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 MPW

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

DATE: January 18, 2018

SUBJECT: F.Y. 2016-2017 Annual Financial Statement Audit

Enclosed is a copy of the City audit for the fiscal year ending June 30, 2017. This audit was performed by Feldmann & Company CPAs, P.C. A printed copy of the audit report will be available at the Council meeting Monday night.

The City received an unqualified opinion with no required reportable conditions. An unqualified opinion is an independent auditor's judgment that a city's financial records and statements are fairly and appropriately presented, and in accordance with Generally Accepted Accounting Principles (GAAP) as set by the Governmental Accounting Standards Board (GASB). An unqualified opinion is the most common type of auditor's report.

Management's Discussion and Analysis, pages 9-17, is prepared by the City to discuss the major activities/changes that have occurred during FY 2017 and a little bit of insight into the next budget year.

Exhibit A, pages 20 and 21, summarizes all revenues and expenses by the major governmental activities (public safety, public works, etc.), business type activities and general receipts. Exhibit B (pages 22-23) and Exhibit D (pages 26-27) summarize the same revenues and expenses as Exhibit A by the major funds resulting in the ending balances as of June 30, 2017. Also, the Schedule of Findings and Questioned Costs are presented on pages 77 through 79.

This year, Jennifer Walkup, CPA Manager, Feldmann & Company, is will not be able to present the audit report to council due to scheduling conflicts. 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. 2016-2017 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, 2017

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, 2017
Michael Kots	Council Member - Ward 1	December 31, 2017
Misty Boes	Council Member - Ward 2	December 31, 2019
Clay Haley	Council Member - Ward 3	December 31, 2017
Carolyn Siemann	Council Member - Ward 4 Mayor Pro Tempore	December 31, 2019
Jerry Fleshner	Council Member - At-Large	December 31, 2017
LaVern Dirkx	Council Member - At-Large	December 31, 2019
Gerald Clausen	City Manager Retired effective July 29, 2016	
Michel Pogge-Weaver	City Manager	June 30, 2017 (1)
Laura Schaefer	City Clerk, Treas. & Finance Dir.	June 30, 2017 (2)
Debra K. Goetzinger	Deputy City Clerk	June 30, 2017 (2)
Randall M. Krauel	Public Works Director	June 30, 2017 (2)
Jack Wardell	Parks and Recreation Director	June 30, 2017 (2)
David S. Bruner	City Attorney	Indefinite (1)
Brad Burke	Chief of Police	June 30, 2017
Greg Schreck	Building/Fire Safety Official	June 30, 2017 (2)
Brandie Ledford	Library Director	Resigned Dec 16, 2016
Rachel Van Erdewyk	Library Director	Start May 2017
Sondra Rierson	Library Trustee	December 31, 2019
Tom Louis	Library Trustee	December 31, 2018
Jacob Fiscus	Library Trustee President	December 31, 2019
M. Carol Shields	Library Trustee	December 31, 2018
Kyle Ulveling	Library Trustee	December 31, 2022
Ralph Von Qualen (Co. Representative)	Library Trustee	December 31, 2022
Paul Reicks	Library Trustee	December 31, 2022
William Polking	Library Trustee	Resigned
Janet Auge, replaced Polking	Library Trustee	December 31, 2018
Summer Parrott	Library Trustee	December 31, 2020
Greg Siemann	Airport Commissioner	December 31, 2020
Norman Hutcheson	Airport Commissioner/Chairman	December 31, 2022
Gene Vincent	Airport Commissioner	December 31, 2017
Richard Fulton	Airport Commissioner	December 31, 2018
Kevin Wittrock	Airport Commissioner	December 31, 2018

(1) Not Elected - No specific term - Employment Agreement expires on the date shown.
(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, 2017, 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 of 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 financial statement presentation.

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, 2017, 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 comprehensive 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 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 years ended June 30, 2017, (which are not presented herein) and expressed unmodified opinions on those financial statements which were prepared on the basis of cash receipts and disbursements. The supplementary information included in Schedules 1 through 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 our 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, Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the City's Proportionate Share of the Net Pension

Liability and the Schedule of City's Contributions on pages 8 through 18 and pages 48 through 60 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 September 1, 2017, 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.

September 1, 2017

Management's Discussion and Analysis

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, 2017. 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 increased slightly (1.3%) or approximately $171,000 from fiscal year 2016 (FY 16). While program receipts were up about $325,000 mainly due to an increase in capital grants for capital projects, bond proceeds were down $262,000. While property tax receipts were $41,000 less than FY 16, other taxes receipts (property tax replacement, hotel motel tax, and local option sales tax) were $118,000 more than FY 16.

- Disbursements decreased $829,000, or about 6.1%, from FY 16. Debt service expenditures were the primary reason for the decrease. The Outdoor Aquatic Center General Obligation Bond, Series 2008A was refunded in FY 16 with no debt refundings occurring in FY 17.

- The City's total cash basis net position increased about 10.5%, or approximately $1,851,000, from June 30, 2016 to June 30, 2017. Of this amount, the cash basis net position of the governmental activities increased approximately $807,000 and the cash basis net position of the business type activities increased approximately $1,044,000.

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 in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide financial statement by providing information about the most significant funds.

Notes to 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.

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

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

2) Proprietary funds account for the City's Enterprise Funds and the Internal Service Fund. Enterprise Funds are used to report business-type activities. The City maintains 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.

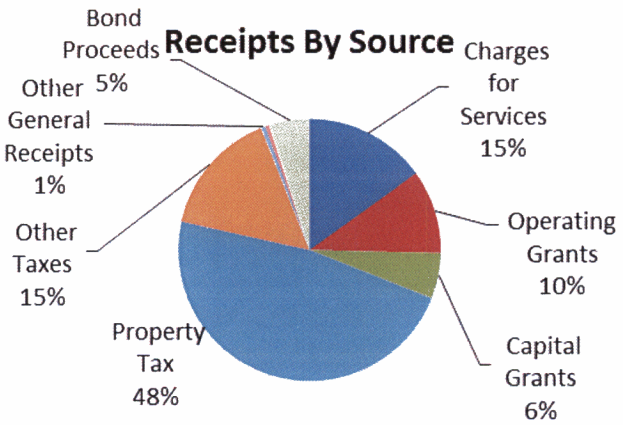
Reconciliations between the government-wide financial statement and the fund financial statements follow the fund financial statements.

