2,228,056	2,503,448	216	-
Total business type activities	4,567,645	3,913,330	216	-
Total	\$ 9,546,982	4,450,006	613,304	1,396,045
<b>General Receipts and Transfers:</b>				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Commerical/industrial tax replacement				
Unrestricted interest on investments				
Note proceeds, net of \$19,494 of discount				
Payment to refunding bond agent				
Utility franchise fees				
Miscellaneous				
Transfers				
Total general receipts and tranfers				
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:				
Cemetary perpetual care				
Expendable:				
Debt service				
Streets				
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
----------------------------	-----------------------------	-------

(902,471)	-	(902,471)
77,276	-	77,276
(1,273)	-	(1,273)
(333,166)	-	(333,166)
(60,535)	-	(60,535)
(455,020)	-	(455,020)
(518,489)	-	(518,489)
(239,850)	-	(239,850)
(2,433,528)	-	(2,433,528)

-	34,592	34,592
-	(964,299)	(964,299)
-	275,608	275,608

-	(654,099)	(654,099)
(2,433,528)	(654,099)	(3,087,627)

1,270,218	-	1,270,218
557,101	-	557,101
87,855	-	87,855
47,273	-	47,273
3,114	7,228	10,342
2,125,731	1,939,775	4,065,506
-	(1,370,000)	(1,370,000)
97,288	-	97,288
25,628	11,182	36,810
259,646	(259,646)	-

4,473,854	328,539	4,802,393
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2,040,326	(325,560)	1,714,766
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1,640,888	2,086,027	3,726,915
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\$ 3,681,214	1,760,467	5,441,681
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\$ 47,397	-	47,397
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599,631	281,701	881,332
295,182	-	295,182
1,790,871	-	1,790,871
20,840	-	20,840
41,375	-	41,375
4,510	-	4,510
881,408	1,478,766	2,360,174

\$ 3,681,214	1,760,467	5,441,681
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City of Carlisle

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

As of and for the year ended June 30, 2016

	Special Revenue	
	General	Road Use Tax
Receipts:		
Property tax	\$ 1,050,397	-
Tax increment financing	-	-
Other city tax	26,190	-
Licenses and permits	154,925	-
Use of money and property	18,556	-
Intergovernmental	139,410	478,993
Charges for service	439,885	-
Special assessments	-	-
Miscellaneous	47,740	-
Total receipts	1,877,103	478,993
Disbursements:		
Operating:		
Public safety	1,135,249	-
Public works	212,055	413,439
Health and social services	1,273	-
Culture and recreation	475,000	-
Community and economic development	47,863	-
General government	474,623	-
Debt service	-	-
Capital projects	-	-
Total disbursements	2,346,063	413,439
Excess (deficiency) of receipts over (under) disbursements	(468,960)	65,554
Other financing sources (uses):		
General obligation note proceeds, net of \$9,269 discount	7,297	-
Transfers in	510,053	-
Transfers out	-	-
Total other financing sources (uses)	517,350	-
Change in cash balances	48,390	65,554
Cash balances beginning of year	860,685	229,628
Cash balances end of year	\$ 909,075	295,182
<b>Cash Basis Fund Balances</b>		
Nonspendable - Cemetary perpetual care	\$ -	-
Restricted for:		
Debt service	-	-
Streets	-	295,182
Capital projects	-	-
Library	-	-
Fire	-	-
Other purposes	-	-
Unassigned	909,075	-
Total cash basis fund balances	\$ 909,075	295,182

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
546,051	-	190,696	1,787,144
-	-	87,855	87,855
11,050	-	2,935	40,175
-	-	-	154,925
3,333	142	-	22,031
15,368	1,155,855	5,530	1,795,156
-	-	-	439,885
209,626	-	-	209,626
	23,300	26,449	97,489
785,428	1,179,297	313,465	4,634,286
-	-	9,654	1,144,903
-	-	-	625,494
-	-	-	1,273
-	-	25,630	500,630
-	-	24,038	71,901
-	-	-	474,623
731,448	-	-	731,448
-	1,419,147	-	1,419,147
731,448	1,419,147	59,322	4,969,419
53,980	(239,850)	254,143	(335,133)
18,343	2,100,091	-	2,125,731
7,286	568	-	517,907
-	-	(258,261)	(258,261)
25,629	2,100,659	(258,261)	2,385,377
79,609	1,860,809	(4,118)	2,050,244
520,022	(69,938)	99,458	1,639,855
599,631	1,790,871	95,340	3,690,099
-	-	47,397	47,397
599,631	-	-	599,631
-	-	-	295,182
-	1,790,871	-	1,790,871
-	-	20,840	20,840
-	-	41,375	41,375
-	-	4,510	4,510
-	-	(18,782)	890,293
599,631	1,790,871	95,340	3,690,099

