



OFFICE OF AUDITOR OF STATE
STATE OF IOWA

Rob Sand
Auditor of State

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Des Moines, Iowa 50319-0006
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NEWS RELEASE

Contact: Ernest Ruben
515/281-5834

FOR RELEASE

December 6, 2022

Auditor of State Rob Sand today released an audit report on City of Carlisle, Iowa.

FINANCIAL HIGHLIGHTS:

The City's receipts totaled \$13,287,023 for the year ended June 30, 2022, a 27.8% decrease from the prior year. Disbursements for the year ended June 30, 2022 totaled \$15,423,809, a 34.2% increase over the prior year. The significant decrease in receipts is primarily due to note proceeds net of premiums and issuance costs of \$8,383,943 received in the prior year. The significant increase in disbursements is primarily due to capital project disbursements.

AUDIT FINDINGS:

Sand reported eleven findings related to the receipt and disbursement of taxpayer funds. They are found on pages 54 through 62 of this report. The findings address issues such as a lack of segregation of duties, a lack of preparation of monthly utility reconciliations, lack of documentation to support payroll allocations, disbursements exceeding the budgeted amount, and lack of decertifying certain TIF debt incorrectly certified in fiscal year 2017. Sand provided the City with recommendations to address each finding.

All of the findings discussed above for the City are repeated from the prior year. The City Council has a fiduciary responsibility to provide oversight of the City's operations and financial transactions. Oversight is typically defined as the "watchful and responsible care" a governing body exercises in its fiduciary capacity.

A copy of the audit report is available for review on the Auditor of State's web site at [Audit Reports – Auditor of State](#).

###

CITY OF CARLISLE

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

JUNE 30, 2022

City of Carlisle



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

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Des Moines, Iowa 50319-0006
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November 22, 2022

Officials of the City of Carlisle
Carlisle, Iowa

Dear Honorable Mayor and Members of the City Council:

I am pleased to submit to you the financial and compliance audit report for the City of Carlisle for the year ended June 30, 2022. The audit was performed pursuant to Chapter 11.6 of the Code of Iowa and in accordance with U.S. auditing standards and the standards applicable to financial audits contained in Government Auditing Standards.

I appreciate the cooperation and courtesy extended by the officials and employees of the City of Carlisle throughout the audit. If I or this office can be of any further assistance, please contact me or my staff at 515-281-5834.

Sincerely,

A handwritten signature in black ink, appearing to read "Rob Sand".

Rob Sand
Auditor of State

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City of Carlisle

Officials

(Before January 2022)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Drew Merrifield	Mayor	Jan 2022
Eric Goodhue	Mayor Pro tem	Jan 2022
Doug Hammerand	Council Member	Jan 2022
Dan McCulloch	Council Member	Jan 2024
Ruth Randleman	Council Member	Jan 2024
Robert Van Ryswyk	Council Member	Jan 2024
Deven Markley	Administrator	Indefinite
Martha Becker	City Clerk	Indefinite
Robert L. Stuyvesant	Attorney	Indefinite

(After January 2022)

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Drew Merrifield	Mayor	Jan 2026
Doug Hammerand	Mayor Pro tem	Jan 2026
Dan McCulloch	Council Member	Jan 2024
Ruth Randleman	Council Member	Jan 2024
Robert Van Ryswyk	Council Member	Jan 2024
Justin Brower	Council Member	Jan 2026
Deven Markley	Administrator	Indefinite
Martha Becker	City Clerk	Indefinite
Robert L. Stuyvesant	Attorney	Indefinite

City of Carlisle



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Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, and the respective changes in cash basis financial position for the year then ended in accordance with the cash basis of accounting described in Note 1.

Basis for Opinions

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

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the City of Carlisle adopted new accounting guidance related to Governmental Accounting Standards Board Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

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

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

Supplementary 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 "Auditor's Responsibilities for the Audit of the Financial Statements" section of this report, the financial statements for the nine years ended June 30, 2021 (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the cash basis of accounting. The supplementary information included in Schedules 1 and 2, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information in Schedules 1 and 2 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

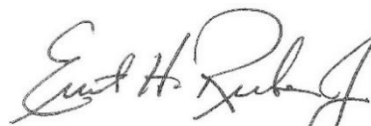
Other Information

Management is responsible for the other information included in the annual report. The other information comprises 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 38 through 46 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 22, 2022 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.



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

November 22, 2022

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, 2022

	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Functions/Programs:				
Governmental activities:				
Public safety	\$ 1,884,153	354,477	57,136	-
Public works	794,434	257,761	567,971	-
Health and social services	142	-	-	-
Culture and recreation	687,279	98,804	61,560	-
Community and economic development	739,582	117,029	731	-
General government	552,467	29,717	25,755	-
Debt service	1,129,616	-	3,896	73,222
Capital projects	3,426,486	-	-	6
Total governmental activities	9,214,159	857,788	717,049	73,228
Business type activities:				
Water	3,001,110	777,028	-	2,447,204
Sewer	828,809	960,007	-	-
Electric	2,379,731	3,116,810	-	-
Total business type activities	6,209,650	4,853,845	-	2,447,204
Total	\$ 15,423,809	5,711,633	717,049	2,520,432
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				
American Rescue Plant Act				
Unrestricted interest on investments				
Utility franchise fees				
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
(1,472,540)	-	(1,472,540)
31,298	-	31,298
(142)	-	(142)
(526,915)	-	(526,915)
(621,822)	-	(621,822)
(496,995)	-	(496,995)
(1,052,498)	-	(1,052,498)
(3,426,480)	-	(3,426,480)
(7,566,094)	-	(7,566,094)
-	223,122	223,122
-	131,198	131,198
-	737,079	737,079
-	1,091,399	1,091,399
(7,566,094)	1,091,399	(6,474,695)
1,892,906	-	1,892,906
814,653	-	814,653
170,456	-	170,456
653,882	-	653,882
67,130	-	67,130
321,025	-	321,025
11,914	21,658	33,572
182,650	-	182,650
186,356	15,279	201,635
415,000	(415,000)	-
4,715,972	(378,063)	4,337,909
(2,850,122)	713,336	(2,136,786)
9,650,557	4,297,363	13,947,920
\$ 6,800,435	5,010,699	11,811,134
\$ 60,203	-	60,203
536,342	490,357	1,026,699
419,453	-	419,453
1,017,893	-	1,017,893
3,768,335	-	3,768,335
53,018	-	53,018
30,576	-	30,576
61,486	-	61,486
853,129	4,520,342	5,373,471
\$ 6,800,435	5,010,699	11,811,134