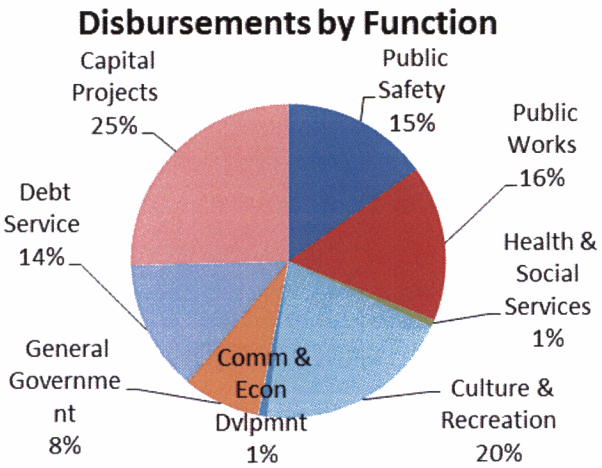
GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 $10.421 million to $11.228 million. Our analysis below focuses on the changes in cash basis net position of governmental activities.

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

	2017	2016
Receipts & Transfers:		
Program Receipts:		
Charges for Services & Sales	$ 1,999	$ 2,036
Operating Grants, Contributions and Restricted Interest	1,375	1,442
Capital Grants, Contributions and Restricted interest	748	319
General Receipts		
Property Tax	6,316	6,357
Other Taxes	2,058	1,940
Franchise Tax & Fees	72	69
Unrestricted Investment Earnings	71	42
Bond Proceeds	648	910
Other General Receipts	7	8
Total Receipts	13,294	13,123
Disbursements:		
Public Safety	1,941	1,886
Public Works	2,061	2,036
Health & Social Services	101	100
Culture & Recreation	2,611	2,478
Community & Economic Development	115	145
General Government	1,019	964
Debt Service	1,744	3,526
Capital Projects	3,266	2,552
Total Disbursements	12,858	13,687
Change in cash basis net position before transfers	436	(564)
Transfers, net	371	1,042
Change in cash basis net position	807	478
Cash basis net position beginning of the year	10,421	9,943
Cash basis net position end of year	$ 11,228	$ 10,421





The City's total receipts for governmental activities increased by 1.3% ($171,000). The total cost of all programs and services decreased by approximately $829,000, or about 6.1%. The increase in receipts is mainly due to an increase in capital grants received for the rehab of Merchants Park Baseball Stadium Renovation and High Ridge Road Resurfacing projects. The increase in capital grants receipts was offset by a decrease in bond proceeds. Less debt was issued for capital projects in FY 17 than FY 16. The decrease in disbursements is mainly due to debt service payments. The Outdoor Aquatic Center General Obligation Bond, Series 2008A was refunded in FY 16 with no refundings occurring in FY 17. That decrease was offset by an increase of approximately $714,000 in capital projects expenditures.

The City decreased the property tax rate for FY 17 by approximately 0.05%, which generated approximately $41,000 less property tax revenue (including TIF collections). The City's total assessed valuation increased about 2.39% from FY 16.

The cost of all governmental activities this year was approximately $12.858 million compared to approximately $13.687 million last year. However, as shown in the Statement of Activities and Net Position on pages 20-21, the amount taxpayers ultimately financed for these activities was only $8.735 million because some of the cost was paid by those directly benefited from the programs ($1.999 million) or by other governments and organizations which funded certain programs with grants, contributions and restricted interest ($2.123 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, increased in FY 17 from approximately $3.797 million to $4.122 million, principally due to more capital grants and contributions received for the Merchants Park Baseball Stadium Renovation and High Ridge Road Resurfacing projects.

Business–Type Activities

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

	2017	2016
Receipts & Transfers:		
Program Receipts:		
Charges for Services & Sales		
Water	$ 1,459	$ 1,399
Sewer	2,152	2,047
Storm Water	261	260
General Receipts		
Unrestricted Investment Earnings	98	72
Bond Proceeds	1,634	-
Other General Receipts	93	84
Total Receipts	5,697	3,862
Disbursements:		
Water	1,148	1,089
Water - Capital Outlay	218	1,988
Sewer	669	620
Storm Water	19	147
Storm Water – Capital Outlay	2,228	-
Total Disbursements	4,282	3,844
Change in cash basis net position before transfers	1,415	18
Transfers, net	(371)	(1,042)
Change in cash basis net position	1,044	(1,024)
Cash basis net position beginning of the year	7,227	8,251
Cash basis net position end of year	$ 8,271	$ 7,227

The cash balance at June 30, 2017 was $8,271,000, an increase of approximately $1,044,000. Revenues increased $1,835,000 from FY 16 mainly due to bond proceeds received in FY 17.

Total disbursements increased by $438,000 or 11.4% from FY 16 due mainly to capital project expenditures that were funded by water and storm water receipts.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City completed the year, its governmental funds reported a combined fund balance of $11,228,000, an increase of approximately $806,600 from last year's total of $10,421,400. 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 decreased $359,664 from the prior year to $3,703,435, which is approximately 50% of General Fund receipts. The General Fund balances are projected to be spent down to 25% of receipts over the next few years. This additional cash reserves is intended to be used for various projects and one-time expenditures.

- The Road Use Tax Fund cash balance increased by $181,296 to $1,357,431. The City intends to use this money to upgrade the condition of City roads.

- The Local Option Sales Tax cash balance decreased by $1,338,819 to $243,032. The City intends to use this money for future City projects.

- The Debt Service cash balance decreased by $2,169 to $93,243. This balance will be used for future principal and interest payments.

- The Capital Projects Fund balance on June 30, 2017 was $5,010,392, an increase of $2,198,805 from FY16. The increase is mainly due to the transfer of funds, federal grants and miscellaneous donations received to be spent on construction projects in FY17.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The cash balance of the Water Utility Fund increased by $602,352 to $2,370,917. The increase is mainly due to an increase in water collections in FY 17.

- The cash balance of the Sewer Utility Fund increased by approximately $767,336 to $3,119,290. The accumulation of cash reserves is for increased operating costs and future capital expenditures.

- The cash balance of the Storm Water Utility Fund decreased approximately $328,303 to $303,560. The decrease is mainly due to a transfer of storm water revenue to the Storm Water Capital Improvement Fund for the Third Street Storm Water project.

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 November 14, 2016, and resulted in an increase in disbursements (including transfers) of approximately $2,905,474 and an increase in revenues and–other financing sources of approximately $550,984. The amendment was primarily to account for various capital projects including Rec Center building improvements, street rehab projects, cemetery maintenance building, Marchant Park renovations, well transmission main and well construction and Third Street storm sewer improvements. The second amendment was approved on May 22, 2017, and resulted in an increase in disbursements (including transfers) of approximately $1,736,022 and an increase in revenues and other financing sources of approximately $2,668,651. The amendment was primarily to account for Library/City Hall architect services and transfers to fund multiple capital projects.

