

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

Mary Mosiman, CPA
Auditor of State

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

NEWS RELEASE

FOR RELEASE February 9, 2018

Contact: Andy Nielsen
515/281-5834

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

The City's receipts totaled \$9,697,093 for the year ended June 30, 2017, a 23.2% decrease from the prior year. The receipts included \$1,886,339 in property tax, \$97,489 from tax increment financing, \$468,667 from local sales tax, \$4,849,214 from charges for service, \$608,638 from operating grants, contributions and restricted interest, \$340,997 from capital grants, contributions and restricted interest, \$11,412 from unrestricted interest on investments, \$42,075 from commercial/industrial tax replacement, \$136,359 from utility franchise fees, \$1,130,171 from note proceeds and \$125,732 from other general receipts.

Disbursements for the year ended June 30, 2017 totaled \$10,115,580, a 7.3% decrease from the prior year, and included \$2,530,469 for capital projects, \$1,355,904 for public safety and \$893,654 for debt service. Also, disbursements for business type activities totaled \$3,519,363.

The significant decrease in receipts and disbursements is due primarily to the prior year 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/1720-0870-B00F>.

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CITY OF CARLISLE

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

JUNE 30, 2017

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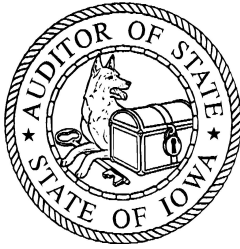
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City of Carlisle

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Ruth Randleman	Mayor	Jan 2018
Eric Goodhue	Mayor Pro tem	Jan 2018
Doug Hammerand	Council Member	Jan 2018
Dan McCulloch	Council Member	Jan 2020
Drew Merrifield	Council Member	Jan 2020
Robert Van Ryswyk	Council Member	Jan 2020
Andrew Lent	Administrator	Indefinite
Andra K. Black	Deputy City Clerk	(Resigned Mar 2017)
Martha Becker (Appointed Mar 2017)	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, 2017, 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, 2017, 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, 2016 (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 13 and 40 through 46, 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 January 23, 2018 on our consideration of the City of Carlisle's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City of Carlisle's internal control over financial reporting and compliance.


MARY MOSIMAN, CPA
Auditor of State

January 23, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2017. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

2017 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities decreased 19.9%, or approximately \$1,344,000, from fiscal year 2016 to fiscal year 2017, primarily due to issuing fewer general obligation capital loan notes than in the prior year.
- The City's governmental activities disbursements increased approximately \$1,617,000, or 32.5%, from fiscal year 2016 to fiscal year 2017, primarily due to continuing work on capital projects.
- The City's governmental activities cash balance at June 30, 2017 decreased 23.8%, or approximately \$875,000, from June 30, 2016.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

BASIS OF ACCOUNTING

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

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

Fund Financial Statements

The City has two kinds of funds:

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

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

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

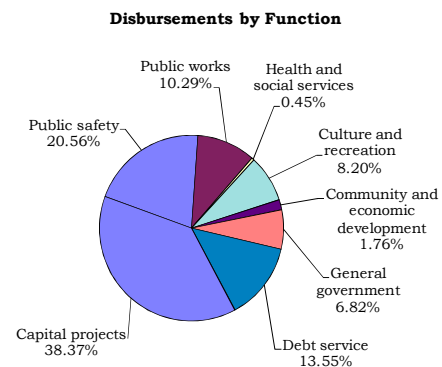
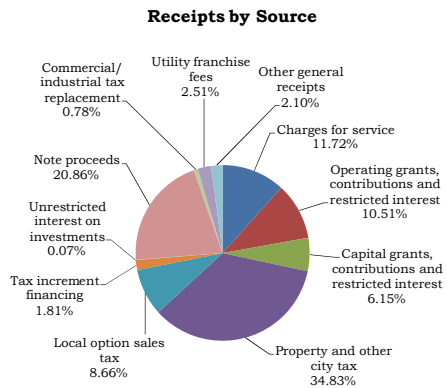
The required financial statement for proprietary funds is a Statement of Cash Receipts, Disbursements and Changes in Cash Balances.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities decreased from a year ago, decreasing from approximately \$3.681 million to approximately \$2.806 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,	
	2017	2016
Receipts:		
Program receipts:		
Charges for service	\$ 635	537
Operating grants, contributions and restricted interest	569	613
Capital grants, contributions and restricted interest	333	1,396
General receipts:		
Property and other city tax	1,886	1,827
Local option sales tax	469	-
Tax increment financing	98	88
Unrestricted interest on investments	4	3
Commercial/industrial tax replacement	42	47
Utility franchise fees	136	97
Note proceeds	1,130	2,126
Other general receipts	114	26
Total receipts	5,416	6,760
Disbursements:		
Operating:		
Public safety	1,356	1,149
Public works	679	627
Health and social services	30	1
Culture and recreation	541	503
Community and economic development	116	72
General government	450	476
Debt service	894	732
Capital projects	2,530	1,419
Total disbursements	6,596	4,979
Change in cash basis net position before transfers	(1,180)	1,781
Transfers, net	305	259
Change in cash basis net position	(875)	2,040
Cash basis net position beginning of year	3,681	1,641
Cash basis net position end of year	\$ 2,806	3,681



The City's total receipts for governmental activities decreased 19.9%, or approximately \$1,344,000. The total cost of all programs and services increased approximately \$1,617,000, or 32.5%. The decrease in receipts was primarily the result of issuing fewer general obligation capital loan notes than in the prior year 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 2017 an average of less than 1%. This increase raised the City's property tax receipts approximately \$59,000 in fiscal year 2017.

The cost of all governmental activities this year was approximately \$6.596 million compared to approximately \$4.979 million last year. However, as shown in the Cash Basis Statement of Activities and Net Position on pages 16-17, the amount taxpayers ultimately financed for these activities was approximately \$5.059 million because some of the cost was paid by those directly benefited from the programs (approximately \$635,000) or by other governments and organizations which subsidized certain programs with grants, contributions and restricted interest (approximately \$902,000). The City paid for the remaining "public benefit" portion of governmental activities with property tax (some of which could only be used for certain programs) and with other receipts, such as interest and miscellaneous receipts. Overall, the City's governmental activities program receipts, including intergovernmental aid and fees for service, decreased in fiscal year 2017 from approximately \$2.546 million to approximately \$1.537 million, principally due to receiving less grant proceeds for the Scotch Ridge nature trail project.