City of Carlisle

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

As of and for the year ended June 30, 2022

	Special Revenue		
	General	Road Use Tax	Local Option Sales Tax
Receipts:			
Property tax	\$ 1,589,385	-	-
Local option sales tax	-	-	653,882
Tax increment financing	-	-	-
Other city tax	29,349	-	-
Licenses and permits	333,949	-	-
Use of money and property	33,014	-	-
Intergovernmental	488,845	567,971	-
Charges for service	636,392	-	-
Special assessments	-	-	-
Miscellaneous	179,536	-	-
Total receipts	<u>3,290,470</u>	<u>567,971</u>	<u>653,882</u>
Disbursements:			
Operating:			
Public safety	1,867,107	-	-
Public works	248,405	548,431	-
Health and social services	142	-	-
Culture and recreation	639,792	-	-
Community and economic development	212,654	-	-
General government	554,948	-	-
Debt service	-	-	-
Capital projects	-	-	-
Total disbursements	<u>3,523,048</u>	<u>548,431</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(232,578)</u>	<u>19,540</u>	<u>653,882</u>
Other financing sources (uses):			
Note proceeds, including premium of \$400,430, net of \$96,487 issuance cost	-	-	-
Transfers in	667,080	-	-
Transfers out	(97,982)	-	(371,325)
Total other financing sources (uses)	<u>569,098</u>	<u>-</u>	<u>(371,325)</u>
Change in cash balances	336,520	19,540	282,557
Cash balances beginning of year	880,885	399,913	735,336
Cash balances end of year	<u>\$ 1,217,405</u>	<u>419,453</u>	<u>1,017,893</u>
Cash Basis Fund Balances			
Nonspendable - Cemetery perpetual care	\$ -	-	-
Restricted for:			
Debt service	-	-	-
Streets	-	419,453	-
Local option sales tax	-	-	1,017,893
Capital projects	-	-	-
Library	-	-	-
Fire	-	-	-
Other purposes	-	-	-
Unassigned	1,217,405	-	-
Total cash basis fund balances	<u>\$ 1,217,405</u>	<u>419,453</u>	<u>1,017,893</u>

See notes to financial statements.

Debt Service	Capital Projects	Nonmajor	Total
814,653	-	249,991	2,654,029
-	-	-	653,882
-	-	170,456	170,456
19,579	-	4,602	53,530
-	-	-	333,949
3,896	6	-	36,916
20,990	-	5,378	1,083,184
-	-	-	636,392
73,222	-	-	73,222
-	-	73,941	253,477
932,340	6	504,368	5,949,037
-	-	25,082	1,892,189
-	-	-	796,836
-	-	-	142
-	-	50,012	689,804
-	-	526,928	739,582
-	-	-	554,948
1,129,616	-	-	1,129,616
-	3,426,486	-	3,426,486
1,129,616	3,426,486	602,022	9,229,603
(197,276)	(3,426,480)	(97,654)	(3,280,566)
-	-	-	-
124,575	344,732	-	1,136,387
-	-	(252,080)	(721,387)
124,575	344,732	(252,080)	415,000
(72,701)	(3,081,748)	(349,734)	(2,865,566)
609,043	6,850,083	193,364	9,668,624
536,342	3,768,335	(156,370)	6,803,058
-	-	60,203	60,203
536,342	-	-	536,342
-	-	-	419,453
-	-	-	1,017,893
-	3,768,335	-	3,768,335
-	-	53,018	53,018
-	-	30,576	30,576
-	-	61,486	61,486
-	-	(361,653)	855,752
536,342	3,768,335	(156,370)	6,803,058

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, 2022

Total governmental funds cash balances (page 13) \$ 6,803,058

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

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

(2,623)

Cash basis net position of governmental activities (page 11) \$ 6,800,435

Change in cash balances (page 13) \$ (2,865,566)

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.

15,444

Change in cash basis net position of governmental activities (page 11) \$ (2,850,122)

See notes to financial statements.

Exhibit D

City of Carlisle

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

As of and for the year ended June 30, 2022

	Enterprise				Internal Service
	Water	Sewer	Electric	Total	Self - Funded Insurance
Operating receipts:					
Charges for service	\$ 724,930	931,211	3,016,395	4,672,536	-
Miscellaneous	52,098	28,796	100,415	181,309	102,066
Total operating receipts	777,028	960,007	3,116,810	4,853,845	102,066
Operating disbursements:					
Governmental activities:					
Public safety	-	-	-	-	30,426
Public works	-	-	-	-	9,096
Culture and recreation	-	-	-	-	9,558
General government	-	-	-	-	9,392
Business type activities	433,813	332,072	2,249,667	3,015,552	22,269
Total operating disbursements	433,813	332,072	2,249,667	3,015,552	80,741
Excess of operating receipts over operating disbursements	343,215	627,935	867,143	1,838,293	21,325
Non-operating receipts (disbursements):					
Interest on investments	2,028	7,560	12,070	21,658	-
Rent	15,279	-	-	15,279	-
Avon Lake main connection reimbursement	2,447,204	-	-	2,447,204	-
Debt service	(80,195)	(315,127)	(104,900)	(500,222)	-
Capital outlay	(2,488,486)	(182,994)	(28,277)	(2,699,757)	-
Net non-operating receipts (disbursements)	(104,170)	(490,561)	(121,107)	(715,838)	-
Excess of receipts over (under) disbursements	239,045	137,374	746,036	1,122,455	21,325
Transfers out	(120,000)	(125,000)	(170,000)	(415,000)	-
Change in cash balances	119,045	12,374	576,036	707,455	21,325
Cash balances (deficits) beginning of year	652,717	1,478,447	2,173,633	4,304,797	(25,501)
Cash balances (deficits) end of year	\$ 771,762	1,490,821	2,749,669	5,012,252	(4,176)
Cash Basis Fund Balances (Deficits)					
Restricted for debt service	\$ 89,918	273,849	126,590	490,357	-
Unrestricted	681,844	1,216,972	2,623,079	4,521,895	(4,176)
Total cash basis fund balances (deficits)	\$ 771,762	1,490,821	2,749,669	5,012,252	(4,176)

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, 2022

Total enterprise funds cash balances (page 16) \$ 5,012,252

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.

(1,553)

Cash basis net position of business type activities (page 11) \$ 5,010,699

Change in cash balances (page 16) \$ 707,455

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

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

5,881

Change in cash basis net position of business type activities (page 11) \$ 713,336

See notes to financial statements.

City of Carlisle

Notes to Financial Statements

June 30, 2022

(1) Summary of Significant Accounting Policies

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

A. Reporting Entity

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

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

Blended Component Units

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

Jointly Governed Organizations

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

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

B. Basis of Presentation

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

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

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

Expendable restricted net position results when constraints placed on the use of cash balances are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

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 (LOST) Fund is used to account for the collection and use of the local option sales tax, for purposes authorized in the LOST referendum.

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. Property Taxes and Governmental Cash Basis Fund Balances

The following accounting policies are followed in preparing the financial statements:

Property tax revenues recognized in the governmental funds become due and collectible in September and March of the current fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2020 assessed property valuations; is for the tax accrual period July 1, 2021 through June 30, 2022 and reflects tax asking contained in the budget certified to the City Council in March 2021.

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

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

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

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. Disbursements at June 30, 2022 exceeded the amount budgeted in the public works, capital projects and business type activities functions.