After the budget amendments, The City's receipts were $17,689 more than budgeted. Total disbursements were $5.6 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 approximately $9,080,000 in bonds and other long-term debt compared to approximately $8,371,000 last year as shown below.

Outstanding Debt at Year-End
(Expressed in Thousands)

	2017	2016
General Obligation Bonds	$ -	$ 310
General Obligation Capital Loan Notes	3,880	2,295
Sewer Revenue Bonds	5,200	5,766
Total	$9,080	$8,371

Debt increased as a result of issuing capital loan notes for a weight room expansion at the Rec Center, street improvements and acquisition of a street sweeper.

The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5 percent of the assessed value of all taxable property within the City's corporate limits. The City's outstanding general obligation debt of $3,880,000 is well below the City's $38.8 million legal debt limit. There is a pay down schedule on this debt with full retirement within 7 years for all the issuances except for the sewer revenue bonds, which have a retirement within 8 years (2025).

More detailed information about the City's long term liabilities 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 2018 fiscal year budget and the associated tax rates and fees for services. One of those factors is the local economy. The regional economy is stable. Unemployment was at a rate of about 2.7% (January 2017 Local Area Unemployment Statistics for Carroll County obtained from Iowa Workforce Development) which is down slightly from the January 2016 unemployment rate of 3.0%. This is compared to the State's unemployment rate of 3.3% (January 2017) and the national rate of 4.8% (January 2017).

The Fiscal Year 2018 (FY 18) budget includes a slightly higher property tax levy at $11.59800 per $1,000 taxable value (FY 17 levy $11.57672). With taxable valuations increasing slightly (about 1.71%), property tax receipts (excluding TIF collections) to finance programs we currently offer are expected to increase approximately $103,500.

Budgeted revenues are expected to be approximately $799,600 more than final FY17 budget mainly due to an increase of intergovernmental receipts and charges for services. Budgeted disbursements are expected to be about $465,600 less than FY 17 original budgeted disbursements due mainly to less business type expenses.

If budget estimates are realized, the City's budgeted cash balance is expected to increase approximately $937,000 by the close of FY 18.

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, 112 E. 5th 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, 2017

Functions/Programs		Expenses
Governmental Activities		
Public Safety Program	$	1,940,617.65
Public Works Program		2,060,531.13
Health and Social Services Program		101,375.00
Culture and Recreation Program		2,611,191.79
Community & Economic Development Prc		114,582.22
General Government		1,018,582.49
Debt Service		1,743,657.18
Capital Projects		3,266,965.70
Total governmental activities		12,857,503.16
Business Type Activities		
Water		1,365,959.12
Sewer		669,283.63
Storm Water		2,247,265.64
Total business type activities		4,282,508.39
Total	$	17,140,011.55
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		

Program Revenues			Net (Disbursements) Receipts		
Charges for Services	Operating Grants Contributions and Restricted Interest	Capital Grants Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
$ 149,325.77	$ 39,515.48	$ -	$ (1,751,776.40)	$ -	$ (1,751,776.40)
591,516.01	1,256,427.59	-	(212,587.53)	-	(212,587.53)
43,320.00	-	-	(58,055.00)	-	(58,055.00)
1,179,632.00	76,384.47	-	(1,355,175.32)	-	(1,355,175.32)
1,450.00	-	-	(113,132.22)	-	(113,132.22)
33,930.97	2,805.55	-	(981,845.97)	-	(981,845.97)
-	-	-	(1,743,657.18)	-	(1,743,657.18)
-	-	747,772.90	- (2,519,192.80)	-	(2,519,192.80)
1,999,174.75	1,375,133.09	747,772.90	(8,735,422.42)	-	(8,735,422.42)
1,459,619.82	-	-	-	93,660.70	93,660.70
2,151,859.62	-	-	-	1,482,575.99	1,482,575.99
261,039.06	-	-	-	(1,986,226.58)	(1,986,226.58)
3,872,518.50	-	-	-	(409,989.89)	(409,989.89)
$ 5,871,693.25	$ 1,375,133.09	$ 747,772.90	(8,735,422.42)	(409,989.89)	(9,145,412.31)
			4,855,979.13	-	4,855,979.13
			651,498.14	-	651,498.14
			808,096.87		808,096.87
			216,000.24		216,000.24
			248,857.00	-	248,857.00
			1,592,583.40	-	1,592,583.40
			72,198.78	-	72,198.78
			70,684.75	98,521.38	169,206.13
			648,155.80	1,633,829.20	2,281,985.00
			6,687.38	92,944.86	99,632.24
			371,323.75	(371,323.75)	-
			9,542,065.24	1,453,971.69	10,996,036.93
			806,642.82	1,043,981.80	1,850,624.62
			10,421,368.41	7,227,354.12	17,648,722.53
			$ 11,228,011.23	$ 8,271,335.92	$ 19,499,347.15
			$ 471,173.48	$ -	$ 471,173.48
			33,365.77	-	33,365.77
			93,242.82	-	93,242.82
			1,357,430.64	-	1,357,430.64
			555,164.87	-	555,164.87
			8,717,633.65	8,271,335.92	16,988,969.57
			$ 11,228,011.23	$ 8,271,335.92	$ 19,499,347.15

See notes to financial statements.

City of Carroll
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Governmental Funds
Year ended June 30, 2017

	General	Special Revenue Road Use Tax	Special Revenue Local Option Sales Tax
Receipts:			
Property tax	$ 4,022,653.93	$ -	$ -
Other Taxes	321,055.78		1,592,583.40
Use of money and property	72,069.95		16,333.28
Licenses and permits	80,503.84		-
Intergovernmental	226,796.04	1,254,223.57	
Charges for service	1,670,672.37		-
Special assessments	-		-
Fines and fees	64,996.72		-
Miscellaneous	137,931.24	713.01	-
Total receipts	6,596,679.87	1,254,936.58	1,608,916.68
Disbursements:			
Public Safety	1,992,904.22		-
Public Works	1,239,085.98	850,678.89	
Health and Social Services	101,375.00		-
Culture and Recreation	2,655,217.21		-
Community and Economic Development	114,582.22		-
General Government	1,037,872.98		-
Debt Service	-		-
Capital Projects	-		-
Total disbursements	7,141,037.61	850,678.89	-
Excess (deficiency) of receipts over (under) disbursements	(544,357.74)	404,257.69	1,608,916.68
Other financing sources (uses):			
Bond/note proceeds	-		-
Payment to refunding bond agent			
Sale of property			
Operating transfers in	775,237.91	158,039.11	-
Operating transfers(out)	(590,544.65)	(381,000.00)	(2,947,736.00)
Total other financing sources (uses)	184,693.26	(222,960.89)	(2,947,736.00)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(359,664.48)	181,296.80	(1,338,819.32)
Cash balance beginning of year	4,063,099.58	1,176,133.84	1,581,851.55
Cash balance end of year	$ 3,703,435.10	$ 1,357,430.64	$ 243,032.23
Cash Basis Fund Balances			
Unspendable-			
Permanent fund-Cemetary Perpetual Care	$ -	$ -	$ -
-Rec Center Trust	-	-	-
Restricted for Debt Service	-	-	-
Streets	-	1,357,430.64	-
Other purposes	334,049.67		243,032.23
Committed	742,759.00	-	
Assigned	99,525.00		
Unassigned	2,527,101.43	-	-
Total cash basis fund balances	$ 3,703,435.10	$ 1,357,430.64	$ 243,032.23

