City of Carroll

112 E. 5th Street Carroll, Iowa 51401-2799 (712) 792-1000 FAX: (712) 792-0139

MEMO TO: Mike Pogge-Weaver, City Manager

FROM: Laura A. Schaefer, Finance Director/City Clerk

DATE: January 6, 2021

SUBJECT: F.Y. 2019-2020 Annual Financial Statement Audit

Enclosed is a copy of the City audit for the fiscal year ending June 30, 2020. This audit was performed by Feldmann & Company CPAs, P.C.

The City received an unqualified opinion. The opinion states that the financial statements are presented fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business activities, each major fund and the aggregate remaining fund information of the City. An unqualified opinion is the most common type of auditor's report.

Management's Discussion and Analysis, pages 8-16, is prepared by the City to discuss the major activities/changes that have occurred during FY 2020 and a little bit of insight into the next budget year.

Exhibit A, pages 18 and 19, summarizes all revenues and expenses by the major governmental activities (public safety, public works, etc.), business type activities and general receipts. Exhibit B (pages 20-21) and Exhibit D (pages 24-25) summarize the same revenues and expenses as Exhibit A by the major funds resulting in the ending balances as of June 30, 2020. Also, the Schedule of Findings and Questioned Costs are presented on pages 74 through 77.

Jennifer Walkup, CPA Manager, Feldmann & Company CPAs, P.C., plans to present the audit report to Council. If you have any questions about the audit report, please feel free to contact Jennifer Walkup or myself at City Hall.

RECOMMENDATION: Council consideration and acceptance of the F.Y. 2019-2020 Annual Financial Statement Audit.

CITY OF CARROLL

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

JUNE 30, 2020

Feldmann & Company CPAs, P.C.
523 North Main Street
Carroll, Iowa 51401

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City of Carroll

Officials

Name	Title	Term Expires
Eric Jensen	Mayor	December 31, 2021
Michael Kots	Council Member - Ward 1	December 31, 2021
Misty Boes	Council Member - Ward 2	December 31, 2023
Clay Haley	Council Member - Ward 3	December 31, 2021
Carolyn Siemann	Council Member - Ward 4	December 31, 2023
Jerry Fleshner	Council Member - At-Large Mayor Pro Tempore	December 31, 2021
LaVern Dirkx	Council Member - At-Large	December 31, 2023
Michel Pogge-Weaver	City Manager	June 30, 2021 (1)
Laura Schaefer	City Clerk, Treas. & Finance Dir.	June 30, 2021 (2)
Debra K. Goetzinger	Deputy City Clerk	June 30, 2021 (2)
Randall M. Krauel	Public Works Director	June 30, 2021 (2)
Jack Wardell	Parks and Recreation Director	June 30, 2021 (2)
David S. Bruner	City Attorney	Indefinite (1)
Brad Burke	Chief of Police	June 30, 2021 (2)
Greg Schreck	Building/Fire Safety Official	June 30, 2021(2)
Rachel Van Erdewyk	Library Director	June 30, 2021 (2)
Lisa Auen	Library Trustee	December 31, 2025
Dale Schmidt	Library Trustee	December 31, 2025
Brenda Hogue	Library Trustee	December 31, 2024
Thomas Parish	Library Trustee Sec.	December 31, 2024
M. Carol Shields	Library Trustee	December 31, 2024
Kyle Ulveling	Library Trustee	December 31, 2022
Ralph Von Qualen (County Representative)	Library Trustee	December 31, 2022
Paul Reicks	Library Trustee President	December 31, 2022
Summer Parrott	Library Trustee Vice Pres.	December 31, 2020
Greg Siemann	Airport Commissioner	December 31, 2020
Norman Hutcheson	Airport Commissioner/Chairman	December 31, 2022
Gene Vincent	Airport Commissioner	December 31, 2023
Richard Fulton	Airport Commissioner	December 31, 2024
Kevin Wittrock	Airport Commissioner	December 31, 2024

(1) Not Elected - No specific term - Employment Agreement is in effect until terminated by either party.
(2) No specific term - Salary approved to the date shown.

Feldmann & Company CPAs, P.C.
523 North Main Street
Carroll, Iowa 51401
(712) 792-2464

Independent Auditor's Report

To the Honorable Mayor and Members of the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Carroll, Iowa, as of and for the year ended June 30, 2020, and the related Notes to Financial Statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Carroll at June 30, 2020, and the respective changes in cash basis financial position for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

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

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Carroll's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the twenty-three years ended June 30, 2019, (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The other information, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension Liability and the Schedule of City's

Contributions on pages 48 through 50 and pages 51 through 59 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 23, 2020, on our consideration of the City of Carroll's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 Carroll's internal control over financial reporting and compliance.

Feldmann & Company CPA's, P.C.

Feldmann & Company CPAs, P.C.

October 23, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Carroll provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2020. We encourage readers to consider this information in conjunction with the City's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The City's governmental funds' receipts decreased 17.1% or approximately $3,285,000 from fiscal year 2019 (FY 19). Program receipts were down about $1,018,000 mainly due to a decrease in capital grants and contributions for capital projects. Bond proceeds were also down $2,741,000 due to less debt issued for capital projects in fiscal year 2020 (FY20).

- Disbursements of the City's governmental activities also decreased $2,088,000, or about 11.6%, from FY 19. Capital Projects is the main reason for the decrease. This decrease was offset by an increase in debt service payments made during FY 20.

- The City's total cash basis net position decreased about 0.80%, or approximately $192,000, from June 30, 2019 to June 30, 2020. Of this amount, the cash basis net position of the governmental activities increased approximately $1,280,000 and the cash basis net position of the business type activities decreased approximately $1,472,000.

USING THIS ANNUAL REPORT

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

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

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

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

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

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

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

BASIS OF ACCOUNTING

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

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statement

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

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

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

- Governmental Activities include public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service and capital projects. Property taxes, user fees and state and federal grants finance most of these activities.

- Business Type Activities of the City include water utility, sanitary sewer utility and the storm water utility system. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

1) Governmental funds account for most of the City's basic services. These focus on how money flows into and out of those funds and the balances at year-end that are available for spending. Governmental funds include: 1) the General Fund, 2) the Special Revenue Funds such as Road Use Tax and Local Option Sales Tax Fund,

3) the Debt Service Fund, 4) the Capital Projects Funds and 5) the Permanent Funds. The governmental fund financial statements provide a detailed view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

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

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

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

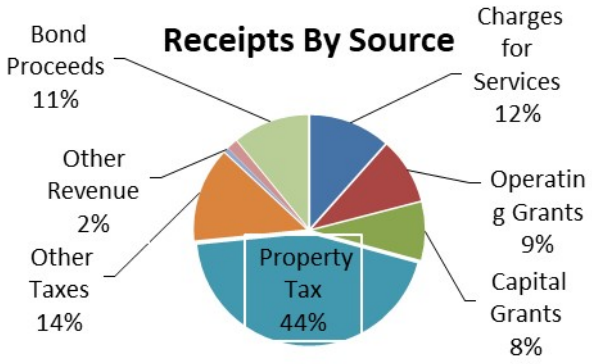
Reconciliations between the government-wide financial statement and the fund financial statements follow the fund financial statements.

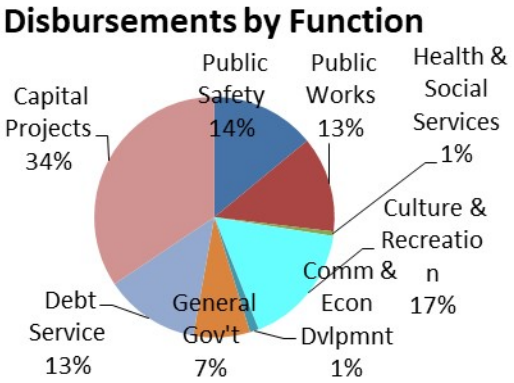
GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from a year ago, increasing from $13.681 million to $14.961 million. The analysis that follows focuses on the changes in cash basis net position of governmental activities.

Changes in Cash Basis Net Position of Governmental Activities
(Expressed in Thousand)

	2020	2019
Receipts & Transfers:		
Program Receipts:		
Charges for Services & Sales	$ 1,847	$ 1,981
Operating Grants, Contributions and Restricted Interest	1,501	1,467
Capital Grants, Contributions and Restricted interest	1,325	2,243
General Receipts		
Property Tax	7,053	6,735
Other Taxes	2,161	2,014
Franchise Tax & Fees	106	101
Unrestricted Investment Earnings	239	230
Bond Proceeds	1,734	4,475
Other General Receipts	5	10
Total Receipts	15,971	19,256
Disbursements:		
Public Safety	2,226	2,034
Public Works	2,039	2,457
Health & Social Services	93	104
Culture & Recreation	2,618	2,576
Community & Economic Development	190	170
General Government	1,209	970
Debt Service	2,031	1,665
Capital Projects	5,449	7,967
Total Disbursements	15,855	17,943
Change in cash basis net position before transfers	116	1,313
Transfers, net	1,164	1,240
Change in cash basis net position	1,280	2,553
Cash basis net position beginning of the year	13,681	11,128
Cash basis net position end of year	$ 14,961	$ 13,681





The City's total receipts for governmental activities decreased by 17.1% ($3,285,000). The total cost of all programs and services decreased by approximately $2,088,000, or about 11.6%. The primary decrease in receipts is mainly due to less debt issued. The decrease in disbursements is mainly due to less capital project expenditures.

The City increased the property tax rate for FY 20 by approximately 2.8%, which generated approximately $318,000 more property tax revenue (including TIF collections). The City's total assessed valuation increased about 1.63% from FY 19 with the residential rollback increasing 1.2971%. Based on increases in the total assessed valuation, property tax receipts are budgeted to modestly increase about $28,000 in FY 21.

The cost of all governmental activities this year was approximately $15.855 million compared to approximately $17.943 million last year. However, as shown in the Statement of Activities and Net Position on pages 18-19, the amount taxpayers ultimately financed for these activities was only $11.2 million because some of the cost was paid by those directly benefited from the programs ($1.847 million) or by other governments and organizations which funded certain programs with grants, contributions and restricted interest ($2.8 million).