**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, 2016

<b>Total governmental funds cash balances (page 17)</b>	\$ 3,690,099
<b><i>Amounts reported for governmental activities in the Cash Basis Statement of Activities and Net Position are different because:</i></b>	
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.	(8,885)
<b>Cash basis net position of governmental activities (page 15)</b>	\$ 3,681,214
<b>Change in cash balances (page 17)</b>	\$ 2,050,244
<b><i>Amounts reported for governmental activities in the Cash Basis Statement of Activities and Net Position are different because:</i></b>	
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.	(9,918)
<b>Change in cash basis net position of governmental activities (page 15)</b>	\$ 2,040,326

See notes to financial statements.

**Exhibit D**

## City of Carlisle

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

As of and for the year ended June 30, 2016

	Enterprise				Internal Service
	Water	Sewer	Electric	Total	Self Funded Insurance
Operating receipts:					
Charges for service	\$ 513,339	896,543	2,503,448	3,913,330	-
Miscellaneous	-	-	216	216	21,047
Total operating receipts	513,339	896,543	2,503,664	3,913,546	21,047
Operating disbursements:					
Governmental activities:					
Public safety	-	-	-	-	10,512
Public works	-	-	-	-	3,532
Culture and recreation	-	-	-	-	3,180
General government	-	-	-	-	6,360
Business type activities	372,251	363,523	2,107,099	2,842,873	12,738
Total operating disbursements	372,251	363,523	2,107,099	2,842,873	36,322
Excess (deficiency) of operating receipts over (under) operating disbursements	141,088	533,020	396,565	1,070,673	(15,275)
Non-operating receipts (disbursements):					
Interest on investments	1,698	4,341	1,189	7,228	-
Rent	11,182	-	-	11,182	-
Note proceeds, net of \$10,225 discount	-	1,939,775	-	1,939,775	-
Debt service	-	(330,259)	(115,600)	(445,859)	-
Payment to refunding bond agent	-	(1,370,000)	-	(1,370,000)	-
Contractor settlement	-	(1,094,819)	-	(1,094,819)	-
Capital projects	(106,496)	(72,241)	-	(178,737)	-
Net non-operating receipts (disbursements)	(93,616)	(923,203)	(114,411)	(1,131,230)	-
Excess (deficiency) of receipts over (under) disbursements	47,472	(390,183)	282,154	(60,557)	(15,275)
Transfers in	63,327	13,658	1,681	78,666	-
Transfers out	(111,694)	(100,000)	(126,618)	(338,312)	-
Total transfers in (out)	(48,367)	(86,342)	(124,937)	(259,646)	-
Change in cash balances	(895)	(476,525)	157,217	(320,203)	(15,275)
Cash balances beginning of year	512,968	1,419,531	152,730	2,085,229	1,831
Cash balances end of year	\$ 512,073	943,006	309,947	1,765,026	(13,444)
<b>Cash Basis Fund Balances</b>					
Restricted for debt service	\$ -	220,701	61,000	281,701	-
Unrestricted	512,073	722,305	248,947	1,483,325	(13,444)
Total cash basis fund balances	\$ 512,073	943,006	309,947	1,765,026	(13,444)

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, 2016

**Total enterprise funds cash balances (page 20)** \$ 1,765,026

***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.

(4,559)

**Cash basis net position of business type activities (page 15)**

\$ 1,760,467

**Change in cash balances (page 20)**

\$ (320,203)

***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.

(5,357)

**Change in cash basis net position of business type activities (page 15)**

\$ (325,560)

See notes to financial statements.

**City of Carlisle**



City of Carlisle

Notes to Financial Statements

June 30, 2016

**(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 and the Carlisle Firemen's Enterprises Corporation (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 and the Carlisle Firemen's Enterprises Corporation 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 E911 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.

The Special Revenue, 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 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. During the year ended June 30, 2016, disbursements exceeded the amounts budgeted in the community and economic development, general government and business type activities functions prior to the budget amendment. Disbursements at June 30, 2016 exceeded the amounts budgeted in the community and economic development and business type activities functions.