Debt Service	Capital Projects	Other Nonmajor Governmental Funds	Total
$ 651,498.14	$ -	$ 1,641,422.07	$ 6,315,574.14
-	-	-	1,913,639.18
-	13,765.76	6,248.26	108,417.25
-	-	-	80,503.84
23,726.44	580,997.90	41,202.63	2,126,946.58
-	-	6,520.00	1,677,192.37
-	-	-	-
-	-	-	64,996.72
-	169,306.30	49,445.80	357,396.35
675,224.58	764,069.96	1,744,838.76	12,644,666.43
-	-	5,896.08	1,998,800.30
-	-	-	2,089,764.87
-	-	-	101,375.00
-	-	9,814.69	2,665,031.90
-	-	-	114,582.22
-	-	-	1,037,872.98
1,743,657.18	-	-	1,743,657.18
-	3,266,965.70	-	3,266,965.70
1,743,657.18	3,266,965.70	15,710.77	13,018,050.15
(1,068,432.60)	(2,502,895.74)	1,729,127.99	(373,383.72)
-	648,155.80	-	648,155.80
-			-
-	-	-	-
1,066,263.19	4,106,044.65	-	6,105,584.86
-	(52,500.00)	(1,762,480.46)	(5,734,261.11)
1,066,263.19	4,701,700.45	(1,762,480.46)	1,019,479.55
(2,169.41)	2,198,804.71	(33,352.47)	646,095.83
95,412.23	2,811,587.78	693,283.43	10,421,368.41
$ 93,242.82	$ 5,010,392.49	$ 659,930.96	$ 11,067,464.24
$ -	$ -	$ 471,173.48	$ 471,173.48
-	-	33,365.77	33,365.77
93,242.82	-	-	93,242.82
-	-	-	1,357,430.64
-		(21,917.03)	555,164.87
-	5,010,392.49	-	5,753,151.49
-	-	177,308.74	276,833.74
-	-	-	2,527,101.43
$ 93,242.82	$ 5,010,392.49	$ 659,930.96	$ 11,067,464.24

See notes to financial statements.

City of Carroll

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, 2017

Total governmental funds cash balances (page 23)	$ 11,067,464.24
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.	160,546.99
Cash Basis net position of Governmental activities (page 21)	$11,228,011.23
Change in cash balances (page 23)	$ 646,095.83
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.	160,546.99
Change in cash basis net position of governmental activities (page 21)	$ 806,642.82

See notes to financial statements.

City of Carroll
Statement of Cash Receipts, Disbursements and Changes in Cash Balances
Proprietary Funds
Year ended June 30, 2017

	Major Fund Water	Major Fund Storm Water Capital Impr
Operating receipts:		
Charges for service	$ 1,459,619.82	$ -
Total operating receipts	1,459,619.82	-
Operating disbursements:		
Governmental activities:		
Public Safety	-	-
Public works	-	-
Cultural and recreational	-	-
General govenment	-	-
Business-type activities:	1,145,631.25	-
Total operating disbursements	1,145,631.25	-
Excess (deficiency) of operating receipts over (under) operating disbursements	313,988.57	0.00
Non-operating receipts (disbursements)		
Use of money and property	56,777.97	376.51
Miscellaneous	46,305.57	-
Capital Outlay	-	(2,227,682.09)
Net non-operating receipts (disbursements)	103,083.54	(2,227,305.58)
Other financing sources (uses):		
Bond/note proceeds	-	1,633,829.20
Operating transfers in	864,756.25	576,290.38
Operating transfers (out)	(679,476.75)	-
Total other financing sources (uses)	185,279.50	2,210,119.58
Excess of receipts and other financing sources over disbursements and other financing uses	602,351.61	(17,186.00)
Cash balance beginning of year	1,768,565.11	402,186.00
Cash balance end of year	$ 2,370,916.72	$ 385,000.00
Cash Basis Fund Balances		
Restricted	$ -	$ -
Committed	60,100.00	87,816.94
Assigned	34,782.00	
Unrestricted	2,276,034.72	297,183.06
Total cash basis fund balances	$ 2,370,916.72	$ 385,000.00

See accompanying notes to financial statements.

Enterprise Funds				Internal Service
Major Fund Sewer	Major Fund Storm Water	Other Non-Major Proprietary	Total	Employee Health
$ 2,151,859.62	$ 261,039.06	$ -	$ 3,872,518.50	$ 699,831.12
2,151,859.62	261,039.06	-	3,872,518.50	699,831.12
-	-	-	-	129,525.34
-	-	-	-	107,354.54
-	-	-	-	139,759.09
-	-	-	-	38,686.71
685,541.18	19,583.55	10,175.00	1,860,930.98	102,308.68
685,541.18	19,583.55	10,175.00	1,860,930.98	517,634.36
1,466,318.44	241,455.51	(10,175.00)	2,011,587.52	182,196.76
22,408.98	5,247.89	13,710.03	98,521.38	3,756.97
27,906.78	1,284.11	17,448.40	92,944.86	-
-	-	(219,302.06)	(2,446,984.15)	-
50,315.76	6,532.00	(188,143.63)	(2,255,517.91)	3,756.97
-	-	-	1,633,829.20	
-	-	192,694.75	1,633,741.38	-
(749,298.00)	(576,290.38)	-	(2,005,065.13)	-
(749,298.00)	(576,290.38)	192,694.75	1,262,505.45	-
767,336.20	(328,302.87)	(5,623.88)	1,018,575.06	185,953.73
2,351,954.04	631,862.56	2,072,786.41	7,227,354.12	439,919.28
$ 3,119,290.24	$ 303,559.69	$ 2,067,162.53	$ 8,245,929.18	$ 625,873.01
$ -	$ -	$ -	$ -	$ 625,873.01
704,158.00	-	78,637.65	930,712.59	-
32,978.00	-	-	67,760.00	-
2,382,154.24	303,559.69	1,988,524.88	7,247,456.59	-
$ 3,119,290.24	$ 303,559.69	$ 2,067,162.53	$ 8,245,929.18	$ 625,873.01