(2) Cash and Pooled Investments

The City's deposits in banks and credit unions at June 30, 2022 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) Bonds and Notes Payable

A summary of changes in bonds and notes payable for the year ended June 30, 2022 is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
Governmental activities:					
General obligation notes	\$ 11,190,000	-	825,000	10,365,000	950,000
Equipment purchase agreements	125,598	-	18,655	106,943	18,600
Governmental activities total	<u>\$ 11,315,598</u>	<u>-</u>	<u>843,655</u>	<u>10,471,943</u>	<u>968,600</u>
Business type activities:					
Water revenue notes	\$ 450,000	-	70,000	380,000	70,000
Sewer revenue notes	725,000	-	250,000	475,000	250,000
Sewer revenue notes - direct borrowing	878,740	-	18,257	860,483	18,897
Electric revenue notes	200,000	-	100,000	100,000	100,000
	<u>\$ 2,253,740</u>	<u>-</u>	<u>438,257</u>	<u>1,815,483</u>	<u>438,897</u>

General Obligation Capital Loan Notes

A summary of the City's June 30, 2022 general obligation capital loan notes payable is as follows:

Year Ending June 30,	Street Construction and Public Safety Equipment Issued Aug 25, 2015			Sidewalks and Trails Issued May 25, 2016		
	Interest			Interest		
	Rates	Principal	Interest	Rates	Principal	Interest
2023	2.30%	\$ 80,000	18,440	1.40%	\$ 115,000	11,410
2024	2.60	85,000	16,600	2.00	120,000	9,800
2025	2.60	85,000	14,390	2.00	120,000	7,400
2026	3.00	90,000	12,180	2.00	125,000	5,000
2027	3.00	95,000	9,480	2.00	125,000	2,500
2028-2032	3.40	195,000	10,030		-	-
2033-2037		-	-		-	-
Total		<u>\$ 630,000</u>	<u>81,120</u>		<u>\$ 605,000</u>	<u>36,110</u>

Year Ending June 30,	Fire Station Addition and Public Safety Equipment Issued Feb 9, 2017			Street Improvements and Traffic Control Devices Issued Aug 9, 2018		
	Interest			Interest		
	Rates	Principal	Interest	Rates	Principal	Interest
2023	2.50%	\$ 110,000	16,425	2.50%	\$ 200,000	19,940
2024	2.50	115,000	13,675	2.60	100,000	14,940
2025	3.00	115,000	10,800	2.80	100,000	12,340
2026	3.00	120,000	7,350	2.80	105,000	9,540
2027	3.00	125,000	3,750	3.00	110,000	6,600
2028-2032		-	-	3.00	110,000	3,300
2033-2037		-	-		-	-
Total		<u>\$ 585,000</u>	<u>52,000</u>		<u>\$ 725,000</u>	<u>66,660</u>

Year Ending June 30,	Improvements for City Hall and Streets and Public Safety Equipment Issued Nov 24, 2020			Improvements for Police Facility, Street Improvements and Public Safety Equipment Issued Apr 27, 2021		
	Interest			Interest		
	Rates	Principal	Interest	Rates	Principal	Interest
2023	2.00%	\$ 125,000	43,437	4.00%	\$ 320,000	136,092
2024	2.00	175,000	40,938	4.00	320,000	123,293
2025	2.00	185,000	37,437	4.00	320,000	110,492
2026	2.00	185,000	33,738	4.00	325,000	97,692
2027	2.00	185,000	30,037	4.00	325,000	84,693
2028-2032	1.00-1.45	980,000	110,418	1.50-4.00	1,690,000	251,080
2033-2037	1.55-1.80	855,000	37,400	1.55-1.75	1,830,000	93,500
Total		\$ 2,690,000	333,405		\$ 5,130,000	896,842

Year Ending June 30,	Total		
	Principal	Interest	Total
2023	\$ 950,000	245,744	1,195,744
2024	915,000	219,246	1,134,246
2025	925,000	192,859	1,117,859
2026	950,000	165,500	1,115,500
2027	965,000	137,060	1,102,060
2028-2032	2,975,000	374,828	3,349,828
2033-2037	2,685,000	130,900	2,815,900
Total	\$ 10,365,000	1,466,137	11,831,137

On May 10, 2011, the City issued \$2,300,000 of general obligations notes with interest rates ranging from 1.50% to 3.65% per annum. The notes were issued for street improvements, improvements to City parks, equipping the police department, stormwater improvements and for improvements to City Hall, the Community Building and the City Library. During the year ended June 30, 2022, the City paid \$175,000 of principal and \$6,388 of interest on the notes.

On May 15, 2012, the City issued \$1,335,000 of general obligation notes with interest rates ranging from .55% to 2.20% per annum. The notes were issued for street, sidewalk, culvert, bridge and utility improvements, equipping the Police Department and improvements to parks. During the year ended June 30, 2022, the City paid \$155,000 of principal and \$3,410 of interest on the notes.

On August 25, 2015, the City issued \$1,015,000 of general obligation notes with interest rates ranging from 1.50% to 3.40% per annum. The notes were issued for construction, reconstruction and repair of street improvements, equipping the Police Department and improvements and equipping of the City Library. During the year ended June 30, 2022, the City paid \$80,000 of principal and \$20,280 of interest on the notes.

On May 25, 2016, the City issued \$1,120,000 of general obligation notes with interest rates ranging from 1.00% to 2.00% per annum. The notes were issued for construction, reconstruction and repair of sidewalks, trails and pedestrian underpasses and overpasses and the cost of real estate needed for such purposes, acquisition, construction, reconstruction, enlargement, improvement and repair of bridges, culverts, retaining walls, viaducts, underpasses, grade crossing separations and approaches and constructing, enlarging, improving and equipping, furnishing existing fire station. During the year ended June 30, 2022, the City paid \$115,000 of principal and \$13,020 of interest on the notes.

On February 9, 2017, the City issued \$1,110,000 of general obligation local option sales and service capital loan notes with interest rates ranging from 2.00% to 3.00% per annum. The notes were issued for public safety equipment and facilities, including construction of an addition to the fire station and acquisition of an ambulance and pumper truck. During the year ended June 30, 2022, the City paid \$105,000 of principal and \$19,575 of interest on the notes.

On August 9, 2018, the City issued \$960,000 of general obligation notes with interest rates ranging from 2.30% to 3.00% per annum. The notes were issued for the opening, widening, extending, grading and draining of right-of-way of streets, the construction, reconstruction, and repairing of street improvements and sidewalks, and the acquisition, installation, and repair of traffic control devices. During the year ended June 30, 2022, the City paid \$70,000 of principal and \$21,620 of interest on the notes.

On November 24, 2020, the City issued \$2,950,000 of general obligation notes with interest rates ranging from 1.80% to 2.00% per annum. The notes were issued for street, sidewalk, culvert, and bridge improvements, reconstructing, improving and equipping old bank building to be used as City Hall and purchase of public safety equipment. During the year ended June 30, 2022, the City paid \$125,000 of principal and \$45,938 of interest on the notes.

On April 27, 2021, the City issued \$5,130,000 of general obligation notes with interest rates ranging from 1.40% to 4.00% per annum. The notes were issued for building and parking lot improvements, Police Department facility and storage, equipping and furnishing the Police Department facility, street, sidewalk, culvert, and bridge improvements, traffic control devices, and purchase of an ambulance. During the year ended June 30, 2022, The City made no payments of principal and \$148,946 of interest on the notes.