**(2) Cash and Pooled Investments**

The City's deposits in banks and credit unions at June 30, 2016 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
	2017	\$ 715,000	114,452	368,666	81,900	1,083,666
2018	690,000	99,532	376,055	74,976	1,066,055	174,508
2019	735,000	84,432	383,463	70,313	1,118,463	154,745
2020	600,000	67,949	364,123	64,822	964,123	132,771
2021	510,000	54,993	362,637	58,713	872,637	113,706
2022-2026	1,345,000	138,317	1,022,929	196,696	2,367,929	335,013
2027-2031	415,000	22,010	116,414	131,911	531,414	153,921
2032-2036	-	-	138,431	109,894	138,431	109,894
2037-2041	-	-	164,655	83,670	164,655	83,670
2042-2046	-	-	192,546	52,425	192,546	52,425
2047-2051	-	-	168,765	19,411	168,765	19,411
Total	\$ 5,010,000	581,685	3,658,684	944,731	8,668,684	1,526,416

## 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 \$97,544, payable through June 2020. For the current year, principal of \$24,038 was paid and total TIF receipts were \$87,855.

### Revenue Notes

On April 13, 2016, the City issued \$1,325,000 of sewer revenue refunding capital loan notes to currently refund sewer revenue capital loan notes issued May 28, 2008. The proceeds, along with \$45,000 of sewer reserve funds, were used to currently refund \$1,370,000 of outstanding sewer revenue capital loan notes.

The City reduced its total debt service payments over the next seven fiscal years by \$193,400 and obtained an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$181,993 on the refunding.

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 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 \$3,745,221. For the current year, sewer revenue capital loan note principal and interest paid, net of \$1,370,000 of refunded principal, and total customer net receipts were \$328,659 and \$533,020, respectively. Annual principal and interest payments on the sewer revenue capital loan notes are expected to require approximately 62% 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 \$760,650. For the current year, electric revenue capital loan note principal and interest paid and total customer net receipts were \$115,600 and \$396,565, respectively. Annual principal and interest payments on the electric revenue capital loan notes are expected to require approximately 29% of net receipts.

The resolutions providing for the issuance of the 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 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, \$90,000 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.
- (4) 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.

The City's electric reserve account was not maintained at an amount equal to the reserve account requirement as required by the provisions of the electric revenue capital loan notes and monthly transfers to the electric reserve account were not made.

**(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 7401 Register Drive, 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, anytime 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 2016, 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, 2016 totaled \$120,650.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the City reported a liability of \$539,386 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 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, 2015, the City's proportion was 0.010918%, which was an increase of 0.001122% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled \$68,113, \$172,375 and \$238,290, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 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, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00 to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

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 geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other real assets	2	6.24
Cash	1	(0.71)
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.50%. 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 (Asset) to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate 1% lower (6.50%) or 1% higher (8.50%) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability (asset)	\$ 1,244,013	539,386	(54,988)

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, vision and dental benefits for employees, retirees and their spouses. There are 21 active and no retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug and vision benefits are provided through fully-insured plans with Wellmark and Avesis. The dental benefits are self-funded. Retirees under age 65 pay the same premium for the medical/prescription drug, vision and dental benefits as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the City. 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 plan members are \$478 for single coverage, \$988 for employee and spouse coverage, \$924 for employee and child coverage and \$1,437 for family coverage. For the year ended June 30, 2016, the City contributed \$208,442 and plan members eligible for benefits contributed \$46,564 to the plan.

**(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, 2016, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 79,000
Compensatory time	<u>86,000</u>
Total	<u>\$165,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2016.

**(7) Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Employee Benefits	\$ 199,161
	Enterprise:	
	Water	102,841
	Sewer	100,000
	Electric	108,051
		<u>510,053</u>
Debt Service	Enterprise:	
	Water	2,429
	Electric	4,857
		<u>7,286</u>
Capital Projects	Enterprise:	
	Water	189
	Electric	379
		<u>568</u>
Enterprise:	Special Revenue:	
Water	Tax increment financing	59,100
	Enterprise:	
	Electric	4,227
		<u>63,327</u>
Enterprise:	Enterprise	
Sewer	Water	4,554
	Electric	9,104
		<u>13,658</u>
Enterprise:	Enterprise:	
Electric	Water	1,681
Total		<u>\$ 596,573</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, 2016 was \$21,047.

**(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 is to begin rebating incremental property tax on June 1, 2017. The outstanding balance of the agreement at June 30, 2016 was \$2,030,000.

This 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) Deficit Balances**

The Special Revenue, Urban Renewal Tax Increment Fund and the Internal Service, Self Funded Insurance Fund had deficit balances of \$18,782 and \$13,444, respectively, at June 30, 2016. The deficits were the result of costs incurred prior to the availability of funds. The deficits will be eliminated through receipt of urban renewal tax increment financing and through contributions from other funds.

**(12) Construction Commitments**

Construction commitments at June 30, 2016 totaled \$2,091,457, which will be paid as work on the projects progress. These projects will be funded through note proceeds, grants and local funds on hand.

**(13) Industrial Development Revenue Bonds**

During the year ended June 30, 2015, the City issued a total of \$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.