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, 2017

Total enterprise funds cash balances (page 27)	$ 8,245,929.18
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.	25,406.74
Cash Basis net position of Business type activities (page 21)	$ 8,271,335.92
Change in cash balances (page 27)	$ 1,018,575.06
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.	25,406.74
Change in cash basis net position of business type activities (page 21)	$ 1,043,981.80

See accompanying 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, and 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 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. Governmental Cash Basis Fund Balances:

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

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

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors, or state or federal laws or 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 other spendable classifications.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Information. During the year ended June 30, 2017, 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, 2017, were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

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 June 30,	General Obligation Bonds and Sewer Revenue Bonds		General Obligation Capital Loan Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	584,000	91,000	835,000	51,095	1,419,000	142,095
2019	601,000	80,780	530,000	43,450	1,131,000	124,230
2020	619,000	70,263	540,000	37,500	1,159,000	107,763
2021	639,000	59,430	545,000	30,898	1,184,000	90,328
2022	659,000	48,248	565,000	23,140	1,224,000	71,388
2023	678,000	36,715	570,000	14,250	1,248,000	50,965
2024	699,000	24,850	295,000	4,720	994,000	29,570
2025	721,000	12,618	-	-	721,000	12,618
2023-25	2,098,000	74,183	865,000	18,970	2,963,000	93,153
	$ 5,200,000	**$ 423,903**	**$ 3,880,000**	**$ 205,053**	**$ 9,080,000**	**$ 628,955**

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, 2007. 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 August 12, 2014, the City issued $1,120,000 in General Obligation Bonds with an interest rate ranging 0.40% to 0.70%. The net proceeds were used to pay for construction and reconstruction costs associated with the Street Resurfacing – 2014 Project. Additionally a portion of the proceeds were used to current refund the $310,000 of the City's outstanding General Obligation Capital Loan Notes Series 2006, maturing June 1, 2015 through 2021. The City's designated Paying Agent, Bankers Trust Company, N.A. Des Moines, Iowa, will pay principal and interest on the Bonds, interest payable initially on December 1, 2014 and thereafter each December 1 and June 1. Principal initially payable June 1, 2015 and thereafter on each June 1, through 2017.

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, Bankers Trust Company, N.A., Des Moines, Iowa, 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 March 23, 2016, the City issued $910,000 in General Obligation Capital Loan Notes, Series 2016A, with an interest rate range of .450% to .850%. The net proceeds were used to pay costs of Cemetery maintenance building, and Third Street storm sewer improvements. The City's designated Paying Agent, Bankers Trust Company, N.A., Des Moines, Iowa, will pay principal and interest on the Notes; interest on each June 1 and December 1, through 2018, principal paid annually starting June 1, 2016.

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 a weight room expansion at the Rec Center, street improvements and acquisition of a street sweeper. The City's designated Paying Agent, Bankers Trust Company, N.A., Des Moines, Iowa, 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.

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 46% of net receipts. The total principal and interest remaining to be paid on the notes is $5,623,902. For the current year, principal and interest paid and total customer net receipts were $666,905 and $1,433,341, 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.

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 percent 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 percent 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 2017, pursuant to the required rate, Regular members contributed 5.95 percent of covered payroll and the City contributed 8.93 percent for a total of 14.88 percent.

The city's contributions to IPERS for the year ended June 30, 2017, were $242,816.97.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the City's liability for its proportionate share of the collective net pension liability totaled $ 2,145,930. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2016, the City's proportion was 0.034411 percent, which was an increase of 0.002190 percent from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled of $254,517, $622,987 and $291,165 respectively.

There were no non-employer contributing entities to IPERS.

Actuarial Assumptions – The Total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

Rate of inflation (effective June 30, 2014)	3.00 percent per annum.
Rate of Salary increase (effective June 30, 2010)	4.00 to 17.00 percent, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50 percent, compounded annually, net of investment expense, including inflation,
Wage Growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of the actuarial experience studies with dates corresponding to those listed above.

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

The long term expected rate of return on IPERS investments was determined using a building block method in which best estimate ranges of expected future real rates (expected returns, net of pension plan 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 geometric rates of return for each major asset class are summarized in the following table:

Asset Class	**Asset Allocation**	**Long–Term Expected Real Rate of Return**
Core Plus Fixed Income	28%	1.90%
Domestic Equity	24	5.85
International Equity	16	6.32
Private Equity/Debt	11	10.31
Real Estate	8	3.87
Credit Opportunities	5	4.48
U.S.TIPS	5	1.36
Other Real Assets	2	6.42
Cash	1	(0.26)
Total	100%	

Discount Rate – The discount rate used to measure the total pension liability was 7.5 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 7.5 percent, 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 percentage-point lower (6.5 percent) or 1- percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	$3,471,825	$2,145,930	$1,026,858

IPERS' Net Position – Detailed information about the pension plan's 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 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 percent of the member's average final compensation. Members who perform more than 22 years of service receive 2 percent 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 percent 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 percent 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 percent 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 percent 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 percent 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 percent 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 percent 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, 2017.

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 percent 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 25.92% for the year ended June 30, 2017.

The City's contributions to MFPRSI for the year ended June 30, 2017 was $222,948.

If approved by the state legislature, state appropriation 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, 2017.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2017, the City reported a liability of $ 1,872,006 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's share of contributions to the MFPRSI relative to the contributions of all MFPSI participating employers. At June 30, 2016, the City's proportion was .299396% which was a increase of .0011422% from its proportions measured as of June 30, 2015.

For the year ended June 30, 2017, the City's pension expense, deferred outflows of resources and deferred inflows of resources totaled $ 256,180, $ 713,451 and $ 282,463 respectfully.

Actuarial Assumptions - The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	3.00 percent
Rate of Salary increase	4.50 to 15.00 percent, including inflation
Investment rate of return	7.50 percent, net of investment expense, including inflation

The actuarial assumptions used in the June 30, 2016, valuation were based on the results of an actuarial experience study for the period from July 1, 2002 to June 30, 2012.

Postretirement mortality rates were based on 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 (male only rates), with no projection of future mortality improvement.

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 geometric 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	6.0%
Small cap	5.8
International large cap	7.0
Emerging markets	8.8
Emerging markets debt	6.5

Private non-core real estate	9.3
Master limited partnerships	8.5
Private equity	9.8
Core plus fixed income	3.8
Private core real estate	6.8
Treasury inflation protected security	2.8
Tactical asset allocation	6.0

Discount Rate – The discount rate used to measure the total pension liability was 7.5%. 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 percent, 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-percent lower (6.50 percent) or 1-percent higher (8.50 percent) than the current rate.