Changes in Cash Basis Net Position of Business Type Activities (Expressed in Thousands)		
	Year ended June 30,	
	2017	2016
Receipts:		
Program receipts:		
Charges for service:		
Water	\$ 585	513
Sewer	902	897
Electric	2,728	2,503
Operating grants, contributions and restricted interest	40	-
Capital grants, contributions and restricted interest	8	-
General receipts:		
Unrestricted interest on investments	7	7
Note proceeds	-	1,940
Miscellaneous	12	11
Total receipts	4,282	5,871
Disbursements:		
Water	544	479
Sewer	726	1,861
Payment to refunding bond agent	-	1,370
Electric	2,250	2,228
Total disbursements	3,520	5,938
Change in cash basis net position before transfers	762	(67)
Transfers, net	(305)	(259)
Change in cash basis net position	457	(326)
Cash basis net position beginning of year	1,760	2,086
Cash basis net position end of year	\$ 2,217	1,760

Total business type activities receipts for the fiscal year were approximately \$4.282 million compared to approximately \$5.871 million last year. The significant decrease is due primarily to the prior year issuance of debt to refund \$1,370,000 of sewer revenue capital loan notes. Business type activities disbursements decreased approximately \$2.418 million, or 40.7%. The significant decrease 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 in the prior year.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Carlisle completed the year, its governmental funds reported a combined fund balance of \$2,813,649, a decrease of \$876,450 from last year's total of \$3,690,099. The following are the major reasons for the changes in fund balances of the major funds from the prior year.

- The General Fund cash balance decreased \$76,223, or 8.4%, from the prior year, resulting in an ending cash balance of \$832,852 at June 30, 2017.
- The Special Revenue, Road Use Tax Fund cash balance increased \$7,267 during the fiscal year to \$302,449 at June 30, 2017. Receipts increased a modest \$2,188 and disbursements increased \$57,123. The City received slightly more street construction funds than in the prior year.
- The Special Revenue, Local Option Sales Tax Fund was established during fiscal year 2017. Receipts totaling \$468,667 were received in the current year and there were no disbursements, resulting in an ending fund balance of \$468,667.
- The Debt Service Fund cash balance decreased \$45,712 to \$553,919 at June 30, 2017. Special assessment receipts decreased approximately \$14,000 or 6.7%, from the prior year. Property tax receipts increased approximately \$50,000. Disbursements for scheduled principal and interest payments increased approximately \$162,000.
- The Capital Projects Fund cash balance decreased \$1,245,191 to \$545,680 at June 30, 2017. The decrease is due to spending general obligation note proceeds received in fiscal year 2016 and fiscal year 2017 for various projects. 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 \$37,259, or 7.3%, from the prior year to \$474,814.
- The Enterprise, Sewer Fund cash balance increased \$79,745, or 8.5%, over the prior year to \$1,022,751. The increase in cash balance is primarily due to lower operating costs during the year.
- The Enterprise, Electric Fund cash balance increased \$413,680, or 133.5%, to \$723,627 during the fiscal year. Operating receipts increased approximately \$264,000 due to a rate increase on June 1, 2016 and operating disbursements decreased approximately \$19,000.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget one time. The amendment was approved on January 23, 2017 and resulted in a slight increase of \$10,055 in budgeted receipts and an increase in budgeted disbursements of \$2,112,621 to pay for costs associated with capital projects.

The City's total receipts were \$811,477 more than the amended budgeted, mainly due to receiving more local option sales tax receipts and charges for service for the enterprise funds than budgeted.

Total disbursements were \$1,875,930 less than the amended budgeted. Actual debt service, capital projects and business type activities function disbursements were \$528,333, \$558,152 and \$843,726, respectively, less than budgeted due to projects not being completed as budgeted and the City budgeting the payment of the sewer and electric revenue notes in the debt service function rather than the business-type activities function.

Disbursements during the year ended June 30, 2017 exceeded the amount budgeted in the capital projects function prior to the budget amendment. Disbursements at June 30, 2017 exceeded the amounts budgeted in the public safety, health and social services, community and economic development and general government functions.

DEBT ADMINISTRATION

At June 30, 2017, the City had approximately \$8.685 million of notes outstanding compared to approximately \$8.669 million of notes last year, as shown below:

Outstanding Debt at Year-End (Expressed in Thousands)		
	June 30,	
	2017	2016
General obligation capital loan notes	\$ 5,395	5,010
Revenue capital loan notes	3,290	3,659
Total	\$ 8,685	8,669

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 \$5,464,241, including TIF debt of \$69,241, is significantly below its constitutional debt limit of approximately \$10.6 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 2018 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 2018 with an increase in the City's overall tax rate of \$.24 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 Administrator, or Martha Becker, City Clerk, 195 N 1st Street, Carlisle, Iowa 50047.

City of Carlisle

Basic Financial Statements

City of Carlisle

Cash Basis Statement of Activities and Net Position

As of and for the year ended June 30, 2017

		Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
	Disbursements			
Functions/Programs:				
Governmental activities:				
Public safety	\$ 1,355,904	206,287	43,022	300
Public works	679,652	233,790	481,181	-
Health and social services	30,279	-	-	-
Culture and recreation	540,616	115,808	41,538	-
Community and economic development	116,084	58,219	-	-
General government	449,559	21,156	500	-
Debt service	893,654	-	2,493	195,491
Capital projects	2,530,469	-	-	137,626
Total governmental activities	6,596,217	635,260	568,734	333,417
Business type activities:				
Water	543,474	584,635	-	7,580
Sewer	725,778	901,636	-	-
Electric	2,250,111	2,727,683	39,904	-
Total business type activities	3,519,363	4,213,954	39,904	7,580
Total	\$ 10,115,580	4,849,214	608,638	340,997
General Receipts and Transfers:				
Property and other city tax levied for:				
General purposes				
Debt service				
Tax increment financing				
Local option sales tax				
Commercial/industrial tax replacement				
Unrestricted interest on investments				
Utility franchise fees				
Note proceeds, including premium of \$30,171				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net position				
Cash basis net position beginning of year				
Cash basis net position end of year				
Cash Basis Net Position				
Restricted:				
Nonexpendable:				
Cemetery perpetual care				
Expendable:				
Debt service				
Streets				
Local option sales tax				
Capital projects				
Library				
Fire				
Other purposes				
Unrestricted				
Total cash basis net position				

See notes to financial statements.