Revenue Notes

Year Ending June 30,	Water Issued Jul 12, 2017			Sewer Subordinate RCLN-1 - Direct Borrowing Issued Oct 26, 2011		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2023	1.90%	\$ 70,000	8,865	3.75%	\$ 11,992	22,868
2024	2.25	75,000	7,535	3.75	12,442	22,418
2025	2.25	75,000	5,847	3.75	12,908	21,952
2026	2.60	80,000	4,160	3.75	13,393	21,467
2027	2.60	80,000	2,080	3.75	13,895	20,965
2028-2032		-	-	3.75	77,691	96,609
2033-2037		-	-	3.75	93,392	80,908
2038-2042		-	-	3.75	112,267	62,033
2043-2047		-	-	3.75	134,957	39,343
2048-2051		-	-	3.75	126,873	12,088
Total		\$ 380,000	28,487		\$ 609,810	400,651

Year Ending June 30,	Sewer Subordinate RCLN-2 - Direct Borrowing			Sewer Subordinate RCLN-3 - Direct Borrowing		
	Issued Oct 26, 2011			Issued Oct 26, 2011		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2023	3.75%	\$ 994	1,895	3.00%	\$ 5,911	6,005
2024	3.75	1,032	1,857	3.00	6,089	5,827
2025	3.75	1,070	1,819	3.00	6,271	5,645
2026	3.75	1,111	1,778	3.00	6,459	5,457
2027	3.75	1,152	1,737	3.00	6,653	5,263
2028-2032	3.75	6,442	8,003	3.00	36,382	23,198
2033-2037	3.75	7,745	6,700	3.00	42,177	17,403
2038-2042	3.75	9,311	5,134	3.00	48,897	10,683
2043-2047	3.75	11,192	3,253	3.00	41,313	2,997
2048-2051	3.75	10,472	995		-	-
Total		\$ 50,521	33,171		\$ 200,152	82,478

Year Ending June 30,	Sewer			Sewer Refunding		
	Issued Oct 28, 2015			Issued Apr 13, 2016		
	Interest Rates	Principal	Interest	Interest Rates	Principal	Interest
2023	2.50%	\$ 50,000	7,263	1.85%	\$ 200,000	3,700
2024	2.50	70,000	6,012		-	-
2025	2.75	75,000	4,263		-	-
2026	2.75	80,000	2,200		-	-
2027						
2028-2032		-	-		-	-
2033-2037		-	-		-	-
2038-2042		-	-		-	-
2043-2047		-	-		-	-
2048-2051		-	-		-	-
Total		\$ 275,000	19,738		\$ 200,000	3,700

Year Ending June 30,	Electric			Totals		
	Issued Oct 23, 2012					
	Interest Rates	Principal	Interest	Principal	Interest	Total
2023	2.50%	\$ 100,000	2,500	\$ 438,897	53,096	491,993
2024		-	-	164,563	43,649	208,212
2025		-	-	170,249	39,526	209,775
2026		-	-	180,963	35,062	216,025
2027		-	-	101,700	30,045	131,745
2028-2032		-	-	120,515	127,810	248,325
2033-2037		-	-	143,314	105,011	248,325
2038-2042		-	-	170,475	77,850	248,325
2043-2047		-	-	187,462	45,593	233,055
2048-2051		-	-	137,345	13,083	150,428
Total		\$ 100,000	2,500	\$ 1,815,483	570,725	2,386,208

Water Revenue Notes

On July 12, 2017, the City issued \$720,000 of water revenue notes to fund improvements and extensions to the City's water utility system. The notes bear interest at rates ranging from 1.30% to 2.60%, per annum, and mature in 2027. During the year ended June 30, 2022, the City paid principal of \$70,000 and interest of \$10,195 on the notes.

The City has pledged future water customer receipts, net of specified operating disbursements, to repay the \$720,000 of water revenue capital loan notes issued on July 12, 2017. The notes are payable solely and only out of the net earnings of the water utility system. Annual principal and interest payments on the water revenue capital loan notes are expected to require approximately 23% of net receipts. The total principal and interest remaining to be paid on the notes is \$408,457. For the current year, water revenue capital loan note principal and interest paid and total customer net receipts were \$80,195 and \$343,215, respectively.

On May 27, 2022, the City of Carlisle entered into a State Revolving Fund (SRF) loan and disbursement agreement with the Iowa Finance Authority (IFA) for the issuance of up to \$728,000 of water revenue capital notes with interest at 1.75% per annum. The notes were issued pursuant to the provision of Chapters 384.24A and 384.83 of the Code of Iowa to pay the cost of construction for the Avon Lake water main improvement project. The City will draw down funds from the IFA upon request to reimburse the City for costs as they are incurred. In the event of default, the issuer shall have the right to take any action authorized under the regulations, the revenue note or the agreement and to take whatever other action at law or equity may appear necessary or desirable to collect the amounts then due and thereafter to become due under the agreement or to enforce the performance and observance of any duty, covenant, obligation or agreement of the participant under the agreement. During the year ended June 30, 2022, the City did not draw down any funds, leaving a balance of \$728,000 to draw. An initiation fee of \$3,640, 0.50% of the authorized borrowing for the water revenue notes, will be charged by the IFA and will be withheld from the first proceeds of the water revenue notes drawn. The agreement also requires the City to pay 0.25% servicing fee on the outstanding principal balance. A final repayment schedule has not yet been adopted for the notes. During the year ended June 30, 2022, Polk County contributed \$2,447,204 towards the Avon Lake water main improvement project. These funds have been sufficient to cover project costs and no draw requests have been requested from IFA as of October 28, 2022.

The resolution providing for the issuance of the water revenue notes includes the following provisions:

- (a) The bonds will only be redeemed from the future earnings of the enterprise activity and the bond holders hold a lien on the future earnings of the funds.
- (b) User rates shall be established at the level which produces and maintains net receipts at a level not less than 110% of the amount of principal and interest on the bonds/ notes falling due in the same year.
- (c) Sufficient monthly transfers shall be made to separate water revenue note sinking account within the Enterprise, Water Fund for the purpose of making the note principal and interest payments when due.

Sewer Revenue Notes – Direct Borrowing

On October 26, 2011, the City issued \$1,026,000 of USDA subordinate sewer revenue capital loan notes for the purpose of paying the costs of improvements and extensions to the sewer system, including the construction of a sanitary sewer collection system for the Avon Lake Area. The notes bear interest of 3.75% per annum and mature in 2051. During the year ended June 30, 2022, the City paid principal of \$18,257 and interest of \$31,408 on the notes.

Sewer Revenue Notes

On October 28, 2015, the City issued \$625,000 of sewer revenue capital loan notes for the purpose of paying the costs of improvements and extensions to the sewer collection system. The notes bear interest at rates ranging from 1.25% to 2.75% per annum and mature in 2026. During the year ended June 30, 2022, the City paid principal of \$50,000 and interest of \$8,362 on the notes.

On April 13, 2016, the City issued \$1,325,000 of sewer revenue refunding capital loan notes for purpose of refunding the sewer capital loan note issued May 28, 2008. The notes bear interest at rates ranging from 1.00% to 1.85% per annum and mature in 2023. During the year ended June 30, 2022, the City paid principal of \$200,000 and interest of \$7,100 on the notes.