The City paid the remaining "public benefit" portion of governmental activities with property tax (some of which could only be used for certain programs) and with other receipts including hotel/motel tax, local option sales tax, cable franchise fees, interest and other miscellaneous receipts. Overall, the City's governmental activities program receipts, including governmental aid and fees for service, decreased in FY 20 from approximately $5.691 million to $4.673 million, principally due to less capital grants and contributions received for street rehabilitation projects, the replacement of the driveway at the airport and donations for the Library remodeling project. Additionally, charges for services was less in FY 20 due mainly to less fees collected in the Culture & Recreation area due to the shut down for the COVID-19 pandemic.

Business–Type Activities

Changes in Cash Basis Net Position of Business-Type Activities
(Expressed in Thousand)

	2020	2019
Receipts & Transfers:		
Program Receipts:		
Charges for Services & Sales		
Water	$ 1,462	$ 1,457
Sewer	2,103	2,118
Storm Water	264	263
General Receipts		
Unrestricted Investment Earnings	225	216
Other General Receipts	71	87
Total Receipts	4,125	4,141
Disbursements:		
Water	935	1,016
Water - Capital Outlay	936	46
Sewer	1,191	792
Sewer - Capital Outlay	1,016	85
Storm Water	7	7
Storm Water – Capital Outlay	348	20
Total Disbursements	4,433	1,966
Change in cash basis net position before transfers	(308)	2,175
Transfers, net	(1 164)	(1,240)
Change in cash basis net position	(1,472)	935
Cash basis net position beginning of the year	9,932	8,997
Cash basis net position end of year	$ 8,460	$ 9,932

The cash balance at June 30, 2020 was $8,460,000, a decrease of approximately $1,472,000. Revenues decreased $16,000 from FY 19 mainly due to a decline in user fees for sewer.

Total disbursements increased by $2,467,000 or 225.5% from FY 19 due mainly to capital projects for the Water, Sewer and Storm Water Departments.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City completed the year, its governmental funds reported a combined fund balance of $14,961,000, an increase of approximately $1,280,000 from last year's total of $13,681,000. The following are the major reasons for the changes in cash balances from the prior year for the City's major funds.

- The General Fund cash balance increased $96,355 from the prior year to $4,310,727, which is approximately 55% of General Fund receipts. The General Fund balances are projected to be spent down to 25% of receipts over the next few years. These additional cash reserves are intended to be used for various projects and one-time expenditures.

- The Special Revenue Road Use Tax (RUT) Fund cash balance decreased by $57,800 to $1,747,970. The City intends to use this money to upgrade the condition of City roads.

- The Special Revenue Local Option Sales Tax (LOST) Fund cash balance decreased by $400,664 to $633,708. The City intends to use this money for future City projects.

- The Debt Service cash balance increased by $1,040 to $88,662. This balance will be used for future principal and interest payments.

- The Capital Projects Funds balance on June 30, 2020 was $7,275,026, an increase of $1,603,422 from FY19. The increase is mainly due to bond proceeds for the 2020 street project that were not completely expended by June 30, 2020. The increase is also due to funds accumulated for streetscape improvements, the construction of the Streets Maintenance Building and other park improvement projects that had not been completed as of June 30, 2020.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The cash balance of the Water Utility Fund decreased by $1,010,467 to $1,623,024. The decrease was mainly due to transfers out to fund water capital improvement projects.

- The cash balance of the Sewer Utility Fund decreased by approximately $417,625 to $3,651,987. The decrease was mainly due to transfers out to fund sewer improvement projects. The accumulation of cash reserves is for future operating costs and capital expenditures.

- The cash balance of the Storm Water Utility Fund increased approximately $173,261 to $838,365. The accumulation of cash reserves is for future operating costs and capital expenditures.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the City Council annually adopts a budget following required public notice and hearings for all funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Over the course of the year, the City amended its budget two times. The first amendment was approved on April 27, 2020, and resulted in an increase in disbursements (including transfers) of $2,227,028 and an increase in revenues and other financing sources of $689,096. The amendment was primarily to account for various parks and recreation expenses including removal of ash trees, Rec Center building improvements, clean-up costs for 224 N Main Street, Small Business Relief Program and water and wastewater capital projects. The seconded budget amendment was approved on May 26, 2020, and resulted in an increase in disbursements of $69,814 and an increase in revenues of $49,050. The amendment was to account for a COVID-19 federal grant the city was awarded and the related expenditures for that grant.

After the budget amendments, The City's receipts were about $256,500 more than the amended budget mainly due to more intergovernmental receipts received. Total disbursements were $5.8 million less than the amended budget. This was primarily due to the delay of some capital purchases, unfinished construction projects and less than anticipated operating expenses.

DEBT ADMINISTRATION

At year-end, the City had $10,436,000 in bonds and other long-term debt compared to $10,690,000 last year as shown below.

Outstanding Debt at Year-End
(Expressed in Thousands)

	2020	2019
General Obligation Capital Loan Notes	$7,040	$6,675
Sewer Revenue Bonds	3,396	4,015
Total	$10,436	$10,690

Debt decreased as a result of a greater amount of principal payments than new debt issued. Principal payments totaled $1,759,000 and debt issued was $1,505,000 for the 2020 Street Rehab project and the purchase of a new fire truck.

The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5% of the assessed value of all taxable property within the

City's corporate limits. The City's outstanding general obligation debt of $7,040,000 is well below the City's $44.66 million legal debt limit.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's citizens and elected and appointment officials considered many factors when setting the 2021 fiscal year budget, associated tax rates and fees for services. One of those factors is the local economy. The regional economy is stable. Unemployment for Carroll County was at a rate of about 2.3% (January 2020 Local Area Unemployment Statistics for Carroll County obtained from Iowa Workforce Development) which is up slightly from the January 2019 unemployment rate of 2.1%. This is compared to the State's unemployment rate of 2.8% (January 2020) and the national rate of 3.6% (January 2020).

These indicators were taken into account when adopting the budget for fiscal year 2021 (FY 21). Budgeted revenues are expected to be approximately $1.6 million less than final FY20 budget mainly due less donations and grants expected for capital projects as well as no debt issuance planned for FY 21. Budgeted disbursements are expected to be about $1.5 million less than FY 20 final budgeted disbursements mainly due to less business type capital projects.

If budget estimates are realized, the City's budgeted cash balance is expected to decrease approximately $6.0 million by the close of FY 21.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Laura Schaefer, City Clerk, 627 N. Adams Street, Carroll, IA 51401

City of Carroll

Basic Financial Statements

City of Carroll

Statement of Activities and
Net Position - Cash Basis
Year ended June 30, 2020

Functions/Programs		Expenses		Charges for Services
Governmental Activities				
Public Safety Program	$	2,225,592.61	$	156,113.47
Public Works Program		2,039,384.57		662,176.72
Health and Social Services Program		93,325.00		25,050.00
Culture and Recreation Program		2,618,447.37		967,700.39
Community & Economic Development Program		190,073.12		3,262.22
General Government		1,208,588.88		32,926.22
Debt Service		2,030,962.50		-
Capital Projects		5,449,046.09		-
Total governmental activities		15,855,420.14		1,847,229.02
Business Type Activities				
Water		1,870,959.38		1,461,513.92
Sewer		2,208,115.62		2,102,846.05
Storm Water		354,346.90		264,450.76
Total business type activities		4,433,421.90		3,828,810.73
Total	$	20,288,842.04	$	5,676,039.75
General Receipts:				
Property Taxes levied for:				
General purpose				
Debt Service				
Tax Increment Financing				
Property Tax Replacement				
Hotel Motel Tax				
Local Option Sales Tax				
Franchise taxes and fees				
Unrestricted investment earnings				
Bond Proceeds				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Changes in Cash Balance				
Cash Balance beginning of year				
Cash Balance end of year				
Cash Basis Net Position				
Restricted:				
Nonexpendable - Cemetery Perpetual Care				
- Rec Center Trust				
Expendable - Debt Service				
- Streets				
- Other purposes				
Unrestricted				
Total Cash Basis Net Position				

See notes to financial statements.

Exhibit A

Program Revenues		Net (Disbursements) Receipts		
Operating Grants Contributions and Restricted Interest	Capital Grants Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
$ 84,755.09	$ -	$ (1,984,724.05)	$ -	$ (1,984,724.05)
1,320,555.24	-	(56,652.61)	-	(56,652.61)
-	-	(68,275.00)	-	(68,275.00)
86,961.74	-	(1,563,785.24)	-	(1,563,785.24)
-	-	(186,810.90)	-	(186,810.90)
8,630.00	-	(1,167,032.66)	-	(1,167,032.66)
-	-	(2,030,962.50)	-	(2,030,962.50)
-	1,324,626.17 -	(4,124,419.92)	-	(4,124,419.92)
1,500,902.07	1,324,626.17	(11,182,662.88)	-	(11,182,662.88)
-	-	-	(409,445.46)	(409,445.46)
-	-	-	(105,269.57)	(105,269.57)
-	-	-	(89,896.14)	(89,896.14)
-	-	-	(604,611.17)	(604,611.17)
$ 1,500,902.07	$ 1,324,626.17	(11,182,662.88)	(604,611.17)	(11,787,274.05)
		5,212,404.36	-	5,212,404.36
		853,947.78	-	853,947.78
		986,430.96		986,430.96
		214,411.03		214,411.03
		212,227.61	-	212,227.61
		1,734,887.82	-	1,734,887.82
		105,905.31	-	105,905.31
		239,374.94	224,951.92	464,326.86
		1,733,681.68	-	1,733,681.68
		5,338.58	71,221.16	76,559.74
		1,164,037.00	(1,164,037.00)	-
		12,462,647.07	(867,863.92)	11,594,783.15
		1,279,984.19	(1,472,475.09)	(192,490.90)
		13,680,765.21	9,932,064.01	23,612,829.22
		$ 14,960,749.40	$ 8,459,588.92	$ 23,420,338.32
		$ 537,531.46	$ -	$ 537,531.46
		37,766.84	-	37,766.84
		88,662.13	-	88,662.13
		1,747,970.53	-	1,747,970.53
		1,165,262.97	-	1,165,262.97
		11,383,555.47	8,459,588.92	19,843,144.39
		$ 14,960,749.40	$ 8,459,588.92	$ 23,420,338.32