Net (Disbursements) Receipts and Changes in Cash Basis Net Position		
Governmental Activities	Business Type Activities	Total
(1,106,295)	-	(1,106,295)
35,319	-	35,319
(30,279)	-	(30,279)
(383,270)	-	(383,270)
(57,865)	-	(57,865)
(427,903)	-	(427,903)
(695,670)	-	(695,670)
(2,392,843)	-	(2,392,843)
(5,058,806)	-	(5,058,806)
-	48,741	48,741
-	175,858	175,858
-	517,476	517,476
-	742,075	742,075
(5,058,806)	742,075	(4,316,731)
1,282,850	-	1,282,850
603,489	-	603,489
97,489	-	97,489
468,667	-	468,667
42,075	-	42,075
3,901	7,511	11,412
136,359	-	136,359
1,130,171	-	1,130,171
113,468	12,264	125,732
305,000	(305,000)	-
4,183,469	(285,225)	3,898,244
(875,337)	456,850	(418,487)
3,681,214	1,760,467	5,441,681
\$ 2,805,877	2,217,317	5,023,194
\$ 49,522	-	49,522
553,919	376,924	930,843
302,449	-	302,449
468,667	-	468,667
545,680	-	545,680
29,635	-	29,635
34,841	-	34,841
9,866	-	9,866
811,298	1,840,393	2,651,691
\$ 2,805,877	2,217,317	5,023,194

City of Carlisle

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

As of and for the year ended June 30, 2017

	Special Revenue		
	General	Road Use Tax	Local Option Sales Tax
Receipts:			
Property tax	\$ 1,072,192	-	-
Tax increment financing	-	-	-
Other city tax	20,943	-	468,667
Licenses and permits	214,516	-	-
Use of money and property	20,837	-	-
Intergovernmental	94,261	481,181	-
Charges for service	518,719	-	-
Special assessments	-	-	-
Miscellaneous	59,832	-	-
Total receipts	2,001,300	481,181	468,667
Disbursements:			
Operating:			
Public safety	1,331,107	-	-
Public works	209,273	470,562	-
Health and social services	30,279	-	-
Culture and recreation	530,492	-	-
Community and economic development	39,818	-	-
General government	449,839	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	2,590,808	470,562	-
Excess (deficiency) of receipts over (under) disbursements	(589,508)	10,619	468,667
Other financing sources (uses):			
General obligation note proceeds, including premium of \$30,171	-	-	-
Sale of capital assets	-	-	-
Transfers in	513,285	-	-
Transfers out	-	(3,352)	-
Total other financing sources (uses)	513,285	(3,352)	-
Change in cash balances	(76,223)	7,267	468,667
Cash balances beginning of year	909,075	295,182	-
Cash balances end of year	\$ 832,852	302,449	468,667
Cash Basis Fund Balances			
Nonspendable - Cemetery perpetual care	\$ -	-	-
Restricted for:			
Debt service	-	-	-
Streets	-	302,449	-
Local option sales tax	-	-	468,667
Capital projects	-	-	-
Library	-	-	-
Fire	-	-	-
Other purposes	-	-	-
Unassigned	832,852	-	-
Total cash basis fund balances	\$ 832,852	302,449	468,667

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
596,000	-	185,969	1,854,161
-	-	97,489	97,489
7,489	-	3,746	500,845
-	-	-	214,516
2,493	82	-	23,412
13,298	111,329	4,266	704,335
-	-	-	518,719
195,491	-	-	195,491
-	26,215	43,394	129,441
814,771	137,626	334,864	4,238,409
-	-	25,270	1,356,377
-	-	-	679,835
-	-	-	30,279
-	-	10,301	540,793
-	-	76,266	116,084
-	-	-	449,839
893,654	-	-	893,654
-	2,530,469	-	2,530,469
893,654	2,530,469	111,837	6,597,330
(78,883)	(2,392,843)	223,027	(2,358,921)
33,171	1,097,000	-	1,130,171
-	47,300	-	47,300
-	3,352	-	516,637
-	-	(208,285)	(211,637)
33,171	1,147,652	(208,285)	1,482,471
(45,712)	(1,245,191)	14,742	(876,450)
599,631	1,790,871	95,340	3,690,099
553,919	545,680	110,082	2,813,649
-	-	49,522	49,522
553,919	-	-	553,919
-	-	-	302,449
-	-	-	468,667
-	545,680	-	545,680
-	-	29,635	29,635
-	-	34,841	34,841
-	-	9,866	9,866
-	-	(13,782)	819,070
553,919	545,680	110,082	2,813,649

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, 2017

Total governmental funds cash balances (page 19) \$ 2,813,649

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

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

(7,772)

Cash basis net position of governmental activities (page 17) \$ 2,805,877

Change in cash balances (page 19) \$ (876,450)

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

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

1,113

Change in cash basis net position of governmental activities (page 17) \$ (875,337)

See notes to financial statements.