**(14) New Accounting Pronouncement**

The City of Carlisle adopted fair value guidance as set forth in Governmental Accounting Standards Board Statement No. 72, Fair Value Measurement and Application. The Statement sets forth guidance for determining and disclosing the fair value of assets and liabilities reported in the financial statements. Adoption of the guidance did not have a significant impact on amounts reported or disclosed in the financial statements.

**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, 2016

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 1,787,144	-	-
Tax increment financing	87,855	-	-
Other city tax	40,175	-	-
Licenses and permits	154,925	-	-
Use of money and property	22,031	18,410	-
Intergovernmental	1,795,156	-	-
Charges for service	439,885	3,913,330	-
Special assessments	209,626	-	-
Miscellaneous	97,489	21,263	40,871
Total receipts	4,634,286	3,953,003	40,871
Disbursements:			
Public safety	1,144,903	10,512	18,326
Public works	625,494	3,532	3,532
Health and social services	1,273	-	-
Culture and recreation	500,630	3,180	28,810
Community and economic development	71,901	-	-
General government	474,623	6,360	6,360
Debt service	731,448	-	-
Capital projects	1,419,147	-	-
Business type activities	-	5,945,026	12,738
Total disbursements	4,969,419	5,968,610	69,766
Excess (deficiency) of receipts over (under) disbursements	(335,133)	(2,015,607)	(28,895)
Other financing sources, net	2,385,377	1,680,129	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	2,050,244	(335,478)	(28,895)
Balances beginning of year	1,639,855	2,087,060	77,666
Balances end of year	\$ 3,690,099	1,751,582	48,771

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
1,787,144	1,808,679	1,808,679	(21,535)
87,855	83,138	83,138	4,717
40,175	16,573	16,573	23,602
154,925	128,350	128,350	26,575
40,441	35,692	35,692	4,749
1,795,156	1,554,622	1,560,647	234,509
4,353,215	4,360,360	4,367,360	(14,145)
209,626	66,039	66,039	143,587
77,881	63,200	101,462	(23,581)
8,546,418	8,116,653	8,167,940	378,478
1,137,089	1,164,009	1,200,132	63,043
625,494	648,626	648,626	23,132
1,273	2,500	2,500	1,227
475,000	508,002	527,010	52,010
71,901	21,540	45,545	(26,356)
474,623	440,273	485,592	10,969
731,448	1,125,743	2,607,057	1,875,609
1,419,147	2,466,200	2,466,200	1,047,053
5,932,288	3,447,637	4,597,637	(1,334,651)
10,868,263	9,824,530	12,580,299	1,712,036
(2,321,845)	(1,707,877)	(4,412,359)	2,090,514
4,065,506	958,700	2,887,021	1,178,485
1,743,661	(749,177)	(1,525,338)	3,268,999
3,649,249	4,312,763	4,312,763	(663,514)
5,392,910	3,563,586	2,787,425	2,605,485

City of Carlisle

Notes to Other Information – Budgetary Reporting

June 30, 2016

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, three budget amendments increased budgeted disbursements by \$2,755,769. The budget amendments are reflected in the final budgeted amounts.

Disbursements during the year ended June 30, 2016 exceeded the amounts budgeted in the community and economic development, general government and business type activities functions prior to the budget amendment. At June 30, 2016, disbursements exceeded the amounts budgeted in the community and economic development and general government functions.



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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 Two Years\*  
(In Thousands)

Other Information

	2016	2015
City's proportion of the net pension liability	0.010918%	0.009796%
City's proportionate share of the net pension liability	\$ 539	388
City's covered-employee payroll	\$ 1,320	1,145
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	40.83%	33.89%
IPERS' net position as a percentage of the total pension liability	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.

City of Carlisle  
 Schedule of City Contributions  
 Iowa Public Employees' Retirement System  
 For the Last Ten Years  
 (In Thousands)

Other Information

	2016	2015	2014	2013
Statutorily required contribution	\$ 121	124	116	103
Contributions in relation to the statutorily required contribution	(121)	(124)	(116)	(103)
Contribution deficiency (excess)	\$ -	-	-	-
City's covered-employee payroll	\$ 1,314	1,320	1,145	1,120
Contributions as a percentage of covered-employee payroll	9.21%	9.39%	10.13%	9.20%

\* 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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2012	2011	2010	2009	2008	2007
95	80	73	70	64	59
(95)	(80)	(73)	(70)	(64)	(59)
-	-	-	-	-	-
1,105	1,032	1,024	*	*	*
8.60%	7.75%	7.13%	*	*	*

City of Carlisle

Notes to Other Information – Pension Liability

Year ended June 30, 2016

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.