City of Carroll
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds
Year ended June 30, 2020

	General	Special Revenue Road Use Tax	Special Revenue Local Option Sales Tax
Receipts:			
Property tax	$ 4,341,711.07	$ -	$ -
Other Taxes	318,132.92	-	1,734,887.82
Use of money and property	150,348.61	-	30,260.65
Licenses and permits	90,495.04	-	-
Intergovernmental	238,700.77	1,298,623.22	-
Charges for service	1,541,521.74	-	-
Special assessments	-	-	-
Fines and fees	60,471.19	-	-
Miscellaneous	190,919.94	2,302.12	-
Total receipts	6,932,301.28	1,300,925.34	1,765,148.47
Disbursements:			
Public Safety	2,184,670.16	-	-
Public Works	1,308,050.42	744,178.51	-
Health and Social Services	93,325.00	-	-
Culture and Recreation	2,625,943.59	-	-
Community and Economic Development	171,229.83	-	-
General Government	1,117,044.71	-	100,000.00
Debt Service	-	-	-
Capital Projects	-	-	-
Total disbursements	7,500,263.71	744,178.51	100,000.00
Excess (deficiency) of receipts over (under) disbursements	(567,962.43)	556,746.83	1,665,148.47
Other financing sources (uses):			
Bond/note proceeds	-	-	-
Operating transfers in	887,179.07	125,428.32	-
Operating transfers(out)	(222,861.53)	(740,000.00)	(2,065,812.00)
Total other financing sources (uses)	664,317.54	(614,571.68)	(2,065,812.00)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	96,355.11	(57,824.85)	(400,663.53)
Cash balance beginning of year	4,214,372.23	1,805,795.38	1,034,372.00
Cash balance end of year	$ 4,310,727.34	$ 1,747,970.53	$ 633,708.47
Cash Basis Fund Balances			
Unspendable-			
Permanent fund-Cemetary Perpetual Care	$ -	$ -	$ -
-Rec Center Trust	-	-	-
Restricted for Debt Service	-	-	-
Streets	-	1,747,970.53	-
Other purposes	398,373.62		633,708.47
Committed	-	-	-
Assigned	-		-
Unassigned	3,912,353.72	-	-
Total cash basis fund balances	$ 4,310,727.34	$ 1,747,970.53	$ 633,708.47

Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total
$ 853,947.78	$ -	$ 1,857,124.25	$ 7,052,783.10
-	-	-	2,053,020.74
-	81,299.08	18,551.60	280,459.94
-	-	-	90,495.04
27,809.02	674,648.60	41,760.66	2,281,542.27
-	-	5,480.00	1,547,001.74
-	-	-	-
-	-	-	60,471.19
-	649,977.57	28,712.00	871,911.63
881,756.80	1,405,925.25	1,951,628.51	14,237,685.65
-	-	52,208.92	2,236,879.08
-	-	-	2,052,228.93
-	-	-	93,325.00
-	-	24,663.94	2,650,607.53
-	-	18,843.29	190,073.12
-	-	-	1,217,044.71
2,030,962.50	-	-	2,030,962.50
-	5,449,046.09	-	5,449,046.09
2,030,962.50	5,449,046.09	95,716.15	15,920,166.96
(1,149,205.70)	(4,043,120.84)	1,855,912.36	(1,682,481.31)
-	1,733,681.68	-	1,733,681.68
1,150,245.37	3,912,861.53	-	6,075,714.29
-	-	(1,883,003.76)	(4,911,677.29)
1,150,245.37	5,646,543.21	(1,883,003.76)	2,897,718.68
1,039.67	1,603,422.37	(27,091.40)	1,215,237.37
87,622.46	5,671,603.36	866,999.78	13,680,765.21
$ 88,662.13	$ 7,275,025.73	$ 839,908.38	$ 14,896,002.58
$ -	$ -	$ 537,531.46	$ 537,531.46
-	-	37,766.84	37,766.84
88,662.13	-	-	88,662.13
-	-	-	1,747,970.53
-	-	-	-
-	-	133,180.88	1,165,262.97
-	7,275,025.73	-	7,275,025.73
-	-	131,429.20	131,429.20
-	-	-	3,912,353.72
$ 88,662.13	$ 7,275,025.73	$ 839,908.38	$ 14,896,002.58

See notes to financial statements.

Exhibit C

City of Carroll

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, 2020

Total governmental funds cash balances (page 21)	$14,896,002.58
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 health insurance and self-funding of the City's health insurance benefit plan to individual funds. A portion of the cash balance of the Internal Service Fund is included in the governmental activities in the Cash Basis Statement of Activities and Net Position.	64,746.82
Cash Basis net position of Governmental activities (page 19)	$14,960,749.40
Change in cash balances (page 21)	$ 1,215,237.37
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 health insurance and self-funding of the City's health insurance benefit plan to individual funds. A portion of the change in the cash balance of the Internal Service Fund is reported with the governmental activities in the Cash Basis Statement of Activities and Net Position.	64,746.82
Change in cash basis net position of governmental activities (page 19)	$ 1,279,984.19

See notes to financial statements.

City of Carroll

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

Year ended June 30, 2020

	Enterprise Funds	
	Major Fund Water	**Major Fund Sewer**
Operating receipts:		
Charges for service	$ 1,461,513.92	$ 2,102,846.05
Total operating receipts	1,461,513.92	2,102,846.05
Operating disbursements:		
Governmental activities:		
Public Safety	-	-
Public works	-	-
Cultural and recreational	-	-
General govenment	-	-
Business-type activities:	933,820.67	1,201,589.28
Total operating disbursements	933,820.67	1,201,589.28
Excess (deficiency) of operating receipts over (under) operating disbursements	527,693.25	901,256.77
Non-operating receipts (disbursements)		
Use of money and property	94,282.32	79,075.39
Miscellaneous	38,484.61	15,823.19
Capital Outlay	-	-
Net non-operating receipts (disbursements)	132,766.93	94,898.58
Other financing sources (uses):		
Bond/note proceeds	-	-
Operating transfers in	908,335.00	-
Operating transfers (out)	(2,579,262.00)	(1,413,780.00)
Total other financing sources (uses)	(1,670,927.00)	(1,413,780.00)
Excess of receipts and other financing sources over disbursements and other financing uses	(1,010,466.82)	(417,624.65)
Cash balance beginning of year	2,633,490.36	4,069,611.54
Cash balance end of year	$ 1,623,023.54	$ 3,651,986.89
Cash Basis Fund Balances		
Restricted	$ -	$ -
Committed	-	-
Assigned	-	-
Unrestricted	1,623,023.54	3,651,986.89
Total cash basis fund balances	$ 1,623,023.54	$ 3,651,986.89

Exhibit D

Major Fund Storm Water	Other Non-Major Proprietary	Total	Internal Service Employee Health
$ 264,450.76	$ -	$ 3,828,810.73	$ 613,865.59
264,450.76	-	3,828,810.73	613,865.59
-	-	-	179,185.54
-	-	-	85,082.04
-	-	-	138,244.83
-	-	-	48,365.06
6,748.00	10,375.00	2,152,532.95	96,144.55
6,748.00	10,375.00	2,152,532.95	547,022.02
257,702.76	(10,375.00)	1,676,277.78	66,843.58
14,480.76	37,113.45	224,951.92	16,627.23
1,077.36	15,836.00	71,221.16	-
-	(2,299,612.93)	(2,299,612.93)	-
15,558.12	(2,246,663.48)	(2,003,439.85)	16,627.23
-	-	-	
-	2,020,670.00	2,929,005.00	-
(100,000.00)	-	(4,093,042.00)	-
(100,000.00)	2,020,670.00	(1,164,037.00)	-
173,260.88	(236,368.48)	(1,491,199.07)	83,470.80
665,104.38	2,563,857.73	9,932,064.01	874,735.81
$ 838,365.26	$ 2,327,489.25	$ 8,440,864.94	$ 958,206.61
$ -	$ -	$ -	$ 958,206.61
-	2,327,489.25	2,327,489.25	-
-	-	-	-
838,365.26	-	6,113,375.69	-
$ 838,365.26	$ 2,327,489.25	$ 8,440,864.94	$ 958,206.61

See notes to financial statements.

Exhibit E

City of Carroll

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, 2020

Total enterprise funds cash balances (page 24)	$ 8,440,864.94
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 health insurance and self-funding of the City's health insurance benefit plan to individual funds. A portion of the cash balance of the Internal Service Fund is included in the business type activities in the Cash Basis Statement of Activities and Net Position.	18,723.98
Cash Basis net position of Business type activities (page 19)	$ 8,459,588.92
Change in cash balances (page 24)	$(1,491,199.07)
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 health insurance and self-funding of the City's health insurance benefit plan to individual funds. A portion of the change in the cash balance of the Internal Service Fund is reported with the business type activities in the Cash Basis Statement of Activities and Net Position.	18,723.98
Change in cash basis net position of business type activities (page 19)	$(1,472,475.09)

See notes to financial statements.

Note 1 - Summary of Significant Accounting Policies

The City of Carroll is a political subdivision of the State of Iowa located in Carroll County. It was first incorporated in 1869 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 human services, culture and recreation, community and economic developments, and general government services. The City also provides water, sewer and storm water utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Carroll 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. The City has no component units that meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Carroll County Assessor's Conference Board, Carroll County Solid Waste Commission, City/County Communications Committee, Carroll County Regional Planning Commission, County Emergency Management Commission and County Joint E911 Service Board, Carroll Area Access Television 6 (CAAT6) Board, and Carroll Foundation.

B. Basis of Presentation

Government-Wide Financial Statements – 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 revenues, 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 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 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 the constraints imposed by management which can be removed or modified.

The Cash Basis Statement of Activities and Net Position demonstrates 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 that are 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 that are not paid through other funds.

Special Revenue

Road Use Tax is used to account for the road use tax allocation from the State of Iowa

to be used for road construction and maintenance.