City of Carlisle

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

As of and for the year ended June 30, 2017

	Enterprise				Internal Service Self - Funded Insurance
	Water	Sewer	Electric	Total	
Operating receipts:					
Charges for service	\$ 584,635	899,253	2,767,587	4,251,475	-
Miscellaneous	-	2,383	-	2,383	51,011
Total operating receipts	584,635	901,636	2,767,587	4,253,858	51,011
Operating disbursements:					
Governmental activities:					
Public safety	-	-	-	-	12,949
Public works	-	-	-	-	5,007
Culture and recreation	-	-	-	-	4,851
General government	-	-	-	-	7,681
Business type activities	434,264	301,193	2,088,029	2,823,486	18,726
Total operating disbursements	434,264	301,193	2,088,029	2,823,486	49,214
Excess of operating receipts over operating disbursements	150,371	600,443	679,558	1,430,372	1,797
Non-operating receipts (disbursements):					
Interest on investments	1,736	3,887	1,888	7,511	-
Intergovernmental	7,580	-	-	7,580	-
Rent	12,264	-	-	12,264	-
Debt service	-	(329,768)	(114,700)	(444,468)	-
Capital projects	(109,210)	(94,817)	(48,066)	(252,093)	-
Net non-operating receipts (disbursements)	(87,630)	(420,698)	(160,878)	(669,206)	-
Excess of receipts over disbursements	62,741	179,745	518,680	761,166	1,797
Transfers out	(100,000)	(100,000)	(105,000)	(305,000)	-
Change in cash balances	(37,259)	79,745	413,680	456,166	1,797
Cash balances beginning of year	512,073	943,006	309,947	1,765,026	(13,444)
Cash balances end of year	\$ 474,814	1,022,751	723,627	2,221,192	(11,647)
Cash Basis Fund Balances					
Restricted for debt service	\$ -	267,745	109,179	376,924	-
Unrestricted	474,814	755,006	614,448	1,844,268	(11,647)
Total cash basis fund balances	\$ 474,814	1,022,751	723,627	2,221,192	(11,647)

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, 2017

Total enterprise funds cash balances (page 22) \$ 2,221,192

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.

(3,875)

Cash basis net position of business type activities (page 17) \$ 2,217,317

Change in cash balances (page 22) \$ 456,166

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.

684

Change in cash basis net position of business type activities (page 17) \$ 456,850

See notes to financial statements.

City of Carlisle

City of Carlisle

Notes to Financial Statements

June 30, 2017

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

Blended Component Units

The Friends of the Carlisle Library, the Carlisle Library Foundation, the Carlisle Firemen's Enterprises Corporation and the Carlisle Police Auxiliary 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 E-911 Service Board.

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

B. Basis of Presentation

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

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

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

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

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

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

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

The City reports the following major governmental funds:

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

Special Revenue:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

The City also reports the following additional proprietary fund:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

D. Governmental Cash Basis Fund Balances

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2017, disbursements exceeded the amount budgeted in the capital projects function prior to the budget amendment. Disbursements at June 30, 2017 exceeded the amounts budgeted in the public safety, health and social services, community and economic development and general government functions.

(2) Cash and Pooled Investments

The City's deposits in banks and credit unions at June 30, 2017 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
2018	\$ 790,000	140,013	376,055	74,976	1,166,055	214,989
2019	835,000	113,307	383,463	70,313	1,218,463	183,620
2020	705,000	93,824	364,123	64,822	1,069,123	158,646
2021	615,000	77,718	362,637	58,713	977,637	136,431
2022	630,000	62,672	368,257	51,771	998,257	114,443
2023-2027	1,625,000	159,200	676,372	172,891	2,301,372	332,091
2028-2032	195,000	10,030	120,515	127,810	315,515	137,840
2033-2037	-	-	143,314	105,011	143,314	105,011
2038-2042	-	-	170,475	77,850	170,475	77,850
2043-2047	-	-	187,462	45,592	187,462	45,592
2048-2051	-	-	137,345	13,082	137,345	13,082
Total	\$ 5,395,000	656,764	3,290,018	862,831	8,685,018	1,519,595

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 \$69,241, payable through June 2020. For the current year, principal of \$28,303 was paid and total TIF receipts were \$97,489.

General Obligation Notes

In February 2017, the City issued \$1,100,000 of general obligation capital loan notes to pay costs of public safety equipment and facilities. The notes bear interest at rates ranging from 2.0% to 3.0% per annum and mature in annual amounts with the final maturity due in the year ending June 30, 2027.

Revenue Notes

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay \$1,325,000 of sewer revenue refunding capital loan notes issued April 13, 2016. The notes were issued for the purpose of refunding the sewer revenue capital loan notes issued May 28, 2008. The City has also pledged future sewer customer receipts, net of specified operating disbursements, to repay \$1,026,000 of USDA subordinate sewer revenue capital loan notes issued October 26, 2011. The notes were issued for the purpose of paying the costs of improvements and extensions to the sewer system, including the construction of a sanitary sewer collection system for the Avon Lake Area. The City has also pledged future customer receipts, net of specified operating disbursements, to repay \$625,000 of sewer revenue capital loan notes issued October 28, 2015. The notes were issued for the purpose of paying the costs of improvements and extensions to the sewer collection system. The notes are payable solely and only out of the net earnings of the sewer utility system and are payable through 2051. The total principal and interest remaining to be paid on the notes is \$3,436,808. For the current year, sewer revenue capital loan note principal and interest paid and total customer net receipts were \$308,413 and \$600,443, respectively. Annual principal and interest payments on the sewer revenue capital loan notes are expected to require approximately 51% 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 \$646,800. For the current year, electric revenue capital loan note principal and interest paid and total customer net receipts were \$113,850 and \$679,558, respectively. Annual principal and interest payments on the electric revenue capital loan notes are expected to require approximately 17% 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.

(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.

IPERS benefits are established under Iowa Code Chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

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

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

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

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

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

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

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

In fiscal year 2017, 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, 2017 totaled \$139,622.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the City reported a liability of \$791,562 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016 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, 2016, the City’s proportion was 0.012578%, which was an increase of 0.001660% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City’s pension expense, deferred outflows of resources and deferred inflows of resources totaled \$127,944, \$335,356 and \$163,247, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2016 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	4.00 to 17.00% average, including inflation.
(effective June 30, 2010)	Rates vary by membership group.
Long-term investment rate of return	7.50% compounded annually, net of investment
(effective June 30, 1996)	expense, including inflation.
Wage growth	4.00% per annum, based on 3.00% inflation
(effective June 30, 1990)	and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2016 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 arithmetic 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%	1.90%
Domestic equity	24	5.85
International equity	16	6.32
Private equity/debt	11	10.31
Real estate	8	3.87
Credit opportunities	5	4.48
U.S. TIPS	5	1.36
Other real assets	2	6.42
Cash	1	(0.26)
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 to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.50%) 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	\$ 1,499,687	791,562	194,176

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.