The City has pledged future sewer customer receipts, net of specified operating disbursements, to repay the \$1,325,000 sewer refunding capital loan note issued April 13, 2016, the \$625,000 of sewer revenue capital loan notes issued October 28, 2015 and \$1,026,000 of USDA subordinate sewer revenue capital loan notes issued October 26, 2011. The notes are payable solely and only out of the net earnings of the sewer utility system. Annual principal and interest payments on the notes are expected to require approximately 50% of net receipts. The total principal and interest remaining to be paid on the notes is \$1,875,221. For the current year, sewer revenue capital loan note principal and interest paid, and total customer net receipts were \$315,127 and \$627,935, respectively.

Electric Revenue Notes

On October 23, 2012, the City issued \$995,000 of electric revenue capital loan notes 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 bear interest at rates ranging from 1.25% to 2.50%, per annum, and mature in 2023. During the year ended June 30, 2022, the City paid principal of \$100,000 and interest of \$4,900 on the notes.

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 are payable solely and only out of the net earnings of the electric utility system. Annual principal and interest payments on the electric revenue capital loan notes are expected to require approximately 12% of net receipts. The total principal and interest remaining to be paid on the notes is \$102,500. For the current year, electric revenue capital loan note principal and interest paid, and total customer net receipts were \$104,900 and \$867,143, respectively.

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

- (1) The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- (2) Sufficient monthly transfers shall be made to separate water, sewer and electric revenue sinking accounts within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- (3) For the sewer revenue capital loan notes, \$195,000 shall be deposited in a reserve account. For the electric revenue capital loan notes, \$99,500 shall be deposited in a reserve account. For the water revenue capital loan notes, \$72,000 shall be deposited in a reserve account. These accounts are restricted for the purpose of paying note principal and interest payments when insufficient money is available in the sinking accounts.

- (4) Water, sewer and electric user rates shall be established at a level which produces net revenues at a level not less than 125% of the amount of principal and interest due on the bonds and notes during the same year.

Equipment Purchase Agreement

On June 15, 2020, the City entered into an equipment purchase agreement for EMS equipment with an initial liability of \$109,060. The agreement bears interest at 3.70% per annum and is payable with annual installments of \$15,580 over 7 years, with a final payment of \$15,580 due by July 15, 2026.

On January 2, 2021, the City entered into an equipment purchase agreement for a fire truck with an initial liability of \$49,049. The agreement bears interest at 3.78% per annum and is payable with annual installments of \$7,007 over 7 years, with a final payment of \$7,007 due by July 15, 2027.

Year Ending June 30,	EMS Equipment		Fire Truck		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 12,992	2,588	\$ 5,608	1,399	\$ 18,600	3,987
2024	13,473	2,107	5,820	1,187	19,293	3,294
2025	13,971	1,609	6,040	967	20,011	2,576
2026	14,488	1,092	6,269	738	20,757	1,830
2027	15,024	556	6,506	501	21,530	1,057
2028	-	-	6,752	255	6,752	255
Total	\$ 69,948	7,952	\$ 36,995	5,047	\$ 106,943	12,999

(4) Pension Plan

Plan Description – IPERS membership is mandatory for employees of the City, except for those covered by another retirement system. Employees of the City are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees’ Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at PO Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

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 age 55 and may retire any time after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a protection occupation member's monthly IPERS benefit 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 2022, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% of covered payroll, for a total rate of 15.73%. Protection occupation members contributed 6.21% of covered payroll and the City contributed 9.31% of covered payroll, for a total rate of 15.52%.

The City's contributions to IPERS for the year ended June 30, 2022 totaled \$183,989.

Net Pension Liability (Asset), Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the City reported a net pension liability (asset) of (\$663,359) for its proportionate share of the collective net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2021 and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The City’s proportion of the net pension liability (asset) was based on the City’s share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2021, the City’s proportion was 0.192152%, which was an increase of 0.177594% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the City’s pension expense, deferred outflows of resources and deferred inflows of resources totaled (\$132,549), \$85,651 and \$1,277,575, respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability (asset) in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2021 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

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

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	22.0%	4.43%
International equity	17.5	6.01
Global smart beta equity	6.0	5.10
Core plus fixed income	26.0	0.29
Public credit	4.0	2.08
Cash	1.0	(0.25)
Private equity	13.0	9.51
Private real assets	7.5	4.63
Private credit	3.0	2.87
Total	<u>100.0%</u>	

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

Sensitivity of the City's Proportionate Share of the Net Pension liability (Asset) to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00%, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability (asset)	\$ 475,756	(663,359)	(1,617,328)

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 benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. The City currently finances the benefit plan on a pay-as-you-go basis. For the year ended June 30, 2022, the City contributed \$417,343 and plan members eligible for benefits contributed \$49,031 to the plan. At June 30, 2022, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

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

Retired participants must be age 55 or older at retirement, with the exception of special service participants who must be age 50 with 22 years of services. At June 30, 2022, there were 31 active employees and 1 inactive employee or beneficiary receiving benefit payments.

(6) Compensated Absences

City employees accumulate a limited amount of earned but unused vacation and compensatory time for subsequent use or for payment upon termination, retirement or death. Unused sick leave hours are lost upon resignation or termination. These accumulations are not recognized as disbursements by the City until used or paid. The City’s approximate liability for earned vacation and compensatory time payable to employees at June 30, 2022, primarily relating to the General Fund, is as follows:

<u>Type of Benefit</u>	<u>Amount</u>
Vacation	\$ 71,000
Compensatory time	<u>54,000</u>
Total	<u>\$ 125,000</u>

This liability has been computed based on rates of pay in effect at June 30, 2022.

(7) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2022 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	Employee Benefits	\$ 252,080
	Enterprise:	
	Water	120,000
	Sewer	125,000
	Electric	170,000
		<u>667,080</u>
Capital Projects	General	97,982
	Special Revenue:	
	Local Option Sales Tax	246,750
		<u>344,732</u>
Debt Service	Special Revenue:	
	Local Option Sales Tax	124,575
Total		<u>\$ 1,136,387</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 \$2,000 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, 2022 was \$102,066.

(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 \$7,231,701. The City began rebating incremental property tax on June 1, 2017. During the year ended June 30, 2022, the City rebated \$526,928 of incremental property tax to the developers. At June 30, 2022, the remaining balance to be paid on the agreements was \$6,339,811.

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

(11) Tax Abatements

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

City Tax Abatements

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

For the year ended June 30, 2022, \$180,224 of property tax was diverted from the City under the urban renewal and economic development agreements.

(12) Lease Agreements

The City of Carlisle rents space on the water tower to Verizon Wireless (VAW) LLC. Under the July 26, 2010 agreement the City is to receive monthly payments of \$1,840. Rent shall be increased by an amount equal to fifteen percent (15%) of the monthly rent payable with respect to the immediately preceding five (5) year renewal term. Under the current renewal period (June 1, 2020 through May 31, 2025) the City is to receive monthly payments of \$2,798, with an incremental lending rate of 3.00%.

Year Ending June 30,	Tower Rental		
	Principal	Interest	Total
2023	\$ 26,206	7,375	33,581
2024	27,003	6,578	33,581
2025	28,244	5,757	34,001
2026	33,790	4,828	38,618
2027	34,818	3,800	38,618
2028	35,877	2,741	38,618
2029	36,968	1,650	38,618
2030	34,875	525	35,400
Total	<u>\$ 257,781</u>	<u>33,254</u>	<u>291,035</u>

(13) Deficit Balance

The Internal Service, Self-Funded Insurance Fund had a deficit balance of \$4,176 at June 30, 2022. The deficit was the result of costs incurred prior to the availability of funds. The deficit will be eliminated through contributions.