Legislative action in 2008 transferred four groups – emergency medical service providers, county jailers, county attorney investigators, and National Guard installation security officers – from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

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 beginning June 30, 2014. 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.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in the future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

## **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, 2016

	Employee Benefits	Gifts and Bequests	Special Urban Renewal Tax Increment
Receipts:			
Property tax	\$ 190,696	-	-
Tax increment financing	-	-	87,855
Other city tax	2,935	-	-
Intergovernmental	5,530	-	-
Miscellaneous	-	-	-
Total receipts	199,161	-	87,855
Disbursements:			
Operating:			
Public safety	-	-	-
Culture and recreation	-	-	-
Community and economic development	-	-	24,038
Total disbursements	-	-	24,038
Excess (deficiency) of receipts over (under) disbursements	199,161	-	63,817
Other financing uses:			
Transfers out	(199,161)	-	(59,100)
Change in cash balances	-	-	4,717
Cash balances beginning of year	-	1,350	(23,499)
Cash balances end of year	\$ -	1,350	(18,782)
<b>Cash Basis Fund Balances</b>			
Nonspendable - Cemetary perpetual care	\$ -	-	-
Restricted:			
Library	-	-	-
Fire	-	-	-
Other purposes	-	1,350	-
Unassigned	-	-	(18,782)
Total cash basis fund balances	\$ -	1,350	(18,782)

See accompanying independent auditor's report.

Revenue				Permanent	
Police Seizure Fund	Friends of the Carlisle Library	Carlisle Library Foundation	Carlisle Firemen's Enterprises Corporation	Cemetery Perpetual Care	Total
-	-	-	-	-	190,696
-	-	-	-	-	87,855
-	-	-	-	-	2,935
-	-	-	-	-	5,530
5,000	13,803	1,336	4,685	1,625	26,449
5,000	13,803	1,336	4,685	1,625	313,465
1,840	-	-	7,814	-	9,654
-	12,060	13,570	-	-	25,630
-	-	-	-	-	24,038
1,840	12,060	13,570	7,814	-	59,322
3,160	1,743	(12,234)	(3,129)	1,625	254,143
-	-	-	-	-	(258,261)
3,160	1,743	(12,234)	(3,129)	1,625	(4,118)
-	9,916	21,415	44,504	45,772	99,458
3,160	11,659	9,181	41,375	47,397	95,340
-	-	-	-	47,397	47,397
-	11,659	9,181	-	-	20,840
-	-	-	41,375	-	41,375
3,160	-	-	-	-	4,510
-	-	-	-	-	(18,782)
3,160	11,659	9,181	41,375	47,397	95,340

City of Carlisle  
Schedule of Indebtedness  
Year ended June 30, 2016

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
Total			
Revenue capital loan notes:			
Sewer	May 28, 2008	2.65-4.20%	\$ 2,145,000
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	1.25-2.50	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
Total			

See accompanying independent auditor's report.



Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
450,000	-	110,000	340,000	14,850
1,480,000	-	260,000	1,220,000	41,690
1,040,000	-	145,000	895,000	16,168
520,000	-	100,000	420,000	10,452
-	1,015,000	-	1,015,000	19,500
-	1,120,000	-	1,120,000	-
<b>\$ 3,490,000</b>	<b>2,135,000</b>	<b>615,000</b>	<b>5,010,000</b>	<b>102,660</b>
1,530,000	-	1,530,000	-	61,280
682,457	-	9,268	673,189	25,592
56,545	-	769	55,776	2,120
236,982	-	4,807	232,175	7,109
800,000	-	100,000	700,000	15,100
121,582	-	24,038	97,544	-
-	625,000	50,000	575,000	7,714
-	1,325,000	-	1,325,000	-
<b>\$ 3,427,566</b>	<b>1,950,000</b>	<b>1,718,882</b>	<b>3,658,684</b>	<b>118,915</b>

City of Carlisle  
 Note Maturities  
 June 30, 2016

Year Ending June 30,	General Obligation					
	Issued Oct 14, 2009		Issued May 10, 2011		Issued May 15, 2012	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2017	3.20%	\$ 115,000	2.35%	\$ 265,000	1.10%	\$ 145,000
2018	3.40	115,000	2.70	215,000	1.30	145,000
2019	3.70	110,000	2.90	210,000	1.55	145,000
2020		-	3.20	175,000	1.75	150,000
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>\$ 340,000</u>		<u>\$ 1,220,000</u>		<u>\$ 895,000</u>

See accompanying independent auditor's report.