(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 20 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 \$448 for single coverage, \$923 for employee and spouse coverage, \$864 for employee and child coverage and \$1,134 for family coverage. For the year ended June 30, 2017, the City contributed \$222,916 and plan members eligible for benefits contributed \$44,255 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, 2017, primarily relating to the General Fund, is as follows:

Type of Benefit	Amount
Vacation	\$ 82,000
Compensatory time	69,000
Total	<u>\$ 151,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2017.

(7) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2017 is as follows:

Transfer to	Transfer from	Amount
General	Special Revenue:	
	Employee Benefits	\$ 192,062
	Tax increment financing	16,223
	Enterprise:	
	Water	100,000
	Sewer	100,000
	Electric	105,000
		<u>513,285</u>
Capital Projects	Special Revenue:	
	Road Use Tax	3,352
Total		<u>\$ 516,637</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, 2017 was \$51,011.

(10) Development Agreements

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

The total to be paid by the City under the agreements is not to exceed \$2,030,000. The City began rebating incremental property tax on June 1, 2017. The City rebated \$47,963 during fiscal year 2017, leaving an outstanding balance of \$1,982,037 at June 30, 2017.

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

(11) Tax Abatements

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

City Tax Abatements

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

For the year ended June 30, 2017, the City abated \$16,374 of property tax under the urban renewal and economic development projects.

(12) Deficit Balances

The Special Revenue, Urban Renewal Tax Increment Fund and the Internal Service, Self-Funded Insurance Fund had deficit balances of \$13,782 and \$11,647, respectively, at June 30, 2017. 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.

(13) Construction Commitments

Construction commitments at June 30, 2017 totaled \$1,302,806, which will be paid as work on the projects progress. These projects will be funded through note proceeds, grants and local funds on hand.

(14) Industrial Development Revenue Bonds

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

(15) Subsequent Events

In July 2017, the City issued \$720,000 of water revenue capital loan notes, Series 2017B. The notes were issued to pay the costs of improvements to the City's municipal water utility. The notes bear interest at rates ranging from 1.30% to 2.60% per annum and mature in varying annual amounts ranging from \$65,000 to \$80,000, with the final maturity due in the year ending June 30, 2027.

In August 2017, the City entered into a lease purchase agreement totaling \$136,906. The lease was entered into to pay the costs of acquiring communication radios for the Fire and Police Departments. The lease bears interest at 4.160% per annum and will be repaid over seven years.

(16) New Accounting Pronouncement

The City adopted the tax abatement disclosure guidance set forth in Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures. The Statement sets forth guidance for the disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users. Adoption of the guidance did not have an impact on amounts reported in the financial statements. The Notes to Financial Statements include information about the City's tax abatements.

(17) Prospective Accounting Change

The Governmental Accounting Standards Board has issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement will be implemented for the fiscal year ending June 30, 2018. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with postemployment benefits other than pensions, including additional note disclosures and required supplementary information.

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, 2017

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 1,854,161	-	-
Tax increment financing	97,489	-	-
Other city tax	500,845	-	-
Licenses and permits	214,516	-	-
Use of money and property	23,412	19,775	-
Intergovernmental	704,335	7,580	-
Charges for service	518,719	4,251,475	-
Special assessments	195,491	-	-
Miscellaneous	129,441	53,394	92,280
Total receipts	4,238,409	4,332,224	92,280
Disbursements:			
Public safety	1,356,377	12,949	38,219
Public works	679,835	5,007	5,007
Health and social services	30,279	-	4,851
Culture and recreation	540,793	4,851	10,301
Community and economic development	116,084	-	-
General government	449,839	7,681	7,681
Debt service	893,654	-	-
Capital projects	2,530,469	-	-
Business type activities	-	3,538,773	18,726
Total disbursements	6,597,330	3,569,261	84,785
Excess (deficiency) of receipts over (under) disbursements	(2,358,921)	762,963	7,495
Other financing sources, net	1,482,471	(305,000)	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(876,450)	457,963	7,495
Balances beginning of year	3,690,099	1,751,582	48,771
Balances end of year	\$ 2,813,649	2,209,545	56,266

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
1,854,161	1,870,323	1,870,323	(16,162)
97,489	104,589	104,589	(7,100)
500,845	186,746	186,746	314,099
214,516	53,850	53,850	160,666
43,187	33,965	33,965	9,222
711,915	688,408	688,408	23,507
4,770,194	4,363,600	4,363,600	406,594
195,491	83,540	83,540	111,951
90,555	271,800	281,855	(191,300)
8,478,353	7,656,821	7,666,876	811,477
1,331,107	1,319,818	1,319,818	(11,289)
679,835	728,093	728,093	48,258
25,428	10,000	10,000	(15,428)
535,343	537,241	537,241	1,898
116,084	48,300	48,300	(67,784)
449,839	439,903	439,903	(9,936)
893,654	1,318,987	1,421,987	528,333
2,530,469	1,079,000	3,088,621	558,152
3,520,047	4,363,773	4,363,773	843,726
10,081,806	9,845,115	11,957,736	1,875,930
(1,603,453)	(2,188,294)	(4,290,860)	2,687,407
1,177,471	1,587,000	3,907,000	(2,729,529)
(425,982)	(601,294)	(383,860)	(42,122)
5,392,910	2,425,889	2,425,889	2,967,021
4,966,928	1,824,595	2,042,029	2,924,899

City of Carlisle

Notes to Other Information – Budgetary Reporting

June 30, 2017

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, one budget amendment increased budgeted disbursements by \$2,112,621. The budget amendment is reflected in the final budgeted amounts.

Disbursements during the year ended June 30, 2017 exceeded the amounts budgeted in the health and social services and capital projects functions prior to the budget amendment. At June 30, 2017, disbursements exceeded the amounts budgeted in the public safety, health and social services, community and economic development and general government functions.