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	$2,938,023	$1,872,006	$984,247

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 two (2) retired members in the plan. 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 union employees and by Council for 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 2017, employees contributed $1,152.18 for single coverage and $2,605.02 for family coverage. For the year ended June 30, 2017, the City contributed $571,701.86 and plan members eligible for benefits contributed $131,886.23 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 compensatory time for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as disbursements by the City until used or paid. Sick leave for employees other than in the Police Department is payable when used for a maximum of 180 days. Unused sick leave is not paid upon termination, retirement or death. However, in accordance with the Union agreement, upon retirement from the Police Department, the City pays a police union employee for one-fourth of all accrued sick leave over 720 hours at their current pay rate. The City's approximate liability for earned vacation, compensatory time and sick leave termination benefits payable to employees at June 30, 2017, primarily relating to the General Fund, is as follows:

Type of Benefits	Liability June 30, 2017
Vacation	$ 160,155.28
Compensatory Time	21,332.88
Sick Leave	4,181.81
	$ 185,669.97

* Computed based on rates of pay as of June 30, 2017.

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, 2017, $122,979 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, 2017, was 47% of the total.

Note 9 - Interfund Transfers

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

Transfer to	Transfer from		Amount
General	Special Revenue	Employee Benefits	$707,477.91
	Enterprise	Water	34,782.00
		Sewer	32,978.00
Special Revenue	Road Use Tax	Employee Benefit Special Revenue	158,039.11
Debt Service	Special Revenue	Ashwood	32,207.19
		Local Option Sales Tax	352,736.00
	Enterprise	Sewer	681,320.00
Capital Projects	General Fund	CP – Airport	44,879.90
		Streets	381,000.00
		Streets Maint. Bldg.	350,000.00
		CP- Parks & Rec	35,664.75
	Special Revenue	Hotel to CP-Parks & Rec	160,000.00
		LOST to Streets Maint.	1,600,000.00
		LOST to Parks and Rec	320,000.00
		LOST to Streets	675,000.00
		CP Str to Str Maint. Bldg.	52,500.00
	Water	CP Corridor	487,000.00
Enterprise	Enterprise	UR Downtown to Water	864,756.25
		Water to Water Depr.	50,000.00
		Water to Water Cap. Imp.	107,694.75
		Sewer to Sewer Depr	35,000.00
		Storm Water-Storm Cap Imp	576,290.38
			$7,739,326.24

* 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 521 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, 2017, is zero as the debt has been paid in its entirety. The City's annual contributions to IMWCA for the year ended June 30, 2017, were $64,989.00.

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 753 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 percent 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 risk pool are recorded as disbursements from its operating funds at the time of payment to the risk pool. The City's annual contributions to the Pool for the year ended June 30, 2017, were $215,126.14.

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.

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 $3,774. 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 $523.95 during the year ended June 30, 2017.

Note 12 – Litigation

The Airport Commission has brought a petition for abatement of nuisance against a county resident who constructed a grain leg that violates county zoning regulation regarding protected air space contiguous to the regional airport. A judgement in favor of the Airport Commission was issued August 28, 2017. The case was appealed to the Iowa Court of Appeals who accepted the case.

In a separate but related case, the county resident who constructed a grain leg that violates county zoning regulation brought litigation against the Carroll County Board of Adjustment and the Airport Commission in April of 2017 for the Board of Adjustment's

denial of a variance to allow the grain leg to remain. The Airport Commission was dismissed from the case in May of 2017. This case is scheduled for trial on February 15, 2018.

Note 13 – Subsequent Events

In fiscal year 2018, the City plans to issue $415,000.00 general obligation capital loan notes to finance trail improvements and monument signage.

On August 1, 2017, the City's special election ballot contained a referendum requesting permission to issue general obligation capital loan notes not to exceed the amount of $3,800,000 for the purpose of reconstructing, renovating, remodeling, equipping and furnishing a building for use as City administrative offices and a City Hall, and thereafter for the reconstruction, renovation, remodeling, equipping and furnishing of existing City administrative offices, City Hall, and Library for use as an expanded Carroll Public Library facility. The referendum passed.

City of Carroll

Other Information

City of Carroll

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

Year ended June 30, 2017

	Governmental Fund Type Actual	Proprietary Fund Actual	Less Funds not Required to be Budgeted and Adjustments
Receipts:			
Property tax	$ 6,315,574.14	$ -	$ -
Other taxes	1,913,639.18	-	-
Use of money and property	108,417.25	98,521.38	-
Licenses and permits	80,503.84	-	-
Intergovernmental	2,126,946.58	-	-
Charges for service	1,677,192.37	3,872,518.50	-
Fines and fees	64,996.72	-	-
Miscellaneous	357,396.35	92,944.86	-
Total receipts	12,644,666.43	4,063,984.74	-
Disbursements:			
Public Safety	1,998,800.30	-	-
Public Works	2,089,764.87	-	-
Health and Social Services	101,375.00	-	-
Culture and Recreation	2,665,031.90	-	-
Community & Economic Development	114,582.22	-	-
General Government	1,037,872.98	-	-
Debt Service	1,743,657.18	-	681,320.00
Capital Projects	3,266,965.70	-	-
Total Government Activities	13,018,050.15		681,320.00
Business Type Activities		4,307,915.13	-
Total disbursements	13,018,050.15	4,307,915.13	681,320.00
Excess (deficiency) of receipts over disbursements	(373,383.72)	(243,930.39)	(681,320.00)
Other financing sources (uses), net	1,019,479.55	1,262,505.45	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	646,095.83	1,018,575.06	(681,320.00)
Balance beginning of year	10,421,368.41	7,227,354.12	-
Balance end of year	$ 11,067,464.24	$ 8,245,929.18	$ (681,320.00)