Capital Loan Notes						
Issued August 6, 2013		Issued Aug 25, 2015		Issued May 25, 2016		Total
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
2.00%	\$ 105,000	1.50%	\$ 35,000	1.00%	\$ 50,000	715,000
2.00	105,000	1.50	60,000	1.00	50,000	690,000
2.00	105,000	1.50	65,000	1.00	100,000	735,000
2.05	105,000	1.90	70,000	1.25	100,000	600,000
	-	1.90	75,000	1.25	100,000	510,000
	-	2.30	80,000	1.40	115,000	525,000
	-	2.30	80,000	1.40	115,000	195,000
	-	2.60	85,000	2.00	120,000	205,000
	-	2.60	85,000	2.00	120,000	205,000
	-	3.00	90,000	2.00	125,000	215,000
	-	3.00	95,000	2.00	125,000	220,000
	-	3.40	95,000		-	95,000
	-	3.40	100,000		-	100,000
	<u>\$ 420,000</u>		<u>\$ 1,015,000</u>		<u>\$ 1,120,000</u>	<u>5,010,000</u>

City of Carlisle

Note Maturities

June 30, 2016

Year Ending June 30,	Revenue Capital					
	Sewer Subordinate RCLN-1		Sewer Subordinate RCLN-2		Sewer Subordinate RCLN-3	
	Issued Oct 26, 2011		Issued Oct 26, 2011		Issued Oct 26, 2011	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2017	3.75%	\$ 9,615	3.75%	\$ 797	3.00%	\$ 4,951
2018	3.75	9,976	3.75	827	3.00	5,099
2019	3.75	10,350	3.75	858	3.00	5,252
2020	3.75	10,738	3.75	890	3.00	5,410
2021	3.75	11,141	3.75	924	3.00	5,572
2022	3.75	11,559	3.75	959	3.00	5,739
2023	3.75	11,992	3.75	994	3.00	5,911
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>\$ 673,189</u>		<u>\$ 55,776</u>		<u>\$ 232,175</u>

See accompanying independent auditor's report.

Loan Notes									
Electric		Urban Renewal TIF		Sewer		Sewer Refunding			
Issued Oct 23, 2012		Issued Apr 8, 2014		Issued Oct 28, 2015		Issued Apr 13, 2016			
Interest		Interest		Interest		Interest		Total	
Rates	Amount	Rates	Amount	Rates	Amount	Rates	Amount		
1.50%	\$ 100,000	0.00%	\$ 28,303	1.25%	\$ 50,000	1.00%	\$ 175,000	368,666	
1.50	100,000	0.00	30,153	1.25	50,000	1.10	180,000	376,055	
1.75	100,000	0.00	32,003	1.70	50,000	1.25	185,000	383,463	
2.00	100,000	0.00	7,085	1.70	50,000	1.40	190,000	364,123	
2.20	100,000		-	2.20	50,000	1.55	195,000	362,637	
2.40	100,000		-	2.20	50,000	1.70	200,000	368,257	
2.50	100,000		-	2.50	50,000	1.85	200,000	368,897	
	-		-	2.50	70,000		-	89,563	
	-		-	2.75	75,000		-	95,249	
	-		-	2.75	80,000		-	100,963	
	-		-		-		-	21,700	
	-		-		-		-	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>\$ 700,000</u>		<u>\$ 97,544</u>		<u>\$ 575,000</u>		<u>\$ 1,325,000</u>	<u>3,658,684</u>	

City of Carlisle

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

For the Last Ten Years

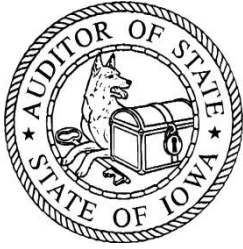
	2016	2015	2014	2013
Receipts:				
Property tax	\$ 1,787,144	1,732,611	1,659,847	1,581,797
Tax increment financing	87,855	30,548	2,082	16,566
Other city tax	40,175	22,717	20,815	21,437
Licenses and permits	154,925	94,475	120,990	62,733
Use of money and property	22,031	23,080	20,944	23,703
Intergovernmental	1,795,156	1,630,621	935,267	508,237
Charges for service	439,885	471,938	415,775	398,089
Special assessments	209,626	337,987	224,218	119,382
Miscellaneous	97,489	235,996	115,381	77,826
Total	<u>\$ 4,634,286</u>	<u>4,579,973</u>	<u>3,515,319</u>	<u>2,809,770</u>
Disbursements:				
Operating:				
Public safety	\$ 1,144,903	1,131,832	1,581,727	932,856
Public works	625,494	584,402	572,488	608,552
Health and social services	1,273	-	-	1,278
Culture and recreation	500,630	460,299	515,767	475,687
Community and economic development	71,901	132,086	293,260	11,100
General government	474,623	153,487	188,513	205,139
Debt service	731,448	712,775	680,017	566,361
Capital projects	1,419,147	1,543,010	900,988	595,145
Total	<u>\$ 4,969,419</u>	<u>4,717,891</u>	<u>4,732,760</u>	<u>3,396,118</u>

See accompanying independent auditor's report.