City of Carlisle

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

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

Other Information

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

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

See accompanying independent auditor's report.

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

Other Information

	2017	2016	2015	2014
Statutorily required contribution	\$ 140	121	124	116
Contributions in relation to the statutorily required contribution	<u>(140)</u>	<u>(121)</u>	<u>(124)</u>	<u>(116)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered-employee payroll	\$ 1,507	1,314	1,320	1,145
Contributions as a percentage of covered-employee payroll	9.29%	9.21%	9.39%	10.13%

* 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.

2013	2012	2011	2010	2009	2008
103	95	80	73	70	64
(103)	(95)	(80)	(73)	(70)	(64)
-	-	-	-	-	-
1,120	1,105	1,032	1,024	*	*
9.20%	8.60%	7.75%	7.13%	*	*

City of Carlisle

Notes to Other Information – Pension Liability

Year ended June 30, 2017

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 (unfunded actuarial liability) 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.

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, 2017

				Special
	Employee Benefits	Gifts and Bequests	Urban Renewal Tax Increment	Police Seizure Fund
Receipts:				
Property tax	\$ 185,969	-	-	-
Tax increment financing	-	-	97,489	-
Other city tax	3,746	-	-	-
Intergovernmental	4,266	-	-	-
Miscellaneous	-	-	-	-
Total receipts	193,981	-	97,489	-
Disbursements:				
Operating:				
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	-	76,266	-
Total disbursements	-	-	76,266	-
Excess (deficiency) of receipts over (under) disbursements	193,981	-	21,223	-
Other financing uses:				
Transfers out	(192,062)	-	(16,223)	-
Change in cash balances	1,919	-	5,000	-
Cash balances beginning of year	-	1,350	(18,782)	3,160
Cash balances end of year	\$ 1,919	1,350	(13,782)	3,160
Cash Basis Fund Balances				
Nonspendable - Cemetery perpetual care	\$ -	-	-	-
Restricted:				
Library	-	-	-	-
Fire	-	-	-	-
Other purposes	1,919	1,350	-	3,160
Unassigned	-	-	(13,782)	-
Total cash basis fund balances	\$ 1,919	1,350	(13,782)	3,160

See accompanying independent auditor's report.

Revenue				Permanent	
Friends of the Carlisle Library	Carlisle Library Foundation	Carlisle Firemen's Enterprises Corporation	Carlisle Police Auxiliary	Cemetery Perpetual Care	Total
-	-	-	-	-	185,969
-	-	-	-	-	97,489
-	-	-	-	-	3,746
-	-	-	-	-	4,266
16,116	2,980	18,673	3,500	2,125	43,394
16,116	2,980	18,673	3,500	2,125	334,864
-	-	25,207	63	-	25,270
9,908	393	-	-	-	10,301
-	-	-	-	-	76,266
9,908	393	25,207	63	-	111,837
6,208	2,587	(6,534)	3,437	2,125	223,027
-	-	-	-	-	(208,285)
6,208	2,587	(6,534)	3,437	2,125	14,742
11,659	9,181	41,375	-	47,397	95,340
17,867	11,768	34,841	3,437	49,522	110,082
-	-	-	-	49,522	49,522
17,867	11,768	-	-	-	29,635
-	-	34,841	-	-	34,841
-	-	-	3,437	-	9,866
-	-	-	-	-	(13,782)
17,867	11,768	34,841	3,437	49,522	110,082

City of Carlisle
Schedule of Indebtedness
Year ended June 30, 2017

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

See accompanying independent auditor's report.

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid
340,000	-	115,000	225,000	11,660
1,220,000	-	265,000	955,000	36,230
895,000	-	145,000	750,000	14,863
420,000	-	105,000	315,000	8,452
1,015,000	-	35,000	980,000	25,435
1,120,000	-	50,000	1,070,000	17,812
-	1,100,000	-	1,100,000	-
\$ 5,010,000	1,100,000	715,000	5,395,000	114,452
673,189	-	9,615	663,574	25,245
55,776	-	797	54,979	2,092
232,175	-	4,951	227,224	6,965
700,000	-	100,000	600,000	13,850
97,544	-	28,303	69,241	-
575,000	-	50,000	525,000	12,413
1,325,000	-	175,000	1,150,000	21,335
\$ 3,658,684	-	368,666	3,290,018	81,900

City of Carlisle

Note Maturities

June 30, 2017

Year Ending June 30,	Issued Oct 14, 2009		Issued May 10, 2011		Issued May 15, 2012		General Obligation Issued August 6, 2013	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2018	3.40%	\$ 115,000	2.70%	\$ 215,000	1.30%	\$ 145,000	2.00%	\$ 105,000
2019	3.70	110,000	2.90	210,000	1.55	145,000	2.00	105,000
2020		-	3.20	175,000	1.75	150,000	2.05	105,000
2021		-	3.40	180,000	2.00	155,000		-
2022		-	3.65	175,000	2.20	155,000		-
2023		-		-		-		-
2024		-		-		-		-
2025		-		-		-		-
2026		-		-		-		-
2027		-		-		-		-
2028		-		-		-		-
2029		-		-		-		-
Total		<u>\$ 225,000</u>		<u>\$ 955,000</u>		<u>\$ 750,000</u>		<u>\$ 315,000</u>

See accompanying independent auditor's report.