Net	Budgeted Amounts Original	Budgeted Amounts Final	Final to Actual Variance Favorable (Unfavorable)	Net as % of Budget
$ 6,315,574.14	$ 6,201,315.00	$ 6,206,515.00	$ 109,059.14	102%
1,913,639.18	1,865,571.00	1,865,571.00	48,068.18	103%
206,938.63	116,695.00	116,695.00	90,243.63	177%
80,503.84	65,375.00	65,375.00	15,128.84	123%
2,126,946.58	2,365,218.00	2,621,202.00	(494,255.42)	81%
5,549,710.87	5,407,529.00	5,407,529.00	142,181.87	103%
64,996.72	-	-	64,996.72	-
450,341.21	268,075.00	408,075.00	42,266.21	110%
16,708,651.17	16,289,778.00	16,690,962.00	17,689.17	100%
1,998,800.30	2,130,320.00	2,130,320.00	131,519.70	94%
2,089,764.87	2,403,832.00	2,414,832.00	325,067.13	87%
101,375.00	111,945.00	111,945.00	10,570.00	91%
2,665,031.90	3,046,293.00	3,387,307.00	722,275.10	79%
114,582.22	129,925.00	129,925.00	15,342.78	88%
1,037,872.98	1,013,154.00	1,141,354.00	103,481.02	91%
1,062,337.18	1,065,382.00	1,065,382.00	3,044.82	100%
3,266,965.70	4,697,125.00	5,939,885.00	2,672,919.30	55%
12,336,730.15	14,597,976.00	16,320,950.00	3,984,219.85	76%
4,307,915.13	4,754,546.00	5,973,046.00	1,665,130.87	72%
16,644,645.28	19,352,522.00	22,293,996.00	5,649,350.72	75%
64,005.89	(3,062,744.00)	(5,603,034.00)	5,667,039.89	
2,281,985.00	1,156,565.00	2,274,994.00	(6,991.00)	
2,345,990.89	(1,906,179.00)	(3,328,040.00)	5,674,030.89	
17,648,722.53	14,726,396.00	21,651,780.00		
$ 19,994,713.42	$ 12,820,217.00	$ 18,323,740.00		

See notes to financial statements.

City of Carroll

Notes to Required Supplementary Information – Budgetary Reporting

June 30, 2017

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 amendments increased budgeted disbursements by $2,941,474 and budgeted revenues by $1,519,613. The budget amendments are reflected in the final budgeted amounts.

During the year ended June 30, 2017, 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 Three Years*
(In Thousands)

Other Information

	2017	2016	2015
City's proportionate of the net pension liability	0.034411%	0.0324224%	0.0350475%
City's proportionate share of the net pension liability	$ 2,146	$ 1,602	$ 1,390
City's covered-employee payroll	$ 2,720	$ 2,221	$ 2,218
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	79.56%	72.13%	62.67%
IPERS' net position as a percentage of the total pension liability	81.82%	85.19%	87.61%

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

City of Carroll
Scheduled of City Contributions

Iowa Public Employees' Retirement System
Last 10 Fiscal Years

Other Information

	2017	2016	2015	2014
Statutorily required contribution	$242,817	$198,356	$ 198,054	$ 204,797
Contributions in relation to the statutorily required contribution	(242,817)	(198,356)	(198,054)	(204,797)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered-employee payroll	$2,719,847	$2,221,231	$2,217,864	$2,293,361
Contributions as a percentage of covered-employee payroll	8.93%	8.93%	8.93%	8.93%

2013	2012	2011	2010	2009	2008
$ 210,487	$ 200,546	$ 174,960	$ 158,872	$ 144,939	$ 130,710
(210,487)	(200,546)	(174,960)	(158,872)	(144,939)	(130,710)
$ -	$ -	$ -	$ -	$ -	$ -
$2,428,474	$2,484,915	$2,517,417	$2,389,040	$2,282,501	$2,160,501
8.67%	8.07%	6.95%	6.65%	6.35%	6.05%

See notes to financial statements

City of Carroll

Notes to Other Information – Pension Liability

Iowa Public Employees' Retirement System

Year ended June 30, 2017

Changes of benefit terms:

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

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

Changes of assumptions:

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

- Decreased the inflation assumption from 3.25 percent to 3.00 percent
- Decreased the assumed rate of interest on member accounts from 4.00 percent to 3.75 percent per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

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

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.

- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

Other Information

Municipal Fire and Police Retirement System of Iowa

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 Two Year*
(In Thousands)

Other Information

	2017	2016	2015
City's proportionate of the net Pension liability	0.29939%	0.287974%	0.278188%
City's proportionate share of the net pension liability	$ 1,872	$ 1,043	$ 1,008
City's covered-employee payroll	$ 860	$ 811	$ 755
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	230.73%	128.61%	133.51%
MFPRSI net position as a percentage of the total pension liability	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.

City of Carroll
Scheduled of City Contributions

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

Other Information

	2017	2016	2015	2014
Statutorily required contribution	$222,948	$225,310	$229,656	$213,975
Contributions in relation to the statutorily required contribution	(222,948)	(225,310)	(229,656)	(213,975)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
City's covered-employee payroll	$860,141	$811,343	$755,200	$710,408
Contributions as a percentage of covered-employee payroll	25.92%	27.77%	30.41%	30.12%

See accompanying independent auditor's report.

2013	2012	2011	2010	2009	2008	2007
$182,280	$170,374	$151,853	$122,321	$126,086	$167,367	$179,547
(182,280)	(170,374)	(151,853)	(122,321)	(126,086)	(167,367)	(179,547)
$ -	$ -	$ -	$ -	$ -	$ -	$ -
$697,855	$688,104	$763,081	$719,531	$672,457	$656,855	$647,017
26.12%	24.76%	19.90%	17.00%	18.75%	25.48%	27.75%

City of Carroll

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

Year ended June 30, 2017

Changes of benefit terms:

There were no significant changes of benefit terms.

Changes of assumptions:

Postretirement mortality changed to the RP-2000 Blue Collar combined Healthy Mortality Table with males set-back two years, females set-forward one year and disabled's set-forward one year (male only rates), with no projection of future mortality improvement.

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, 2017

	Employee Benefits	Urban Renewal	Ashwood UR	Police K-9 Fund	Recrea -tion Center Trust
Receipts:					
Property tax	$ 833,325.20	$ 778,852.58	$ 29,244.29	$ -	$ -
Other taxes	-	-	-	-	
Use of money and property:					
Interest on deposits	-	1,455.34	101.57	-	241.04
Intergovernmental:					
State funding	32,191.82	1,886.68	2,861.33	-	-
Charges for Services	-	-	-	-	-
Miscellaneous	-	-	-	12,971.38	6,208.90
Total receipts	865,517.02	782,194.60	32,207.19	12,971.38	6,449.94
Disbursements:					
Public Safety	-	-	-	-	-
Public Works	-	-	-	-	-
Culture & Recreation	-	-	-	-	5,644.13
Community and Economic Development:	-	-	-	-	-
Capital	-	-	-	-	-
Total disbursements	-	-	-	-	5,644.13
Excess (deficiency) of receipts over (under) disbursements	865,517.02	782,194.60	32,207.19	12,971.38	805.81
Other financing sources (uses):					
Operating transfers in	-	-	-	-	-
Operating transfers (out)	(865,517.02)	(864,756.25)	(32,207.19)	-	-
	(865,517.02)	(864,756.25)	(32,207.19)	-	-
Excess (deficiency) of receipts and other financing sources (uses) over (under) disbursements	-	(82,561.65)	-	12,971.38	805.81
Cash balance beginning of year	(0.00)	60,644.62	-	-	33,968.07
Cash balance end of year	$ (0.00)	$ (21,917.03)	$ -	$ 12,971.38	$ 34,773.88