Local Option Sales Tax is used to account for a voter approved optional sales tax imposed on all sales within the electing jurisdiction. Revenue from this tax must be spent on the specific purposes set forth in the election ballot if other than property tax relief.

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 Funds are utilized to account for all resources used in the acquisition and construction of capital facilities, with the exception of those that are 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 waste water treatment and sanitary sewer system.

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

The City also reports the following additional proprietary fund:

An Internal Service Fund is utilized to account for the financing of health insurance services provided to other departments on a cost reimbursement basis.

C. Measurement Focus and Basis of Accounting

The City of Carroll 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 positions 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 these funds become due and collectible in September and March of the current fiscal year with a 1 ½ % per month penalty for delinquent payments: is based on January 1, 2018 assessed property valuations: is for the tax accrual period July 1, 2019 through June 30, 2020 and reflects tax asking contained in the budget certified to the City Council in March 2019.

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 imposed by law through constitutional provisions or enabling legislation.

Assigned - Amounts the Council intends to use for specific purposes.

Unassigned – All amounts not included in the preceding classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2020, there were no disbursements that exceeded the amounts budgeted in the general government and business type activities functions.

Note 2 - Cash and Pooled Investments

The City's deposits in banks at June 30, 2020, 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.

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the City.

Note 3 - Bonds and Notes Payable

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

Year Ending	Sewer Revenue Bonds		General Obligation Capital Loan Notes		Total	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest
2021	639,000	59,430	1,170,000	220,343	1,809,000	279,773
2022	659,000	48,248	1,085,000	187,935	1,744,000	236,183
2023	678,000	36,715	915,000	159,975	1,593,000	196,690
2024	699,000	24,850	655,000	136,908	1,354,000	161,758
2025	721,000	12,618	370,000	118,065	1,091,000	130,683
2026-33	-	-	2,845,000	421,853	2,845,000	421,853
	$ 3,396,000	**$ 181,860**	**$ 7,040,000**	**$ 1,245,078**	**$ 10,436,000**	**$ 1,426,938**

The Code of Iowa requires that principal and interest on general obligation bonds be paid from the Debt Service fund.

The resolutions providing for the issuance of the general obligation bonds include the following provisions:

The funds to pay principal and interest will be provided from the levied direct annual tax, except for the sewer revenue bonds that are paid with revenue generated by the sewer enterprise fund.

General Obligation, Revenue and Capital Loan Notes

The City issued $11,000,000, Revenue Capital Loan Notes, Series 2003, during the year ended June 30, 2004. Capital Loan Notes totaling $8,000,000 were issued December 23, 2003, and an additional issue on June 9, 2004, of $3,000,000. These notes will be used to defray the costs of wastewater treatment plant improvements. Interest rate is 3.00%. Interest payments are due semiannually beginning June 1, 2004. Principal and interest payments are paid semiannually starting June 1, 2006. In July 2015 the Iowa Finance Authority negotiated a reduced interest to 1.75% for payments starting in fiscal year 2015.

On April 23, 2015, the City issued $1,770,000 in General Obligation Capital Loan Notes, Series 2015A, with an interest rate range of .750% to 1.850%. The net proceeds were used to defease/advance refund the GO Bond Series 2008A, in the amount of $1,715,000.00. The City's designated Paying Agent, UMB Bank, N.A., Kansas City, MO, will pay principal and interest on the Notes; interest payable initially on December 1, 2015, and thereafter interest on each June 1 and December 1, through 2023, principal paid annually starting June 1, 2017.

On November 30, 2016, the City issued $2,290,000 in General Obligation Capital Loan Notes, Series 2016B, with an interest rate range of .80% to 1.60%. The net proceeds were used to pay costs of cemetery maintenance building and Third Street storm sewer improvements. The City's designated Paying Agent, UMB Bank, N.A., Kansas City, MO, will pay principal and interest on the Notes; interest payable each June 1 and December 1, through 2024, principal paid annually starting June 1, 2017.

On November 14, 2018, the City issued $4,475,000 in General Obligation Capital Loan Notes, Series 2018B, with an interest rate of 3.35%. Total project was split between 5 local banks. The net proceeds were used to pay costs of the Library/City Hall projects and park/trail improvements. The City will pay principal and interest on the Notes; interest payable each June 1 and December 1, through 2033, principal paid annually starting June 1, 2019.

On March 25, 2020, the City issued $1,505,000 in General Obligation Capital Loan Notes, Series 2020A, with an interest rate range of 4.00% to 5.00% and a true interest cost of 1.23%. The net proceeds were used to pay for the purchase of a fire truck and the Street Rehab – 2019 Project. The City's designated Paying Agent, UMB Bank, N.A., Kansas City, MO, will pay interest on the Notes; interest payable each June 1 and December 1, through 2029, principal paid annually starting June 1, 2020.

Sewer Revenue Notes

The City has pledged future sewer customer receipts, net of specific operating disbursements, to repay $11,000,000 of sewer revenue notes issued in FY 2004 with $8,000,000 issued December 2003 and $3,000,000 issued June 2004. Proceeds from the notes provided financing for the construction of the wastewater treatment plant

improvements and sanitary relief sewer improvements. The notes are payable solely from customer net receipts and are payable through 2025. Annual principal and interest payments on the notes are expected to require about 55% of net receipts. The total principal and interest remaining to be paid on the notes is $3,577,860. For the current year, principal and interest paid and total customer net receipts were $689,262.50 and $1,252,166.77, respectively.

The resolutions providing for the issuance of the revenue notes include the following provisions:

(a) The notes will only be redeemed from the future earnings of the sewer system activity and the note holders hold a lien on the future earnings of the fund.

(b) Sufficient monthly transfers shall be made to a separate sewer revenue note sinking account within the Sewer Fund for the purpose of making the note principal and interest payments when due.

(c) All funds remaining in the sewer account at the close of the month may be deposited in any of the funds created by the resolutions, to pay for extraordinary repairs or replacements to the sewer system, or for any lawful purpose.

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

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 for 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 before and after July 1, 2012. For service earned before July 1, 2012, the reduction is .25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned starting July 1, 2012, the reduction is .50% for each month that the member receives benefits before age 65.

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

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

Contributions – Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the

actuarial contribution rate be determined by 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 base 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 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the City contributed 9.44% for a total rate of 15.73%. Protection occupation members contributed 6.61% of covered payroll and the City contributed 9.91% of covered payroll, for a total rate of 16.52%.

The city's contributions to IPERS for the year ended June 30, 2020, totaled $287,092.62.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the City reported a liability of $ 2,216,761 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2019, the City's proportion was 0.0382817%, which was an increase of 0.000475% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled of $411,069, $351,608, and $873,082 respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

Rate of inflation (effective June 30, 2017)	2.60% per annum.
Rate 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, 2019, 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 2019 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	**Asset Allocation**	**Long–Term Expected Real Rate of Return**
Domestic Equity	22.0%	5.60%
International Equity	15.0	6.08
Global Smart Beta Equity	3.0	5.82
Core Plus Fixed Income	27.0	1.71
Public Credit	3.5	3.32
Public Real Assets	7.0	2.81
Cash	1.0	(0.21)
Private Equity	11.0	10.13
Private Real Assets	7.5	4.76
Private Credit	3.0	3.01
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.0 percent. 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 of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefits payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.0 percent) or 1% higher (8.0 percent) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
City's proportionate share of the net pension liability	$3,953,407	$2,216,761	$ 760,104

IPERS' 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.

Municipal Fire and Police Retirement System of Iowa (MFPRSI)

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

MFPRSI benefits are established under Chapter 411 of the Code of Iowa and the administrative rules thereunder. Chapter 411 of the Code of Iowa and the administrative rules are the official plan documents. The following brief description is providing for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits – Members with 4 or more years of service are entitled to pension benefits beginning at age 55. Full service retirement benefits are granted to members with 22 years of services, while partial benefits are available to those members with 4 to 22 years of service based on the ratio of years completed to the years required (i.e., 22 years). Members with less than 4 years of service are entitled to a refund of their contribution only, with interest, for the period of employment.

Benefits are calculated based upon the member's highest 3 years of compensation. The average of these 3 years becomes the member's average final compensation. The base benefit is 66% of the member's average final compensation. Members who perform more than 22 years of service receive an additional 2% of the member's average final compensation for each additional year of service, up to a maximum of 8 years. Survivor benefits are available to the beneficiary of a retired member according to the provisions of the benefit option chosen plus an additional benefit for each child. Survivor benefits are subject to a minimum benefit for those members who chose the basic benefit with a 50% surviving spouse benefit.

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

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

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

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

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

Contributions – Members contribution rates are set by state statute. In accordance with Chapter 411 of the Code of Iowa, the contribution rate was 9.40% of earnable compensation for the year ended June 30, 2020.

Employer contribution rates are based upon an actuarially determined normal contribution rate and set by state statute. The required actuarially determined contributions are calculated on the basis of the entry age normal method as adopted by the Board of Trustees as permitted under Chapter 411 of the Code of Iowa. The normal contribution rate is provided by state statute to be the actuarial liabilities of the plan less current plan assets, with such total divided by 1% of the actuarially determined present value of prospective future compensation of all members, further reduced by member contributions and state appropriations. Under the Code of Iowa, the employer's contribution rate cannot be less than 17.00% of earnable compensation. The contribution rate was 24.41% for the year ended June 30, 2020.

The City's contributions to MFPRSI for the year ended June 30, 2020 was $226,793.51.

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

There were no state appropriations to MFPRSI during the fiscal year ended June 30, 2020.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2020, the City reported a liability of $1,830,022 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the MFPRSI relative to the contributions of all MFPRSI participating employers. At June 30, 2019, the City's proportion was 0.28% which was a decrease of 0.0146% from its proportions measured as of June 30, 2018.

For the year ended June 30, 2020, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled $389,897, $365,702 and $(135,066) respectfully.

Actuarial Assumptions - The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00%
Salary increases	3.75 to 15.11%, including inflation
Investment rate of return	7.50%, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2007 through June 30, 2017.