Capital Loan Notes

Issued Aug 25, 2015		Issued May 25, 2016		Issued Feb 9, 2017		Total
Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	
1.50%	\$ 60,000	1.00%	\$ 50,000	2.00%	\$ 100,000	790,000
1.50	65,000	1.00	100,000	3.00	100,000	835,000
1.90	70,000	1.25	100,000	3.00	105,000	705,000
1.90	75,000	1.25	100,000	3.00	105,000	615,000
2.30	80,000	1.40	115,000	3.00	105,000	630,000
2.30	80,000	1.40	115,000	2.50	110,000	305,000
2.60	85,000	2.00	120,000	2.50	115,000	320,000
2.60	85,000	2.00	120,000	3.00	115,000	320,000
3.00	90,000	2.00	125,000	3.00	120,000	335,000
3.00	95,000	2.00	125,000	3.00	125,000	345,000
3.40	95,000		-		-	95,000
3.40	100,000		-		-	100,000
	<u>\$ 980,000</u>		<u>\$ 1,070,000</u>		<u>\$ 1,100,000</u>	<u>5,395,000</u>

City of Carlisle

Note Maturities

June 30, 2017

Year Ending June 30,	Revenue Capital							
	Sewer Subordinate RCLN-1		Sewer Subordinate RCLN-2		Sewer Subordinate RCLN-3		Electric	
	Issued Oct 26, 2011		Issued Oct 26, 2011		Issued Oct 26, 2011		Issued Oct 23, 2012	
	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount	Interest Rates	Amount
2018	3.75%	\$ 9,976	3.75%	\$ 827	3.00%	\$ 5,099	1.50%	\$ 100,000
2019	3.75	10,350	3.75	858	3.00	5,252	1.75	100,000
2020	3.75	10,738	3.75	890	3.00	5,410	2.00	100,000
2021	3.75	11,141	3.75	924	3.00	5,572	2.20	100,000
2022	3.75	11,559	3.75	959	3.00	5,739	2.40	100,000
2023	3.75	11,992	3.75	994	3.00	5,911	2.50	100,000
2024	3.75	12,442	3.75	1,032	3.00	6,089		-
2025	3.75	12,908	3.75	1,070	3.00	6,271		-
2026	3.75	13,393	3.75	1,111	3.00	6,459		-
2027	3.75	13,895	3.75	1,152	3.00	6,653		-
2028	3.75	14,416	3.75	1,195	3.00	6,853		-
2029	3.75	14,956	3.75	1,240	3.00	7,058		-
2030	3.75	15,517	3.75	1,287	3.00	7,270		-
2031	3.75	16,099	3.75	1,335	3.00	7,488		-
2032	3.75	16,703	3.75	1,385	3.00	7,713		-
2033	3.75	17,329	3.75	1,437	3.00	7,944		-
2034	3.75	17,979	3.75	1,491	3.00	8,183		-
2035	3.75	18,653	3.75	1,547	3.00	8,428		-
2036	3.75	19,353	3.75	1,605	3.00	8,681		-
2037	3.75	20,078	3.75	1,665	3.00	8,941		-
2038	3.75	20,831	3.75	1,728	3.00	9,210		-
2039	3.75	21,613	3.75	1,792	3.00	9,486		-
2040	3.75	22,423	3.75	1,860	3.00	9,771		-
2041	3.75	23,264	3.75	1,929	3.00	10,064		-
2042	3.75	24,136	3.75	2,002	3.00	10,366		-
2043	3.75	25,041	3.75	2,077	3.00	10,677		-
2044	3.75	25,981	3.75	2,155	3.00	10,997		-
2045	3.75	26,955	3.75	2,235	3.00	11,327		-
2046	3.75	27,966	3.75	2,319	3.00	8,312		-
2047	3.75	29,014	3.75	2,406		-		-
2048	3.75	30,102	3.75	2,496		-		-
2049	3.75	31,231	3.75	2,590		-		-
2050	3.75	32,402	3.75	2,687		-		-
2051	3.75	33,138	3.75	2,699		-		-
Total		<u>\$ 663,574</u>		<u>\$ 54,979</u>		<u>\$ 227,224</u>		<u>\$ 600,000</u>

See accompanying independent auditor's report.

Loan Notes

Urban Renewal TIF			Sewer		Sewer Refunding			
Issued Apr 8, 2014			Issued Oct 28, 2015		Issued Apr 13, 2016			
Interest Rates		Amount	Interest Rates		Interest Rates		Total	
0.00%	\$	30,153	1.25%	\$	50,000	1.10%	\$ 180,000	376,055
0.00		32,003	1.70		50,000	1.25	185,000	383,463
0.00		7,085	1.70		50,000	1.40	190,000	364,123
		-	2.20		50,000	1.55	195,000	362,637
		-	2.20		50,000	1.70	200,000	368,257
		-	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
	\$	69,241		\$	525,000		\$ 1,150,000	3,290,018

City of Carlisle

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

For the Last Ten Years

	2017	2016	2015	2014
Receipts:				
Property tax	\$ 1,854,161	1,787,144	1,732,611	1,659,847
Tax increment financing	97,489	87,855	30,548	2,082
Other city tax	500,845	40,175	22,717	20,815
Licenses and permits	214,516	154,925	94,475	120,990
Use of money and property	23,412	22,031	23,080	20,944
Intergovernmental	704,335	1,795,156	1,630,621	935,267
Charges for service	518,719	439,885	471,938	415,775
Special assessments	195,491	209,626	337,987	224,218
Miscellaneous	129,441	97,489	235,996	115,381
Total	<u>\$ 4,238,409</u>	<u>4,634,286</u>	<u>4,579,973</u>	<u>3,515,319</u>
Disbursements:				
Operating:				
Public safety	\$ 1,356,377	1,144,903	1,131,832	1,581,727
Public works	679,835	625,494	584,402	572,488
Health and social services	30,279	1,273	-	-
Culture and recreation	540,793	500,630	460,299	515,767
Community and economic development	116,084	71,901	132,086	293,260
General government	449,839	474,623	153,487	188,513
Debt service	893,654	731,448	712,775	680,017
Capital projects	<u>2,530,469</u>	<u>1,419,147</u>	<u>1,543,010</u>	<u>900,988</u>
Total	<u>\$ 6,597,330</u>	<u>4,969,419</u>	<u>4,717,891</u>	<u>4,732,760</u>

See accompanying independent auditor's report.