The Special Revenue, Urban Renewal Tax Increment Fund had a deficit balance of \$361,653 at June 30, 2022. The deficit was the result of a TIF payment prior to the availability of tax funds. The deficit will be eliminated through incremental financing tax collections.

(14) Construction Commitments

The City has entered into contracts totaling \$6,959,125 for costs to remodel and improve buildings for City Hall and Police Building, and to connect existing water mains to the City of Avon residents, costs of \$5,945,097 have been incurred. The remaining balance of \$1,014,028 will be paid as work progresses. These projects will be funded with note proceeds and contributions from Polk County.

City of Carlisle

Other Information

City of Carlisle
 Budgetary Comparison Schedule
 of Receipts, Disbursements, and Changes in Balances -
 Budget and Actual – All Governmental Funds and Proprietary Funds

Other Information

Year ended June 30, 2022

	Governmental Funds Actual	Proprietary Funds Actual	Less Funds not Required to be Budgeted
Receipts:			
Property tax	\$ 2,654,029	-	-
Tax increment financing	170,456	-	-
Other city tax	707,412	-	-
Licenses and permits	333,949	-	-
Use of money and property	36,916	36,937	-
Intergovernmental	1,083,184	2,447,204	-
Charges for service	636,392	4,672,536	-
Special assessments	73,222	-	-
Miscellaneous	253,477	181,309	72,191
Total receipts	5,949,037	7,337,986	72,191
Disbursements:			
Public safety	1,892,189	-	25,082
Public works	796,836	-	-
Health and social services	142	-	-
Culture and recreation	689,804	-	50,012
Community and economic development	739,582	-	-
General government	554,948	-	-
Debt service	1,129,616	-	-
Capital projects	3,426,486	-	-
Business type activities	-	6,215,531	-
Total disbursements	9,229,603	6,215,531	75,094
Excess (deficiency) of receipts over (under) disbursements	(3,280,566)	1,122,455	(2,903)
Other financing sources, net	415,000	(415,000)	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(2,865,566)	707,455	(2,903)
Balances beginning of year	9,668,624	4,304,797	120,873
Balances end of year	\$ 6,803,058	5,012,252	117,970

See accompanying independent auditor's report.

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
2,654,029	2,692,311	2,692,311	(38,282)
170,456	656,267	656,267	(485,811)
707,412	535,325	535,325	172,087
333,949	252,134	252,134	81,815
73,853	69,243	69,243	4,610
3,530,388	722,565	722,565	2,807,823
5,308,928	4,924,347	4,924,347	384,581
73,222	39,127	39,127	34,095
362,595	247,879	257,879	104,716
13,214,832	10,139,198	10,149,198	3,065,634
1,867,107	1,773,236	1,919,808	52,701
796,836	788,869	788,869	(7,967)
142	10,000	10,000	9,858
639,792	733,256	733,256	93,464
739,582	740,305	975,552	235,970
554,948	500,827	657,564	102,616
1,129,616	1,050,699	1,129,926	310
3,426,486	146,750	685,275	(2,741,211)
6,215,531	3,989,645	4,195,093	(2,020,438)
15,370,040	9,733,587	11,095,343	(4,274,697)
(2,155,208)	405,611	(946,145)	(1,209,063)
-	-	-	-
(2,155,208)	405,611	(946,145)	(1,209,063)
13,852,548	6,637,428	6,637,428	7,215,120
11,697,340	7,043,039	5,691,283	6,006,057

City of Carlisle

City of Carlisle

Notes to Other Information – Budgetary Reporting

June 30, 2022

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

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

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, three budget amendments increased budgeted disbursements by \$1,361,756. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2022, disbursements exceeded the amount budgeted in the public works, capital projects and business type activities functions.

City of Carlisle

Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)

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

Other Information

	2022	2021	2020	2019
City's proportion of the net pension liability (asset)	0.192152%	0.014558%	0.012111%	0.013467%
City's proportionate share of the net pension liability (asset)	\$ (663)	1,023	701	852
City's covered payroll	\$ 1,878	1,822	1,673	1,548
City's proportionate share of the net pension liability as a percentage of its covered payroll	-35.30%	56.15%	41.90%	55.04%
IPERS' net position as a percentage of the total pension liability	100.81%	82.90%	85.45%	83.62%

* 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.

2018	2017	2016	2015
0.013229%	0.012578%	0.010918%	0.009796%
881	792	539	388
1,507	1,314	1,320	1,145
58.46%	60.27%	40.83%	33.89%
82.21%	81.82%	85.19%	87.61%

City of Carlisle

Schedule of City Contributions

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

Other Information

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutorily required contribution	\$ 184	179	175	164
Contributions in relation to the statutorily required contribution	<u>(184)</u>	<u>(179)</u>	<u>(175)</u>	<u>(164)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
City's covered payroll	\$ 1,960	1,878	1,822	1,673
Contributions as a percentage of covered payroll	9.39%	9.53%	9.60%	9.80%

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
143	140	121	124	116	103
(143)	(140)	(121)	(124)	(116)	(103)
-	-	-	-	-	-
1,548	1,507	1,314	1,320	1,145	1,120
9.24%	9.29%	9.21%	9.39%	10.13%	9.20%

City of Carlisle

Notes to Other Information – Pension Liability (Asset)

Year ended June 30, 2022

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

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

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

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

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

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

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- 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.

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, 2022

	Employee Benefits	Gifts and Bequests	Urban Renewal Tax Increment	Special Police Seizure Fund
Receipts:				
Property tax	\$ 249,991	-	-	-
Tax increment financing	-	-	170,456	-
Other city tax	4,602	-	-	-
Intergovernmental	5,378	-	-	-
Miscellaneous	-	-	-	-
Total receipts	259,971	-	170,456	-
Disbursements:				
Operating:				
Public safety	-	-	-	-
Culture and recreation	-	-	-	-
Community and economic development	-	-	526,928	-
Total disbursements	-	-	526,928	-
Excess (deficiency) of receipts over (under) disbursements	259,971	-	(356,472)	-
Other financing uses:				
Transfers out	(252,080)	-	-	-
Change in cash balances	7,891	-	(356,472)	-
Cash balances beginning of year	14,709	1,350	(5,181)	3,160
Cash balances end of year	\$ 22,600	1,350	(361,653)	3,160
Cash Basis Fund Balances				
Nonspendable - Cemetery perpetual care	\$ -	-	-	-
Restricted for:				
Library	-	-	-	-
Fire	-	-	-	-
Other purposes	22,600	1,350	-	3,160
Unrestricted	-	-	(361,653)	-
Total cash basis fund balances	\$ 22,600	1,350	(361,653)	3,160

See accompanying independent auditor's report.