2012	2011	2010	2009	2008	2007
1,515,682	1,454,014	1,387,198	1,325,750	1,234,492	1,224,101
23,089	-	-	203	24,629	-
20,344	19,440	14,371	14,523	14,614	15,994
59,968	43,148	59,735	86,248	41,854	37,643
25,568	31,510	32,261	36,386	51,838	59,702
884,771	1,271,783	383,822	652,675	364,052	398,418
372,019	381,035	344,293	389,512	358,083	355,109
-	80,000	7,342	15,143	13,728	17,539
69,980	80,661	185,029	105,641	123,907	279,504
<u>2,971,421</u>	<u>3,361,591</u>	<u>2,414,051</u>	<u>2,626,081</u>	<u>2,227,197</u>	<u>2,388,010</u>
818,116	777,640	791,354	827,433	772,908	604,041
520,163	495,091	531,576	513,270	551,279	474,361
45	-	-	338	2,265	2,265
498,457	466,892	457,734	431,013	528,028	395,143
14,177	13,272	21,227	20,727	10,683	29,545
154,724	112,494	135,459	203,105	117,073	99,098
513,452	483,634	477,535	451,566	437,228	443,688
<u>1,800,137</u>	<u>1,457,253</u>	<u>543,200</u>	<u>287,689</u>	<u>59,358</u>	<u>71,428</u>
<u>4,319,271</u>	<u>3,806,276</u>	<u>2,958,085</u>	<u>2,735,141</u>	<u>2,478,822</u>	<u>2,119,569</u>

**City of Carlisle**





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

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Auditor of State

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Des Moines, Iowa 50319-0004

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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, 2016, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 28, 2016. 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 were not 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 (C) 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 deficiency described in the accompanying Schedule of Findings as item (D) to be a significant deficiency.

### 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, 2016 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

November 28, 2016

City of Carlisle

Schedule of Findings

Year ended June 30, 2016

**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.
- (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. Also, an initial listing of receipts received in the mail is not prepared by the mail opener.
- (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.

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 mail should be opened by a person other than accounting personnel and a listing of receipts received in the mail should periodically be prepared. The listing should be compared to the receipt records by an independent person.

Response –

- (1) The City has limited personnel, but will continue to improve the segregation of duties as much as possible. The City will always have two people review bank reconciliations.
- (2) The City has limited personnel, but will continue to improve the segregation of duties as much as possible. The City will always have two people review investment reconciliations.
- (3) The City has limited personnel, but will continue to improve the segregation of duties as much as possible.

City of Carlisle

Schedule of Findings

Year ended June 30, 2016

- (4) The City will have someone not responsible for inputting the receipts open the mail.
- (5) The City has limited personnel, but will continue to improve the segregation of duties as much as possible. The City will always have two people balance and review all credit card transactions.

Conclusion – Response acknowledged. To strengthen controls, the person opening the mail should periodically prepare an initial listing of receipts. The listing should be compared to the receipt records by an independent person.

**(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 and the Carlisle Firemen’s Enterprises Corporation), 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 and the Carlisle Firemen’s Enterprises Corporation 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 and the Carlisle Firemen’s Enterprises Corporation should review their operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel, including Board members.

Response – We have notified the Friends of Carlisle Library, Library Foundation, and the Carlisle Fireman’s Enterprises of these recommendations.

Conclusion – Response acknowledged. The Friends of the Carlisle Library, the Library Foundation and the Carlisle Firemen’s Enterprises Corporation should review their operating procedures to obtain the maximum internal control possible under the circumstances utilizing currently available personnel, including Board members.

City of Carlisle

Schedule of Findings

Year ended June 30, 2016

**(C) FINANCIAL REPORTING**

Criteria – In accordance with the Uniform Chart of Accounts for Iowa City Governments, water and electric services are accounted for in enterprise funds and are classified as “business type activities”. All expenses related to these funds, including principal and interest on revenue debt, should be paid from the Enterprise Funds and the business type activities function.

Condition – The City paid principal and interest on its sewer and electric revenue capital loan notes from the debt service fund. Transfers from the Enterprise, Sewer and Electric Funds were subsequently made to reimburse the Debt Service Fund.

Cause – City policies do not require and procedures have not been established to ensure principal and interest on sewer and electric revenue capital loan notes are paid from the Enterprise, Sewer and Electric Funds.