2013	2012	2011	2010	2009	2008
1,581,797	1,515,682	1,454,014	1,387,198	1,325,750	1,234,492
16,566	23,089	-	-	203	24,629
21,437	20,344	19,440	14,371	14,523	14,614
62,733	59,968	43,148	59,735	86,248	41,854
23,703	25,568	31,510	32,261	36,386	51,838
508,237	884,771	1,271,783	383,822	652,675	364,052
398,089	372,019	381,035	344,293	389,512	358,083
119,382	-	80,000	7,342	15,143	13,728
77,826	69,980	80,661	185,029	105,641	123,907
<u>2,809,770</u>	<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>
932,856	818,116	777,640	791,354	827,433	772,908
608,552	520,163	495,091	531,576	513,270	551,279
1,278	45	-	-	338	2,265
475,687	498,457	466,892	457,734	431,013	528,028
11,100	14,177	13,272	21,227	20,727	10,683
205,139	154,724	112,494	135,459	203,105	117,073
566,361	513,452	483,634	477,535	451,566	437,228
595,145	1,800,137	1,457,253	543,200	287,689	59,358
<u>3,396,118</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>

City of Carlisle



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

State Capitol Building
Des Moines, Iowa 50319-0004

Telephone (515) 281-5834 Facsimile (515) 242-6134

Mary Mosiman, CPA
Auditor of State

**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, 2017, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 23, 2018. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the City of Carlisle's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control described in the accompanying Schedule of Findings as items (A) through (D) 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 (E) 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, 2017 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

January 23, 2018

City of Carlisle

Schedule of Findings

Year ended June 30, 2017

INTERNAL CONTROL DEFICIENCIES:

(A) Segregation of Duties

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

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

- (1) Bank reconciliations are not performed by an individual who is not involved in the cash receipt or disbursement functions. Also, bank reconciliations are not reviewed by an independent person.
- (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 by the independent mail opener and compared to the receipt records.

Response – The City will have an individual review bank reconciliations. The City will strive to segregate these duties, but may find difficulty with limited staff. The City will begin making a list of receipts received in the mail. For credit card the City now has an independent person approve credit card purchases.

Conclusion – Response accepted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2017

(B) Segregation of Duties – Component Units

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

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

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

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

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

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

Response – The City will continue to stress sound financial practices with these organizations.

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

(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. Additionally, activity not specifically permitted to be paid from the Special Revenue, Road Use Tax Fund should be paid from another City fund.

City of Carlisle

Schedule of Findings

Year ended June 30, 2017

Condition – The City paid principal 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. Additionally, certain disbursements were paid from the Special Revenue, Road Use Tax Fund which should have been paid from other City funds. This was corrected for reporting purposes.

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 and only allowable disbursements are recorded to the Special Revenue, Road Use Tax Fund.

Effect – Lack of policies and procedures resulted in the City paying principal from an incorrect fund. As a result, material adjustments to the City's financial statements were necessary. Additionally, a correction was necessary to properly record disbursements not allowed to be paid from the Special Revenue, Road Use Tax Fund.

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 and disbursements not allowed to be paid from the Special Revenue, Road Use Tax Fund are paid from an appropriate City fund.

Response – Future utility bond payments will be made from the appropriate sinking accounts. All future disbursements will be properly recorded.

Conclusion – Response accepted.

(D) Utility Reconciliation

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

Condition – Utility billings, collections and delinquent accounts were not reconciled throughout the year and a delinquent accounts listing was not retained each month.

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

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

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

City of Carlisle

Schedule of Findings

Year ended June 30, 2017

Response – There was a period after the former City Clerk retired when the reconciliations were not completed. However the City is now completing and independently reviewing the reconciliations monthly.

Conclusion – Response accepted.

(E) 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 currently working with an IT consultant on updating an emergency response plan.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2017

Other Findings Related to Required Statutory Reporting:

- (1) Certified Budget – Disbursements during the year ended June 30, 2017 exceeded the amount budgeted in the capital projects function prior to the budget amendment. Disbursements at year end exceeded the amounts budgeted in the public safety, health and social services, community and economic development and general government 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 – TIF payments will be budgeted correctly in the future from the Special Revenue, Tax Increment Financing Fund instead of the Debt Service Fund. We will amend the budget before exceeding budgetary limits.

Conclusion – Response accepted.

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

Name, Title and Business Connection	Transaction Description	Amount
Eric Goodhue, City Council Member, Parents own Sandridge Farms	Rent and crop expenses	\$ 2,812

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the transactions with the City Council Member may represent a conflict of interest since total transactions were more than \$1,500 during the fiscal year.

Recommendation – The City should consult legal counsel to determine the disposition of this matter.

Response – The City will review the transaction with the City Attorney.

Conclusion – Response accepted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2017

- (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.

The City has adopted a written investment policy. However, the policy refers to an outdated Chapter of the Code of Iowa rather than to Chapter 12B.10B of the Code of Iowa.

Recommendation – The City should modify the written investment policy to reference current Code of Iowa provisions.

Response – The City will be updating the investment policy.

Conclusion – Response accepted.

- (8) Revenue Notes – No instances of non-compliance with the revenue note resolution were noted.
- (9) Financial Condition – At June 30, 2017, the Special Revenue, Urban Renewal Tax Increment (TIF) Fund and the Internal Service, Self-Funded Insurance Fund had deficit balances of \$13,782 and \$11,647, respectively.

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

Response – The deficit in the TIF Fund will be eliminated as the City receives TIF taxes. Procedures to eliminate the deficit in the Internal Service, Self-Funded Insurance Fund will be reviewed to ensure they are effective in reducing and eliminating the deficit.

Conclusion – Response accepted.

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

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

Response – The City will work towards correcting the Urban Renewal Reports in the future.

Conclusion – Response accepted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2017

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

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

Response – Current processes and procedures to review, report annually and remit amounts over two years old to the State Treasurer will be reviewed for accuracy and if necessary change will be made to the process.

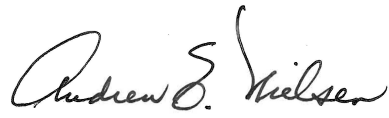
Conclusion – Response accepted.

City of Carlisle

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Manager
Jennifer L. Wall, CPA, Manager
Michael Holowinski, Staff Auditor
Robert Quinn Barrett, Assistant Auditor
Nicholas A. Kruse, Assistant Auditor
Heather M. Poula, Assistant Auditor

A handwritten signature in black ink, reading "Andrew E. Nielsen". The signature is fluid and cursive, with the first name "Andrew" and last name "Nielsen" clearly legible.

Andrew E. Nielsen, CPA
Deputy Auditor of State