Revenue						Permanent	
Friends of the Carlisle Library	Carlisle Library Foundation	Carlisle Firemen's Enterprises Corporation	Carlisle Police Auxiliary	Carlisle Friends of the Park	Cemetery Perpetual Care		Total
-	-	-	-	-	-	-	249,991
-	-	-	-	-	-	-	170,456
-	-	-	-	-	-	-	4,602
-	-	-	-	-	-	-	5,378
11,503	20,512	7,215	7,607	25,354	1,750		73,941
11,503	20,512	7,215	7,607	25,354	1,750		504,368
-	-	17,382	7,700	-	-	-	25,082
11,644	10,579	-	-	27,789	-	-	50,012
-	-	-	-	-	-	-	526,928
11,644	10,579	17,382	7,700	27,789	-	-	602,022
(141)	9,933	(10,167)	(93)	(2,435)	1,750		(97,654)
-	-	-	-	-	-	-	(252,080)
(141)	9,933	(10,167)	(93)	(2,435)	1,750		(349,734)
21,521	21,705	40,743	3,732	33,172	58,453		193,364
21,380	31,638	30,576	3,639	30,737	60,203		(156,370)
-	-	-	-	-	60,203		60,203
21,380	31,638	-	-	-	-		53,018
-	-	30,576	-	-	-		30,576
-	-	-	3,639	30,737	-		61,486
-	-	-	-	-	-		(361,653)
21,380	31,638	30,576	3,639	30,737	60,203		(156,370)

City of Carlisle

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

For the Last Ten Years

	2022	2021	2020	2019
Receipts:				
Property tax	\$ 2,654,029	2,561,049	2,170,404	2,028,859
Local option sales tax	653,882	597,127	446,892	509,049
Tax increment financing	170,456	55,049	57,847	175,665
Other city tax	53,530	44,212	38,873	38,413
Licenses and permits	333,949	273,768	248,826	273,613
Use of money and property	36,916	32,031	38,766	27,451
Intergovernmental	1,083,184	829,906	709,056	702,404
Charges for service	636,392	602,976	451,477	528,101
Special assessments	73,222	78,839	79,589	73,523
Miscellaneous	253,477	289,110	209,134	231,085
Total	\$ 5,949,037	5,364,067	4,450,864	4,588,163
Disbursements:				
Operating:				
Public safety	\$ 1,892,189	2,318,561	1,660,299	1,585,809
Public works	796,836	782,009	679,202	715,181
Health and social services	142	11,171	11,419	7,312
Culture and recreation	689,804	582,070	697,519	610,722
Community and economic development	739,582	234,178	142,230	184,520
General government	554,948	530,350	457,564	446,456
Debt service	1,129,616	979,768	898,229	1,058,911
Capital projects	3,426,486	2,000,041	545,477	1,145,427
Total	\$ 9,229,603	7,438,148	5,091,939	5,754,338

See accompanying independent auditor's report.

2018	2017	2016	2015	2014	2013
1,941,554	1,854,161	1,787,144	1,732,611	1,659,847	1,581,797
496,553	468,667	-	-	-	-
106,280	97,489	87,855	30,548	2,082	16,566
41,229	32,178	40,175	22,717	20,815	21,437
275,688	214,516	154,925	94,475	120,990	62,733
24,471	23,412	22,031	23,080	20,944	23,703
760,796	704,335	1,795,156	1,630,621	935,267	508,237
464,254	518,719	439,885	471,938	415,775	398,089
355,694	195,491	209,626	337,987	224,218	119,382
148,823	129,441	97,489	235,996	115,381	77,826
4,615,342	4,238,409	4,634,286	4,579,973	3,515,319	2,809,770
1,261,167	1,356,377	1,144,903	1,131,832	1,581,727	932,856
712,001	679,835	625,494	584,402	572,488	608,552
7,081	30,279	1,273	-	-	1,278
567,589	540,793	500,630	460,299	515,767	475,687
119,333	116,084	71,901	132,086	293,260	11,100
481,121	449,839	474,623	153,487	188,513	205,139
938,479	893,654	731,448	712,775	680,017	566,361
716,758	2,530,469	1,419,147	1,543,010	900,988	595,145
4,803,529	6,597,330	4,969,419	4,717,891	4,732,760	3,396,118



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

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

To the Honorable Mayor and Members of the City Council:

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Carlisle, Iowa, as of and for the year ended June 30, 2022, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 22, 2022. 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.

Report on 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 (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Carlisle's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Carlisle's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings as items 2022-001 through 2022-004 to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings as items 2022-005 and 2022-006 to be significant deficiencies.

Report on Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2022 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.

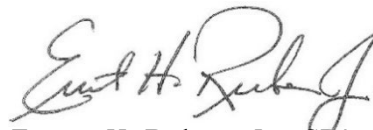
City of Carlisle's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City of Carlisle's responses to the findings identified in our audit and described in the accompanying Schedule of Findings. The City of Carlisle's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

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.



Ernest H. Ruben, Jr., CPA
Deputy Auditor of State

November 22, 2022

City of Carlisle

Schedule of Findings

Year ended June 30, 2022

INTERNAL CONTROL DEFICIENCIES:

2022-001 Segregation of Duties

Criteria – Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the City’s financial statements.

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

- (1) The individual responsible for detailed record keeping of investments is also the custodian of the investments and reconciles the investment ledgers.
- (2) Responsibilities for collection, deposit preparation and reconciliation functions are not segregated from recording and accounting for receipts.
- (3) Mail is opened by an individual who is also responsible for recording and accounting for receipts.

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 financial reports. The reviews should be documented by the signature or initials of the reviewer and the date of the review. The mail should be opened by a person other than accounting personnel.

Response – The City is aware this is an ongoing issue and will strive to address this item in the future.

Conclusion – Response accepted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2022

2022-002 Segregation of Duties – Component Units

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

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

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

Cause – The component units noted above have a limited number of employees or volunteers 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 or volunteers in the normal course of performing their assigned functions.

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

Response – The City Administrator will discuss ways to improve segregation of duties with the component units.

Conclusion – Response accepted.

2022-003 Reconciliation of Utility Billings, Collections and Delinquent Accounts

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

Condition – Utility billings, collections and delinquent accounts were not reconciled in a timely (i.e., each billing period) manner throughout the year. In addition, there was no evidence the reconciliations were reviewed by an independent person.

City of Carlisle

Schedule of Findings

Year ended June 30, 2022

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

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

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

Response – The City will continue to reconcile the utilities, have the City Administrator review and sign off on the reconciliations, and develop internal goals for turnaround time on that process.

Conclusion – Response accepted.

2022-004

Emergency Medical Services Accounts Receivable

Criteria – A deficiency in internal control over service organization receipts 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. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the City's financial records.

Condition – The City contracts for ambulance billings and collections. The ambulance receipts are collected by the outside entity and remitted to the City. The outside entity provides the City with a monthly reconciliation and an accounts receivable listing; however, the City does not review the listing or reconcile the listing to collections and billings each month to ensure accuracy. In addition, the outside entity withholds a monthly admin fee from collections deposited with the City's bank account and the City does not record the administrative fee through a journal entry. For fiscal year 2022 this caused revenues and expenditures to be understated by \$8,867.

Cause – City policies and procedures have not been established to require a review of the accounts receivable listing and to reconcile collections, billings and administrative fee monthly or to maintain a listing of current billings.

Effect – Lack of policies and procedures could result in City employees not detecting errors in the normal course of performing their assigned functions.

Recommendation – The City should implement policies and procedures to review and retain the accounts receivable listing and reconcile listing to collections and billings monthly. The reviews should be documented by the signature or initials of the reviewer and the date of the review. In addition, the City should record the monthly collections in their entirety along with the administrative fee imposed by the outside entity.