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

The long-term expected rate of return on MFPRSI investments was determined using a building-block method in which best-estimate ranges of expected future real rates (i.e., 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 best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long–Term Expected Real Rate of Return
Large cap	5.5%
Small cap	5.8
International large cap	7.3
Emerging markets	9.0
Emerging markets debt	6.3
Private non-core real estate	8.0
Master limited partnerships	9.0
Private equity	9.0
Core plus fixed income	3.3
Private core real estate	6.0
Tactical asset allocation	6.4

Discount Rate – The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed contributions will be made at 9.40% of covered payroll and the City contributions will be made at rates equal to the difference between actuarially determined rates and the member rate. Based on those assumptions, the MFPRSI's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on MFPRSI's investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the city's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.50 %) or 1% higher (8.50 %) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	$ 2,979,597	$ 1,830,022	$ 877,949

MFPRSI's Fiduciary Net Position – Detailed information about MFPRSI's fiduciary net position is available in the separately issued MFPRSI financial report which is available on MFPRSI's website at www.mfprsi.org.

Note 5 - Other Postemployment Benefits (OPEB)

Plan Description - The City partially self-funds a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. There are 51 active and three (3) inactive employees on the plan. Retired participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Wellmark. The City self-funds the co-payments, deductibles and out-of-pocket maximums to a lower amount. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy - The contribution requirements of plan members are established by union contracts for Police union employees and by Council for the Public Works union employees and the non-union employees. The City currently finances the benefit plan on a pay-as-you-go basis. Currently, employees are required to pay, on a pre-tax basis, 20% of the cost of the premium equal to the cost of electing continuing coverage under COBRA. For FY 2020, employees contributed $1,198.32 for single coverage and $2,634.48 for family coverage. For the year ended June 30, 2020 the City contributed $487,337.68 and plan members eligible for benefits contributed $143,155.14 to the plan.

If an employee certifies that he/she is otherwise covered by health insurance and opts to waive coverage through the City, the City shall pay the employee an amount equal to thirty-percent (30%) of the single health insurance coverage.

Note 6 - Compensated Absences

City Employees accumulate a limited amount of earned but unused vacation and sick leave and comp time hours or subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursement by the City until used or paid. The City's approximate liability or earned vacation, and sick leave, and comp time payable to employees at June 30, 2020, primarily relating to the General Fund, is as follows:

Type of Benefits	Liability June 30, 2020
Vacation	$ 187,087.30
Compensatory Time	29,163.46
Sick Leave	467.04
	$ 216,717.80

* Computed based on rates of pay in effect as of June 30, 2020.

Note 7 - Hospital Revenue Bonds

On November 1, 2006, the City issued a total of $5,425,000 of Hospital Revenue Bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the revenue of St. Anthony Regional Hospital, and the bond principal and interest do not constitute liabilities of the City.

On November 26, 2012, the City issued a total of $4,820,000 of Hospital Revenue Refunding Bonds under the provisions of Chapter 419 of the Code of Iowa. The bonds and related interest are payable solely from the revenue of St. Anthony Regional Hospital, and the bond principal and interest do not constitute liabilities of the City.

Note 8 - Land Fill Contract

The City of Carroll has an agreement with the Carroll County Solid Waste Commission for solid waste disposal, for all households and businesses within the City. For the year ended June 30, 2020, $122,980 was paid pursuant to the agreement.

The City entered the agreement on February 25, 1971. There is no specified termination date. The City and other municipalities in the county have representation on the commission, which sets the rates paid based upon its annual budget. The charge is assessed to each municipality and the rural areas based upon population and adjusted arbitrarily based upon the distance the municipality is from the landfill to equalize hauling costs. The City of Carroll's share of the fees at June 30, 2020, was 47% of the total.

Note 9 - Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2020, is as follows:

Transfer to	Transfer from		Amount
General	Special Revenue	Employee Benefits	$775,377.10
	Urban Renewal	UR Downtown	38,729.97
	Enterprise	Water- Liability Insurance	34,262.00
		Sewer- Liability Insurance	38,810.00
Road Use	Special Revenue	Employee Benefits	125,428.32
Debt Service	Special Revenue	Ashwood TIF	35,133.37
		Local Option Sales Tax	415,812.00
	Enterprise	Sewer	699,300.00
Capital Projects			
Streets	General Fund		50,000.00
Airport	General Fund		16,086.53
Housing	General Fund		4,200.00
Streets	Special Revenue	Road Use Tax	150,000.00
Streets	Enterprise	Storm Water	100,000.00
CP Corridor	Enterprise	Water	1,200,000.00
CP Parks &Rec	Special Revenue	Local Option Sales Tax	150,000.00
		Hotel/Motel	152,575.00
CP-St Mnt Bldg	Special Revenue	Local Option Sales Tax	1,500,000.00
	Special Revenue	Road Use Tax	590,000.00
Enterprise:			
Water	Special Revenue	UR Downtown	908,335.00
Water Depr	Enterprise	Water Utility	50,000.00
Water Cap Imp	Enterprise	Water Utility	1,295,000.00
Sewer Depr	Enterprise	Sewer Utility	35,000.00
Sewer Cap Imp	Enterprise	Sewer Utility	640,670.00
			$9,004,719.29

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

Note 10 - 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.

Iowa Municipalities Worker's Compensation Association

In July 1987, the City joined together with other cities and counties in the State to participate in the Iowa Municipalities Workers' Compensation Association (IMWCA), a public entity risk pool currently operating as a workers' compensation risk management and insurance program for 544 member cities, counties and Chapter 28E entities. Under the Workers' Compensation Coverage Agreement of the IMWCA, each participant of the IMWCA authorized the IMWCA to issue and sell bonds on behalf of the participants for the purpose of providing funds to pay claims and the costs of issuing such bonds. The City pays an annual premium to IMWCA to pay the City's pro rata share of the principal and interest on the bonds and administrative expenses of the IMWCA. The Workers' Compensation Coverage agreement provides that IMWCA will be self-sustaining through member premiums and will annually evaluate the need to reinsure through commercial companies to protect the fund from catastrophic claims. The City's pro rata share of the IMWCA's bonds outstanding for fiscal year ending June 30, 2020, is zero as the debt has been paid in its entirety. The City's annual contributions to IMWCA for the year ended June 30, 2020, were $54,947.00.

Iowa Communities Assurance Pool

The City of Carroll is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 779 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public official’s liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member’s annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rates.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The City's property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The City's annual contributions to the Pool for the year ended June 30, 2020, were $197,226.87.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to $500,000 per claim. Claims exceeding $500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to $250,000 each occurrence, each location. Property risks exceeding $250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or loss was incurred. As of June 30, 2020, settled claims have not exceeded the risk pool or reinsurance coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The City also carries commercial insurance purchased from other insurers for coverage associated with airport liability in the amount of $3,956. The City assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 11 – Related Party Transactions

The City had business transactions between the City and City Officials totaling $1,317.15 during the year ended June 30, 2020.

Note 12 – Litigation

The City is defending itself against a lawsuit filed by Drake Construction, LLC regarding a contract dispute. Currently, the parties are exploring settlement. Discovery is ongoing with a trial date set for April 13, 2021. The City concedes that the contractor may be owed a payment on the contract but has filed a counterclaim based on the project not being

completed by the contract completion date and the contracted liquidated damages provision in the contract. In addition, the contractor's surety bond provides reimbursement for additional expenses for labor and equipment furnished by the City.

Note 13 – Development Agreements

The City has entered into a development agreement with Biokinemetrics Holdings LLC and DMBA Properties & Consulting, Inc. for the construction of a 17,000 square foot, two story building investing not less than $1,100,000 into capital improvements. The City agreed to pay the developer an amount not exceed $300,000 subject to annual appropriation by the City Council. The agreement requires up to thirty payments, provided the developer is in compliance with the terms of the agreement. During the year ended June 30, 2020, the City rebated $18,843.29 of incremental property tax to the developer. At June 30, 2020, the remaining balance to be paid on the agreement was $270,937.55.

As part of the same development agreement with Biokinemetrics Holdings LLC and DMBA Properties & Consulting, Inc., the City has agreed to pay the developer an amount not exceed 25% of the total cost of rehabilitation work to the existing building located at 226 E 5th Street. As of June 30, 2020, total cost of rehabilitation work has not been certified by the developer to the City. The developer has completed work on the building but not certified costs to the City.

In August 2018, the City entered into a development agreement with 704 Development Corporation for the construction a 12-unit residential subdivision. The City agreed to pay in the form of property tax rebates of potential incremental taxes to the developer an amount not to exceed $72,000 subject to annual appropriations. The rebates will be available for up to a maximum of 10 years. During the year ended June 30, 2020, there were no payments made to the developer.

In October 2018, the City entered into a development agreement with Green Stream Homes of Iowa, LLC for the development of a 76-unit residential subdivision (60 two-bedroom apartment units and 16 duplex units). The City agreed to pay in the form of property tax rebates of potential incremental taxes to the developer an amount not to exceed $600,000 subject to annual appropriations. The rebates will be available for up to a maximum of 10 years. Construction is to be completed by March 1, 2020. As of September 2020 the City understands that the developer is not going to proceed with this project. No tax rebate will be made by the City if this project is not completed.

Note 14 – Subsequent Events

In August 2020, the City entered in a construction contract totaling $159,784.00 for pickleball courts financed by debt proceeds and private grants.

In September 2020, the City entered into a construction contract total of $1,039,036.28 for streetscape improvements financed by tax increment financing and a construction contract total of $4,489,300.00 for a new street maintenance facility by general fund, road use tax and local option sales tax funds.

In October 2020, the City entered into a development agreement with BTC, Inc. The City agreed to pay in the form of property tax rebates of potential incremental taxes an amount not to exceed $200,000 subject to annual appropriations.