Effect – Lack of policies and procedures resulted in the City paying principal and interest from an incorrect fund. As a result, material adjustments to the City’s financial statements were necessary.

Recommendation – The City should implement procedures to ensure all sewer and electric revenue note principal and interest is paid from the respective Enterprise Fund and the business type activities function.

Response – Procedures have been changed to pay all principal and interest on sewer and electric revenue notes from the respective Enterprise Fund.

Conclusion – Response accepted.

**(D) 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.

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

Response – The City is continually working on updating and improving the disaster recovery plan. The plan will include the above mentioned items.

Conclusion – Response accepted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2016

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

- (1) Certified Budget – Disbursements during the year ended June 30, 2016 exceeded the amounts budgeted in the community and economic development, general government and business type activities functions prior to the budget amendment. Disbursements at year end exceeded the amounts budgeted in the community and economic development and business type activities functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

Response – Budget amendments will be filed before the budget amounts are exceeded in the future.

Conclusion – Response accepted.

- (2) Questionable Disbursements – We noted certain disbursements that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 since the public benefits to be derived have not been clearly documented. These disbursements are detailed as follows:

<u>Paid to</u>	<u>Purpose</u>	<u>Amount</u>
Back Alley Smokehouse	Food for interviews of police candidates	\$ 154
Dollar General	Coffee for the Fire Department	21

According to the opinion, it is possible for such disbursements to meet the test of serving a public purpose under certain circumstances, although such items will certainly be subject to a deserved close scrutiny. The line to be drawn between a proper and an improper purpose is very thin.

Recommendation – The City should determine and document the public purpose served by these disbursements before authorizing any further payments. If this practice is continued, the City should establish written policies and procedures, including the requirements for proper documentation.

Response – The City will approve a resolution to permit these type of disbursements.

Conclusion – Response acknowledged. The resolution should clearly document how the public benefits from these types of disbursements.

- (3) Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2016

- (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, Owner Sandridge Farms	Excavating the City pump	\$ 1,125

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with Sandridge Farms do not appear to represent a conflict of interest since total transactions were less than \$1,500 during the fiscal 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 – Except as noted, no instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.

A resolution naming official depositories has been adopted by the City Council. However, the maximum deposit amounts for each bank were not included in the depository resolution.

Recommendation – A resolution in amounts sufficient to cover anticipated balances at all approved depositories should be adopted by the City Council, as required.

Response – A resolution including the maximum amounts for each bank will be adopted.

Conclusion – Response accepted.

- (8) Revenue Notes – Except as follows, no instances of non-compliance with the revenue note resolutions were noted.

At June 30, 2016, the City’s electric reserve account was not maintained at an amount equal to the reserve account requirement required by the provisions of the electric revenue capital loan note resolution.

Recommendation – The City should ensure the electric reserve account balance is maintained at the required amount.

Response – The electric reserve account will be maintained at the required amount in the future. Transfers from the Enterprise, Electric Fund to the reserve account will be made.

Conclusion – Response accepted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2016

- (9) Financial Condition – At June 30, 2016, the Special Revenue, Urban Renewal Tax Increment (TIF) Fund and the Internal Service, Self-Funded Insurance Fund had deficit balances of \$18,782 and \$13,444, respectively.

Recommendation – The City should investigate alternatives to eliminate these deficits to return the funds to a sound financial position.

Response – The deficit in TIF Fund will be eliminated as the City receives TIF taxes. Procedures to eliminate the deficit in the Internal Service, Self-Funded Insurance Fund have been implemented.

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 – In the future, the cash balances reported on the Levy Authority Summary will agree with the City’s records.

Conclusion – Response accepted.

- (11) Annual Financial Report – The fiscal year 2015 Annual Financial Report (AFR) was not published or filed with the Office of Auditor of State by December 1, 2015 as required by Chapter 384.22 of the Code of Iowa.

Recommendation – The City should publish and file the AFR by December 1 as required by Chapter 384.22 of the Code of Iowa.

Response – In the future, all Annual Financial Reports will be filed before December 1 of each year.

Conclusion – Response accepted.

- (12) 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 – A process to review, report annually and remit to the State amounts over two years old through the unclaimed property reporting has been implemented.

Conclusion – Response accepted.

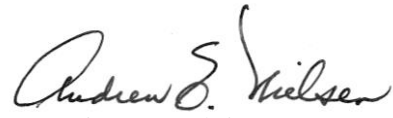


City of Carlisle

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Manager  
Marcus B. Johnson, Staff Auditor  
Jon M. Mader, Staff Auditor  
Tyler H. Moran, Assistant Auditor

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

Andrew E. Nielsen, CPA  
Deputy Auditor of State