City of Carlisle

Schedule of Findings

Year ended June 30, 2022

Response – The City has transitioned to a new processing company. We will work with the new vendor to accomplish proper oversight of billing.

Conclusion – Response accepted.

2022-005

Bank Reconciliations

Criteria – An effective internal control system provides for internal controls related to ensuring proper accounting for all funds by maintaining appropriate accounting records and reconciling bank and book balances.

Condition – Reconciling items on the system generated bank reconciliation were not resolved in a timely manner.

Cause – Procedures have not been designed to ensure reconciling items on the bank reconciliation are resolved timely.

Effect – Unresolved reconciling items can result in unrecorded transactions, undetected errors and opportunity for misappropriation.

Recommendation – Reconciling items should be resolved each month.

Response – The City will strive to address this item in the future. Reconciliations will be reviewed within 30 days of processing.

Conclusion – Response accepted.

2022-006

Expense Allocation

Criteria – A deficiency in internal control over financial reporting 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 properly record transactions in the financial statements. Properly designed policies and procedures and implementation of the policies and procedures are an integral part of ensuring the reliability and accuracy of the City's financial statements.

Condition – The City allocates payroll and other expenses between the General and Enterprise, Water, Sewer and Electric Funds. However, the City does not document how the allocation of payroll and other expenses was determined.

Cause – Policies have not been established and procedures have not been implemented to document the allocation of payroll and other expenses between funds.

Effect – Lack of policies and procedures could result in inaccurate or inconsistent recording of payroll and other expenses in the financial statements.

Recommendation – The City should establish a written policy providing guidelines for proper and consistent allocation of payroll and other expenses to the proper funds.

City of Carlisle

Schedule of Findings

Year ended June 30, 2022

Response – The City will review its allocation procedures and establish written guidelines for allocation of expenses. This will be established in a council resolution.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2022

Other Findings Related to Required Statutory Reporting:

2022-A Certified Budget – Disbursements at June 30, 2022 exceeded the amount budgeted in the public works, capital projects and business type activities functions. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

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

Response – The City will amend the budget before exceeding budgetary limits.

Conclusion – Response accepted.

2022-B Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in the Attorney General’s opinion dated April 25, 1979 were noted.

2022-C Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

2022-D Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Eric Goodhue, City Council Member, Parents own Sandridge Farms	Rent and crop expenses	\$ 1,250

In accordance with Chapter 362.5(3)(j) of the Code of Iowa, the above transactions with the City Council Member do not appear to represent a conflict of interest since total transactions were less than \$6,000 during the fiscal year.

2022-E Restricted Donor Activity – No transactions were noted between the City, City officials, City employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.

2022-F 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.

2022-G City Council Minutes – No transactions were found that we believe should have been approved in the City Council minutes but were not.

2022-H Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the City’s investment policy were noted.

2022-I Revenue Notes – No instances of non-compliance with the revenue note resolutions were noted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2022

2022-J Financial Condition – At June 30, 2022, the Internal Service, Self-Funded Insurance Fund and the Special Revenue, Urban Renewal Tax Increment Fund had deficit balances of \$4,176 and \$361,653, respectively.

The deficit in the Special Revenue, Urban Renewal Tax Increment Fund resulted from the City paying a developer \$436,978 per a development agreement before the City had collected tax increment proceeds.

Recommendation – The City should investigate alternatives to eliminate these deficits and return the funds to sound financial positions. The City should consult TIF legal counsel to help resolve this matter.

Response – The City is continuing to monitor the accounts and reviewing options on how to eliminate the deficits in the funds.

Conclusion – Response accepted.

2022-K Tax Increment Financing Fund – Chapters 403.19(10)(b) and 403.22 of the Code of Iowa provide moneys in the Special Revenue, Tax Increment Financing (TIF) Fund shall not be used for any purpose except for the payment of loans, advances, indebtedness or bonds which qualify for payment from the TIF Fund.

The City certified \$25,000 of anticipated legal expenses as TIF debt in November 2017. Legal fees do not represent debt and accordingly, in accordance with Chapter 403 of the Code of Iowa, may not be certified as TIF debt. In addition, the City never incurred the legal expenses as anticipated. The City has not decertified the TIF debt for legal expenses which have not been incurred.

Recommendation – The City should decertify the \$25,000 incorrectly certified as TIF debt.

Response – The City will review the TIF debt certification and work to correct the issue.

Conclusion – Response accepted.

2022-L 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. In addition, the TIF debt outstanding was understated by approximately \$6,980,000.

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

Response – The City will review the reports and strive to submit accurate Urban Renewal reports in the future.

Conclusion – Response accepted.

City of Carlisle

Schedule of Findings

Year ended June 30, 2022

2022-M Enterprise Fund Transfers – During the year ended June 30, 2022, the Enterprise Water, Sewer and Electric Funds transferred \$120,000, \$125,000 and \$170,000 respectively to the City’s General Fund. Per City personnel, the funds were transferred from the Enterprise Water, Sewer and Electric Funds to the General Fund to reimburse the General Fund for payroll and other expenses incurred for the operation of the Enterprise Funds which were paid by the General Fund. In addition, City personnel stated the transfers included the transfer of surplus funds from the Enterprise, Water, Sewer and Electric Funds to the General Fund.

Chapter 384.89 of the Code of Iowa states a governing body of a city utility may transfer surplus funds to any other fund of the City. Iowa Administrative Code (IAC), Chapter 545.2.5 defines a “surplus” as the cash balance in excess of: a) the amount of disbursements for operating and maintaining the utility for the preceding three months and b) the amount necessary to make all required transfers to restricted accounts for the succeeding three months.

IAC Chapter 545.2.1 also states “A fund transfer resolution must be completed for all transfers between funds and must include a clear statement of reason or purpose for the transfer, the name of the fund from which the transfer is originating, the name of the fund into which the transfer is to be received, and the dollar amount to be transferred. For transfers of utility surpluses outlined in sub-rule 2.5(5), the calculation proving the surplus must also be shown in the resolution.”

The transfer resolution did not include a clear statement of the reason or purpose for the transfer or the calculation proving there were surplus funds in the Enterprise Water, Sewer and Electric Funds. In addition, the reimbursement of payroll and other expenses from the Enterprise Water, Sewer and Electric Funds to the General Fund were not properly supported.

Recommendation – The City should prepare and maintain documentation of the calculation of surplus funds transferred from each of the Enterprise Funds to the General Fund. This calculation of surplus funds must be shown in the resolution and the purpose of the transfer clearly stated. In addition, the City should ensure documentation is maintained to support the reimbursement of payroll and other expenses to be reimbursed to the General Fund.

Response – The City will prepare and maintain proper documentation of the surplus determination prior to the transfer of funds.

Conclusion – Response accepted.

2022-N 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.

City of Carlisle

Schedule of Findings

Year ended June 30, 2022

Response – The City Clerk is working on compiling the list and remitting to the Treasurer’s Office.

Conclusion – Response accepted.

City of Carlisle

Staff

This audit was performed by:

Ernest H. Ruben, Jr., CPA, Deputy
Ryan J. Pithan, CPA, Manager
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