City of Carroll
Budgetary Comparison Schedule of Receipts, Disbursements and Changes in Balances - Actual and Budget (Cash Basis) - All Governmental Funds and Proprietary Funds
June 30, 2020

	Governmental Fund Type Actual	Proprietary Fund Actual	Less Funds not Required to be Budgeted and Adjustments
Receipts:			
Property tax	$ 7,052,783.10	$ -	$ -
Other taxes	2,053,020.74	-	-
Use of money and property	280,459.94	224,951.92	-
Licenses and permits	90,495.04	-	-
Intergovernmental	2,281,542.27	-	-
Charges for service	1,547,001.74	3,828,810.73	-
Fines and fees	60,471.19	-	-
Miscellaneous	871,911.63	71,221.16	-
Total receipts	14,237,685.65	4,124,983.81	-
Disbursements:			
Public Safety	2,236,879.08	-	-
Public Works	2,052,228.93	-	-
Health and Social Services	93,325.00	-	-
Culture and Recreation	2,650,607.53	-	-
Community & Economic Development	190,073.12	-	-
General Government	1,217,044.71	-	-
Debt Service	2,030,962.50	-	699,300.00
Capital Projects	5,449,046.09	-	-
Total Government Activities	15,920,166.96		699,300.00
Business Type Activities		4,452,145.88	-
Total disbursements	15,920,166.96	4,452,145.88	699,300.00
Excess (deficiency) of receipts over disburse	(1,682,481.31)	(327,162.07)	(699,300.00)
Other financing sources (uses), net	2,897,718.68	(1,164,037.00)	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,215,237.37	(1,491,199.07)	(699,300.00)
Balance beginning of year	13,680,765.21	9,932,064.01	-
Balance end of year	$ 14,896,002.58	$ 8,440,864.94	$ (699,300.00)

Net	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance Favorable (Unfavorable)	Net as % of Budget
$ 7,052,783.10	$ 7,016,058.00	$ 7,016,058.00	$ 36,725.10	101%
2,053,020.74	1,979,376.00	1,979,376.00	73,644.74	104%
505,411.86	223,805.00	230,555.00	274,856.86	219%
90,495.04	88,400.00	88,400.00	2,095.04	102%
2,281,542.27	1,779,834.00	1,828,884.00	452,658.27	125%
5,375,812.47	5,590,845.00	5,590,845.00	(215,032.53)	96%
60,471.19	-	-	60,471.19	-
943,132.79	1,360,525.00	1,372,025.00	(428,892.21)	69%
18,362,669.46	18,038,843.00	18,106,143.00	256,526.46	101%
2,236,879.08	2,450,189.00	2,465,953.00	229,073.92	91%
2,052,228.93	2,274,222.00	2,318,422.00	266,193.07	89%
93,325.00	121,895.00	170,945.00	77,620.00	55%
2,650,607.53	3,428,698.00	3,705,823.00	1,055,215.47	72%
190,073.12	198,400.00	332,525.00	142,451.88	57%
1,217,044.71	1,160,081.00	1,353,181.00	136,136.29	90%
1,331,662.50	1,329,477.00	1,332,364.00	701.50	100%
5,449,046.09	7,647,496.00	7,647,496.00	2,198,449.91	71%
15,220,866.96	18,610,458.00	19,326,709.00	4,105,842.04	79%
4,452,145.88	5,255,009.00	6,164,754.00	1,712,608.12	72%
19,673,012.84	23,865,467.00	25,491,463.00	5,818,450.16	77%
(1,310,343.38)	(5,826,624.00)	(7,385,320.00)	6,074,976.62	
1,733,681.68	1,484,000.00	1,484,000.00	(249,681.68)	
423,338.30	(4,342,624.00)	(5,901,320.00)	6,324,658.30	
23,612,829.22	19,223,560.00	23,612,829.00		
$ 24,036,167.52	$ 14,880,936.00	$ 17,711,509.00		

See accompanying independent auditor's report.

City of Carroll

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2020

The budgetary comparison is presented in accordance with Government 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 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, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, the Permanent Fund and Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, two budget amendment increased budgeted disbursements by $1,625,996 and budgeted revenues by $67,300. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2020, disbursements did not exceed the amounts budgeted in the general government and business-type activities functions.

City of Carroll

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

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

Other Information

	2020	2019	2018	2017	2016	2015
City's proportionate of the net pension liability	0.0382817%	0.037807%	0.036756%	0.034411%	0.032422%	0.035048%
City's proportionate share of the net pension liability	$2,217	$2,392	$2,428	$2,146	$1,602	$1,390
City's covered-employee payroll	$3,040	$2,941	$2,853	$2,720	$2,221	$2,218
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	72.93%	81.33%	85.10%	79.56%	72.13%	62.67%
IPERS' net position as a percentage of the total pension liability	85.45%	83.62%	82.21%	81.82%	85.19%	87.61%

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

See accompanying independent auditor's report.

City of Carroll
Scheduled of City Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years

Other Information

	2020	2019	2018	2017
Statutorily required contribution	$287,091	$277,872	$254,700	$242,817
Contributions in relation to the statutorily required contribution	(287,091)	(277,872)	(254,700)	(242,817)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered payroll	$ 3,040,013	$ 2,941,489	$ 2,852,890	$ 2,719,847
Contributions as a percentage of covered payroll	9.44%	9.45%	8.93%	8.93%

2016	2015	2014	2013	2012	2011
$198,356	$198,054	$204,797	$210,487	$200,546	$174,960
(198,356)	(198,054)	(204,797)	(210,487)	(200,546)	(174,960)
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,221,231	$ 2,217,864	$ 2,293,361	$ 2,428,474	$ 2,484,915	$ 2,517,417
8.93%	8.93%	8.93%	8.67%	8.07%	6.95%

See accompanying independent auditor's report.

City of Carroll

Notes to Other Information – Pension Liability

Iowa Public Employees' Retirement System

Year ended June 30, 2020

Changes of benefit terms:

There are no significant changes n benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic experience 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.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

City of Carroll

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

Municipal Fire and Police Retirement System of Iowa
For the Last Six Year*
(In Thousands)

Other Information

	2020	2019	2018	2017	2016	2015
City's proportionate of the net pension liability	0.278998%	0.294602%	0.303698%	0.299390%	0.287974%	0.278188%
City's proportionate share of the net pension liability	$1,830	$1,754	$1,899	$1,872	$1,043	$1,008
City's covered-employee payroll	$845	$856	$856	$860	$811	$755
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	216.68%	204.91%	221.85%	217.67%	128.61%	133.51%
IPERS' net position as a percentage of the total pension liability	79.94%	81.07%	80.60%	78.20%	83.04%	86.27%

* The amounts presented for each fiscal year were determined as of June 30.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10 year trend is compiled, the City will present information for those years for which information is available.

See accompanying independent auditor's report.

City of Carroll
Scheduled of City Contributions

Municipal Fire and Police Retirement System of Iowa
Last 10 Fiscal Years

Other Information

	2020	2019	2018	2017	2016
Statutorily required contribution	$226,794	$219,896	$219,896	$222,948	$225,310
Contributions in relation to the statutorily required contribution	(226,794)	(219,896)	(219,896)	(222,948)	(225,310)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
City's covered payroll	$929,101	$856,291	$856,291	$860,141	$811,343
Contributions as a percentage of covered payroll	24.41%	25.68%	25.68%	25.92%	27.77%

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2015	2014	2013	2012	2011	2010	2009
$229,656	$213,975	$182,280	$170,374	$151,853	$122,321	$126,086
(229,656)	(213,975)	(182,280)	(170,374)	(151,853)	(122,321)	(126,086)
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$755,200	$ 710,408	$ 697,855	$ 688,104	$ 763,081	$ 719,531	$ 672,457
30.41%	30.12%	26.12%	24.76%	19.90%	17.00%	18.75%

See accompanying independent auditor's report.

City of Carroll

Notes to Other Information – Pension Liability
Municipal Fire and Police Retirement System of Iowa

Year ended June 30, 2020

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

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

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

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

The 2015 valuation phased in the 1994 Group Annuity Mortality Table for postretirement mortality. This resulted in a weighting of 1/12 of the 1971 Group Annuity Mortality table and 11/12 of the 1994 Group Annuity Mortality Table.

The 2014 valuation phased in the 1994 Group Annuity Mortality Table for post-retirement mortality. This resulted in a weighting of 2/12 of the 1971 Group Annuity Mortality Table and 10/12 of the 1994 Group Annuity Mortality Table.

City of Carroll

Supplementary Information

City of Carroll
Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Governmental Funds
Year Ended June 30, 2020

	Employee Benefits	Urban Renewal	Ashwood UR	Police K-9 Fund	Recrea -tion Center Trust
Receipts:					
Property tax	$ 870,693.29	$ 954,367.10	$ 32,063.86	$ -	$ -
Other taxes	-	-	-	-	
Use of money and property:					
Interest on deposits	-	5,094.82	310.09	-	640.20
Intergovernmental:					
State funding	30,112.13	3,524.79	2,759.42	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total receipts	900,805.42	962,986.71	35,133.37	-	640.20
Disbursements:					
Public Safety	-	-	-	489.24	-
Public Works	-	-	-	-	-
Culture & Recreation	-	-	-	-	179.69
Community and Economic Development:	-	18,843.29	-	-	-
Capital	-	-	-	-	-
Total disbursements	-	18,843.29	-	489.24	179.69
Excess (deficiency) of receipts over (under) disbursements	900,805.42	944,143.42	35,133.37	(489.24)	460.51
Other financing sources (uses):					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	(900,805.42)	(947,064.97)	(35,133.37)	-	-
	(900,805.42)	(947,064.97)	(35,133.37)	-	-
Excess (deficiency) of receipts and other financing sources (uses) over (under) disbursements	-	(2,921.55)	-	(489.24)	460.51
Cash balance beginning of year	-	136,102.43	-	489.24	34,664.66
Cash balance end of year	$ -	$ 133,180.88	$ -	$ -	$ 35,125.17

Schedule 1

			Permanent		
Police Forfeiture	Crime Prevention	Library Trust	Cemetery Perpetual Care	Rec Center Trust	Total
$ -	$ -	$ -	$ -	$ -	$ 1,857,124.25
-		-	-	-	-
115.11	946.37	1,156.17	9,627.50	661.34	18,551.60
-	1,650.00	3,714.32	-	-	41,760.66
-	5,480.00	-	-	-	5,480.00
2,634.00	8,000.00	1,178.00	15,100.00	1,800.00	28,712.00
2,749.11	16,076.37	6,048.49	24,727.50	2,461.34	1,951,628.51
8,395.21	43,324.47	-	-	-	52,208.92
-	-	-	-	-	-
-	-	24,484.25	-	-	24,663.94
					-
-	-	-	-	-	18,843.29
-	-	-	-	-	-
8,395.21	43,324.47	24,484.25	-	-	95,716.15
(5,646.10)	(27,248.10)	(18,435.76)	24,727.50	2,461.34	1,855,912.36
-	-	-	-	-	-
			-	-	(1,883,003.76)
-		-	-	-	(1,883,003.76)
(5,646.10)	(27,248.10)	(18,435.76)	24,727.50	2,461.34	(27,091.40)
12,839.77	64,935.90	69,858.32	512,803.96	35,305.50	866,999.78
$ 7,193.67	$ 37,687.80	$ 51,422.56	$ 537,531.46	$ 37,766.84	$ 839,908.38

See accompanying independent auditor's report.

City of Carroll

Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Non-Major Proprietary Funds
Year ended June 30, 2020

	Water Depreciation	Storm Water Capital Improv.	Water Meter Deposit
Receipts:			
Use of money and property	$ 15,715.83	$ 5,434.22	$ -
Miscellaneous	-	-	10,650.00
Total Receipts	15,715.83	5,434.22	10,650.00
Disbursements:			
Business-type activities:			
Operations	-	-	10,375.00
Capital Outlay	-	347,598.90	-
Total Disbursements	-	347,598.90	10,375.00
Excess (deficiency) of receipts over (under) disbursements	15,715.83	(342,164.68)	275.00
Other financing sources (uses):			
Operating transfers in	50,000.00	-	-
Operating transfers (out)	-		-
Total other financing sources (uses)	50,000.00	-	-
Excess of receipts and other financing sources over disbursements and other financing uses	65,715.83	(342,164.68)	275.00
Cash balance beginning of year	841,891.33	386,693.07	45,245.90
Cash balance end of year	$ 907,607.16	$ 44,528.39	$ 45,520.90
Cash Basis Fund Balances			
Committed	$ 907,607.16	$ 44,528.39	$ 45,520.90
Unrestricted	-	$ -	
Total cash basis fund balances	$ 907,607.16	$ 44,528.39	$ -

Schedule 2

Non-Major Enterprise Funds			
Sewer Depreciation	Sewer Capital Improv.	Water Capital Improv.	Total
$ 11,685.67	$ 4,153.80	$ 123.93	$ 37,113.45
-	-	5,186.00	15,836.00
11,685.67	4,153.80	5,309.93	52,949.45
-	-	-	10,375.00
-	1,016,321.77	935,692.26	2,299,612.93
-	1,016,321.77	935,692.26	2,309,987.93
11,685.67	(1,012,167.97)	(930,382.33)	(2,257,038.48)
35,000.00	640,670.00	1,295,000.00	2,020,670.00
-	-	-	-
35,000.00	640,670.00	1,295,000.00	2,020,670.00
46,685.67	(371,497.97)	364,617.67	(236,368.48)
637,415.72	537,159.80	115,451.91	2,563,857.73
$ 684,101.39	$ 165,661.83	$ 480,069.58	$ 2,327,489.25
$ 684,101.39	$ 165,661.83	$ 480,069.58	$ 2,327,489.25
-	-	-	-
$ 684,101.39	$ 165,661.83	$ 480,069.58	$ 2,327,489.25

See accompanying independent auditor's report.

City of Carroll

Schedule of Indebtedness
Year ended June 30, 2020

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
Revenue Bonds			
Sewer Revenue Bonds	6/9/2004	1.75%	11,000,000.00
General Obligation/Capital Loan Notes:			
Capital Loan Note Series 2020A	2/24/2020	4-5.00%	1,505,000.00
Availa Bank	11/14/2018	3.35%	1,385,000.00
Iowa Savings Bank	11/14/2018	3.35%	895,000.00
Westside State Bank	11/14/2018	3.35%	895,000.00
Commercial Savings Bank	11/14/2018	3.35%	600,000.00
United Bank of Iowa	11/14/2018	3.35%	700,000.00
Capital Loan Note Series 2015A GO Refunding Loan	4/23/2015	.75-1.85%	1,770,000.00
Capital Loan Note Series 2016B GO Cap Loan	11/30/2016	.8-1.60%	2,290,000.00
			$ 22,160,000.00

Schedule 3

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
4,015,000.00	-	619,000.00	3,396,000.00	70,262.50	-
-	1,505,000.00	210,000.00	1,295,000.00	13,502.50	-
1,287,508.00	-	120,704.00	1,166,804.00	43,131.52	-
832,000.00	-	78,000.00	754,000.00	27,872.00	-
832,000.00	-	78,000.00	754,000.00	27,872.00	-
557,765.00	-	52,290.00	505,475.00	18,685.12	-
650,727.00	-	61,006.00	589,721.00	21,799.36	-
1,095,000.00	-	265,000.00	830,000.00	17,977.50	-
1,420,000.00	-	275,000.00	1,145,000.00	19,522.50	-
$ 10,690,000.00	$ 1,505,000.00	$ 1,759,000.00	$ 10,436,000.00	$ 260,625.00	$ -

See accompanying independent auditor's report.

Schedule 4

City of Carroll
Bond and Note Maturities
June 30, 2020

Year Ending June 30,	Revenue Bonds Series 2004 WWTP Improvements Revenue Bond Issued June 9, 2004 Interest Rate	Amount	Revenue Bonds
2021	1.75%	639,000	639,000
2022	1.75%	659,000	659,000
2023	1.75%	678,000	678,000
2024	1.75%	699,000	699,000
2025	1.75%	721,000	721,000
		$ 3,396,000	$ 3,396,000

General Obligation Notes

Year Ended June 30,	Series 2015A Aquatic Refunding April 23, 2015 Interest Rate	Amount	Series 2016B Cemetery Bldg/3rd St Storm Sewer November 30, 2016 Interest Rate	Amount	Series 2018B Library/City Hall Project November 14, 2018 Interest Rate	Amount	Series 2020A Fire Trk/Streets February 24, 2020 Interest Rate	Amount	Total General Obligation Notes
2021	1.60%	$ 270,000	1.25%	$ 275,000	3.35%	$ 400,000	5.00%	$ 225,000	1,170,000
2022	1.75%	280,000	1.40%	285,000	3.35%	420,000	5.00%	100,000	1,085,000
2023	1.85%	280,000	1.50%	290,000	3.35%	225,000	5.00%	120,000	915,000
2024			1.60%	295,000	3.35%	235,000	5.00%	125,000	655,000
2025					3.35%	240,000	5.00%	130,000	370,000
2026					3.35%	250,000	5.00%	140,000	390,000
2027					3.35%	260,000	5.00%	145,000	405,000
2028					3.35%	265,000	5.00%	150,000	415,000
2029					3.35%	275,000	4.00%	160,000	435,000
2030					3.35%	285,000			285,000
2031					3.35%	295,000			295,000
2032					3.35%	305,000			305,000
2033					3.35%	315,000			315,000
		$ 830,000		$ 1,145,000		$ 3,770,000		$ 1,295,000	$7,040,000

City of Carroll

City of Carroll

Schedule of Cash Receipts, Disbursements and Change in Cash Balances
Capital Projects Funds
Year Ended June 30, 2020

	Street Rehabilitation	Library City Hall	Streets Maintenance Building
Receipts:			
Use of money and property:			
Interest on investments	$ 3,887.41	$ 6,853.13	$ 55,744.66
Intergovernmental:			
Federal Grant	-	-	-
State Grant	-	466,727.40	-
Carrroll County	-	5,000.00	-
	-	471,727.40	-
Miscellaneous:			
Donations	-	571,762.20	-
Other Miscellaneous income	-	30,965.37	-
	-	602,727.57	-
Total receipts	3,887.41	1,081,308.10	55,744.66
Disbursements:			
Capital outlay	221,343.04	3,007,750.27	243,399.58
	221,343.04	3,007,750.27	243,399.58
Total disbursements	221,343.04	3,007,750.27	243,399.58
Deficiency of receipts under disbursements	(217,455.63)	(1,926,442.17)	(187,654.92)
Other financing sources (uses):			
General Obligation debt proceeds	1,273,681.68	-	-
Transfers In (Out):			-
To General Fund & others	-	-	-
From General Fund & others	300,000.00	-	2,090,000.00
	1,573,681.68	-	2,090,000.00
Excess (deficiency) of receipts and other financing sources (uses) over disbursements	1,356,226.05	(1,926,442.17)	1,902,345.08
Balance beginning of year	(415,516.24)	1,931,014.21	2,874,677.27
Balance end of year	$ 940,709.81	$ 4,572.04	$ 4,777,022.35

Schedule 5

Housing Fund	Corridor of Commerce	Airport	Parks & Recreation	Equipment Fund	Total
$ -	$ 3,348.99	$ -	$ 11,076.32	$ 388.57	$ 81,299.08
7,060.00	-	40,865.00	-	-	47,925.00
	45,000.00	-	109,996.20		621,723.60
-	-	-	-	-	5,000.00
7,060.00	45,000.00	40,865.00	109,996.20	-	674,648.60
-	-	-	47,250.00	-	619,012.20
-	-	-	-	-	30,965.37
-	-	-	47,250.00	-	649,977.57
7,060.00	48,348.99	40,865.00	168,322.52	388.57	1,405,925.25
11,260.00	80,687.81	67,650.03	1,356,749.15	460,206.21	5,449,046.09
11,260.00	80,687.81	67,650.03	1,356,749.15	460,206.21	5,449,046.09
11,260.00	80,687.81	67,650.03	1,356,749.15	460,206.21	5,449,046.09
(4,200.00)	(32,338.82)	(26,785.03)	(1,188,426.63)	(459,817.64)	(4,043,120.84)
-	-	-	-	460,000.00	1,733,681.68
-	-	-	-	-	-
4,200.00	1,200,000.00	16,086.53	302,575.00	-	3,912,861.53
4,200.00	1,200,000.00	16,086.53	302,575.00	460,000.00	5,646,543.21
-	1,167,661.18	(10,698.50)	(885,851.63)	182.36	1,603,422.37
-	74,525.36	(41,275.28)	1,248,178.04	-	5,671,603.36
$ -	$ 1,242,186.54	$ (51,973.78)	$ 362,326.41	$ 182.36	$ 7,275,025.73

See accompanying independent auditor's report.

City of Carroll
Schedule of Receipts by Source and Disbursements by Function
All Governmental Fund Types
For the Last Ten Years

	For the Years ended June 30,			
	2020	**2019**	**2018**	**2017**
Receipts:				
Property tax	$ 7,052,783.10	$ 6,734,687.99	$ 6,467,815.32	$ 6,315,574.14
Other Taxes	2,053,020.74	1,902,607.73	1,804,817.86	1,913,639.18
Non-property tax	-	-	-	-
Use of money and property	280,459.94	267,235.44	139,478.38	108,417.25
Licenses and permits	90,495.04	76,014.66	87,502.24	80,503.84
Intergovernmental	2,281,542.27	2,445,890.92	2,561,416.90	2,126,946.58
Charges for Services	1,547,001.74	1,693,835.76	1,725,978.03	1,677,192.37
Special assessments	-	-	-	-
Fines and fees	60,471.19	62,887.98	103,202.40	64,996.72
Miscellaneous	871,911.63	1,597,310.18	377,022.90	357,396.35
Total receipts	14,237,685.65	14,780,470.66	13,267,234.03	12,644,666.43
Disbursements:				
Public Safety Program	2,236,879.08	2,059,093.69	2,084,334.72	1,998,800.30
Public Works Program	2,052,228.93	2,478,038.94	2,350,036.21	2,089,764.87
Health and Social Services Program	93,325.00	104,185.00	107,005.00	101,375.00
Culture and Recreation Program	2,650,607.53	2,585,735.57	2,633,372.95	2,665,031.90
Community and Economic Development Program	190,073.12	170,364.81	119,838.71	114,582.22
General Government	1,217,044.71	976,189.60	981,728.74	1,037,872.98
Debt Service	2,030,962.50	1,664,805.45	1,781,586.15	1,743,657.18
Capital Projects	5,449,046.09	7,966,445.95	4,310,251.73	3,266,965.70
Total disbursements	15,920,166.96	18,004,859.01	14,368,154.21	13,018,050.15
Excess (deficiency) of receipts over (under) disbursements	(1,682,481.31)	(3,224,388.35)	(1,100,920.18)	(373,383.72)
Other financing sources, net	2,897,718.68	5,714,833.75	1,223,775.75	1,019,479.55
Excess (deficiency) of receipts and other financing sources (uses) over (under) disbursements	1,215,237.37	2,490,445.40	122,855.57	646,095.83
Balance beginning of year	13,680,765.21	11,190,319.81	11,067,464.24	10,421,368.41
Balance end of year	$ 14,896,002.58	$ 13,680,765.21	$ 11,190,319.81	$ 11,067,464.24

Schedule 6

2016	2015	2014	2013	2012	2011
$ 6,356,527.42	$ 6,592,626.16	$ 6,067,014.23	$ 6,056,661.80	$ 5,760,635.65	$ 5,555,482.90
1,728,626.59	1,799,782.76	1,601,246.98	1,657,031.49	1,504,595.60	1,575,604.70
-	-	-	-	-	-
81,388.36	67,284.88	52,740.68	54,773.45	57,126.89	61,269.11
82,998.16	83,630.71	75,342.69	65,097.37	63,764.45	81,580.33
1,945,518.85	1,512,758.17	1,199,469.11	1,902,694.79	2,113,613.13	3,443,056.73
1,720,850.72	1,687,492.25	1,776,696.48	1,670,721.37	1,706,685.62	1,653,576.74
-	-	-	-	-	-
69,564.35	70,730.45	75,342.29	66,969.17	54,534.19	51,736.28
227,960.13	179,109.35	209,639.55	354,328.62	266,697.99	276,884.47
12,213,434.58	11,993,414.73	11,057,492.01	11,828,278.06	11,527,653.52	12,699,191.26
1,938,331.21	1,906,630.63	1,776,907.84	1,813,369.47	1,820,199.02	1,782,233.01
2,065,191.97	2,067,094.76	2,185,955.93	2,167,353.30	1,930,014.05	1,875,419.28
100,325.00	102,525.00	107,575.00	103,900.00	103,196.00	102,765.00
2,521,114.49	2,603,412.07	2,516,906.96	2,238,842.89	2,417,219.85	2,542,526.01
145,531.69	157,123.42	239,825.48	383,043.37	423,006.75	158,550.41
974,943.53	935,009.41	922,779.99	851,595.01	885,071.90	1,161,529.37
3,526,090.38	2,196,365.03	2,352,246.01	3,035,244.62	2,511,493.00	2,527,978.00
2,551,695.07	2,326,714.41	973,421.15	3,191,507.88	1,780,110.35	4,102,417.94
13,823,223.34	12,294,874.73	11,075,618.36	13,784,856.54	11,870,310.92	14,253,419.02
(1,609,788.76)	(301,460.00)	(18,126.35)	(1,956,578.48)	(342,657.40)	(1,554,227.76)
1,952,357.00	4,008,242.75	1,040,982.25	2,140,803.28	1,366,648.55	1,646,622.00
342,568.24	3,706,782.75	1,022,855.90	184,224.80	1,023,991.15	92,394.24
10,078,800.17	6,372,017.42	5,349,161.52	5,164,936.72	4,140,945.57	4,048,551.33
$ 10,421,368.41	$ 10,078,800.17	$ 6,372,017.42	$ 5,349,161.52	$ 5,164,936.72	$ 4,140,945.57

See accompanying independent auditor's report.

Feldmann & Company CPAs, P.C.
523 North Main Street
Carroll, Iowa 51401
(712) 792-2464

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

To the Honorable Mayor and
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Carroll, Iowa, as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 23, 2020. Our report expressed unmodified opinions on the financial statements which were prepared on the basis of cash receipts and disbursements, a basis of accounting other than U.S. generally accepted accounting principles.

Internal Control Over Financial Reporting

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

Our consideration of the 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, significant deficiencies or material weaknesses may exist that were not identified. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses or 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 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.

A significant deficiency is a deficiency, or combination of deficiencies, in internal control which are less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2020, 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 Carroll's Responses to Findings

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

Purpose of the 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 of the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit preformed 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 Carroll 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.

Feldmann & Company CPA's, P.C.

Feldmann & Company CPAs, P.C.
October 23, 2020

City of Carroll
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

I. Summary of Independent Auditor's Results

a) Unmodified opinions were issued on the financial statements, which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

b) The audit did not disclose non-compliance, which is material to the financial statements.

Findings Related to the Financial Statements:

Internal Control Deficiencies:

No matters were notes.

INSTANCES OF NON-COMPLIANCE

No matters were notes.

City of Carroll
Schedule of Findings and Questioned Costs
Year ended June 30, 2020

III. Other Findings Related to Statutory Reporting:

III-A-20 Official Depositories - A resolution naming official depositories has been approved by the Council. The maximum deposit amounts stated in the resolution was not exceeded during the year ended June 30, 2020.

III-B-20 Certified Budget - Disbursements during the year ended June 30, 2020, did not exceed the amounts budgeted per Chapter 384.20 of the Code of Iowa which states in part that public monies may not be expended or encumbered except under an annual or continuing appropriation.

III-C-20 Questionable Disbursements - No disbursements were noted that might not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

III-D-20 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

III-E-20 Business Transactions – Business transactions between the City and City officials or employees are detailed as follows:

Name, Title, and Business	Transaction	Amount
Clay Haley, Council		
Owner, Haley Implement Co.	parts/repairs	$ 667.15
Cory Venteicher, Employee	Nuisance abatement	
Partner, Ron's Lawn Service	Clean up	650.00

In accordance with Chapter 362.5(3)(j) of the Code of Iowa the transactions with Haley Implement Co. and Ron's Lawn Service do not appear to represent a conflict of interest.

III-F-20 Excess Balance – The balances in the Special Revenue Funds: Road Use Tax, Rec Center Trust, and Library Trust at June 30, 2020, were in excess of the disbursements for those funds for the year, as was, Capital Project – Street Rehabilitation, Corridor of Commerce, and Street Maintenance Building; Water Depreciation, Water Meter Deposit; Sewer Utility, Sewer Utility Depreciation and Storm Water Utility.

Recommendation – The City should consider the necessity of maintaining this substantial balance and, where financially feasible, consider reducing the balance in an orderly manner through revenue reductions.

Response — The Special Revenue Funds, Capital Project Funds, and Utility funds have planned future programs and projects that will reduce the fund balances.

Conclusion – Response accepted.

III-G-20 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 that the coverage is adequate for current operations.

III-H-20 Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

III-I-20 Deposits and Investments - We noted no instances of noncompliance with the investment provisions of Chapter 12B & 12C of the Code of Iowa and the City's investment policy.

III-J-20 Revenue Bonds and Notes – We noted no instances of non-compliance with the terms of the City's revenue bond/note provisions.

III-K-20 Financial Condition – We observed one deficit ending balance for Capital Project - Airport in the amount of $51,973.78, at the June 30, 2020.

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

Response — The deficit was due to construction costs incurred prior to the receipt of federal grant proceeds. The deficit will be eliminated next year.

Conclusion – Response accepted.

III-L-20 Tax Increment Financing (TIF) Chapter 403.19 of the Code of Iowa provides a municipality may certify loans, advances, indebtedness and bonds (indebtedness) to the County Auditor which qualify for reimbursement from incremental property tax submitted in fiscal year 2020. The County Auditor provides for the division of property tax to repay the certified indebtedness and provides available incremental property tax in subsequent fiscal years without further certification by the City until the amount of certified indebtedness is paid. We noted no corrections needed to TIF certification to comply with Chapter 403 of the Code of Iowa.

III-M-20 Urban Renewal Annual Report - The urban renewal annual report was approved and certified to the Department of Management on or before December 1.