Schedule 1

			Permanent		
Police Forfeiture	Crime Prevention	Library Trust	Cemetery Perpetual Care	Rec Center Trust	Total
$ -	$ -	$ -	$ -	$ -	$ 1,641,422.07
-		-	-	-	-
82.11	350.07	456.06	3,322.28	239.79	6,248.26
-	1,325.00	2,937.80	-	-	41,202.63
-	6,520.00	-	-	-	6,520.00
-	3,500.00	1,103.02	24,662.50	1,000.00	49,445.80
82.11	11,695.07	4,496.88	27,984.78	1,239.79	1,744,838.76
676.65	5,219.43	-	-	-	5,896.08
-	-	-	-	-	-
-	-	4,170.56	-	-	9,814.69
					-
-	-	-	-	-	-
-	-	-	-	-	-
676.65	5,219.43	4,170.56	-	-	15,710.77
(594.54)	6,475.64	326.32	27,984.78	1,239.79	1,729,127.99
-	-	-	-	-	-
			-	-	(1,762,480.46)
-		-	-	-	(1,762,480.46)
(594.54)	6,475.64	326.32	27,984.78	1,239.79	(33,352.47)
12,182.40	45,332.19	65,841.47	443,188.70	32,125.98	693,283.43
$ 11,587.86	$ 51,807.83	$ 66,167.79	$ 471,173.48	$ 33,365.77	$ 659,930.96

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, 2017

	Water Depreciation	Water Meter Deposit
Receipts:		
Charges for service	$ -	$ -
Use of money and property	4,845.79	-
FEMA Grant Reimb	-	-
Miscellaneous	-	11,100.00
Total Receipts	4,845.79	11,100.00
Disbursements:		
Business-type activities:		
Operations	-	10,175.00
Capital Outlay	-	-
Total Disbursements	-	10,175.00
Excess (deficiency) of receipts over (under) disbursements	4,845.79	925.00
Other financing sources (uses):		
Bond/note proceeds	-	-
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	54,845.79	925.00
Cash balance beginning of year	666,078.87	43,720.90
Cash balance end of year	$ 720,924.66	$ 44,645.90
Cash Basis Fund Balances		
Committed	$ -	$ -
Unrestricted	720,924.66	44,645.90
Total cash basis fund balances	$ 720,924.66	$ 44,645.90

Schedule 2

Non-Major Enterprise Funds			
Sewer Depreciation	Sewer Capital Improv.	Water Capital Improv.	Total
$ -	$ -	$ -	$ -
3,728.52	4,424.44	711.28	13,710.03
-	-	-	-
-	-	6,348.40	17,448.40
3,728.52	4,424.44	7,059.68	31,158.43
-	-	-	10,175.00
-	896.76	218,405.30	219,302.06
-	896.76	218,405.30	229,477.06
3,728.52	3,527.68	(211,345.62)	(198,318.63)
-	-	-	-
35,000.00	-	107,694.75	192,694.75
-	-	-	-
35,000.00	-	107,694.75	192,694.75
38,728.52	3,527.68	(103,650.87)	(5,623.88)
512,720.15	611,031.77	239,234.72	2,072,786.41
$ 551,448.67	$ 614,559.45	$ 135,583.85	$ 2,067,162.53
$ -	$ 31,603.21	$ 47,034.44	$ 78,637.65
551,448.67	582,956.24	88,549.41	1,988,524.88
$ 551,448.67	$ 614,559.45	$ 135,583.85	$ 2,067,162.53

See accompanying independent auditor's report.

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

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General Obligation Bonds:			
G. O. Bonds 2014	8/12/2014	.4-.7%	1,120,000.00
Revenue Bonds			
Sewer Revenue Bonds	6/9/2004	1.75%	11,000,000.00
General Obligation/Capital Loan Notes:			
Capital Loan Note Series 2015A GO Refunding Loan	4/23/2015	.75-1.85%	1,770,000.00
Capital Loan Note Series 2016A GO Cap Loan	3/23/2016	.45-.85%	910,000.00
Capital Loan Note Series 2016B GO Cap Loan	11/30/2016	.8-1.60%	2,290,000.00
Grand Total			$ 17,090,000.00

Schedule 3

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
310,000.00		310,000.00	-	2,170.00	-
5,766,000.00		566,000.00	5,200,000.00	100,905.00	-
1,770,000.00		155,000.00	1,615,000.00	24,990.00	-
525,000.00	-	265,000.00	260,000.00	3,932.50	-
-	2,290,000.00	285,000.00	2,005,000.00	13,744.68	-
$ 8,371,000.00	$2,290,000.00	$ 1,581,000.00	$ 9,080,000.00	$ 145,742.18	$ -

See accompanying independent auditor's report.

Schedule 4

City of Carroll
Bond and Note Maturities
June 30, 2017

Year Ending June 30,	Revenue Bonds Series 2003 WWTP Improvements Revenue Bond Issued June 9, 2004 Interest Rate	Amount	Revenue Bonds
2018	1.75%	$ 584,000	$ 584,000
2019	1.75%	601,000	601,000
2020	1.75%	619,000	619,000
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
		$ 5,200,000	$ 5,200,000

General Obligation Notes

Year Ended June 30,	Series 21015A Aquatic Refunding April 23, 2015 Interest Rate	Amount	Series 2016A Weight Room, Street Rehab 2015 & Sweeper March 23, 2016 Interest Rate	Amount	Series 2016B Cemetery Bldg/3rd St Storm Sewer November 30, 2016 Interest Rate	Amount	Total General Obligation Notes
2018	1.00%	$ 260,000	0.85%	$ 260,000	0.90%	$ 315,000	$ 835,000
2019	1.25%	260,000	-	-	1.00%	270,000	530,000
2020	1.35%	265,000	-	-	1.10%	275,000	540,000
2021	1.60%	270,000	-	-	1.25%	275,000	545,000
2022	1.75%	280,000	-	-	1.40%	285,000	565,000
2023	1.85%	280,000	-	-	1.50%	290,000	570,000
2024					1.60%	295,000	295,000
		$ 1,615,000		$ 260,000		$ 2,005,000	$ 3,880,000

City of Carroll

City of Carroll
Schedule of Cash Receipts, Disbursements
and Change in Cash Balances
Capital Projects Funds
Year Ended June 30, 2017

	Street Rehabilitation	Streets Maintenance Building
Receipts:		
Use of money and property:		
Interest on investments	$ 46.63	$ -
Intergovernmental:		
Federal Grant	456,000.00	-
Vision Iowa Grant	-	-
	456,000.00	-
Miscellaneous:		
Donations	-	-
Miscellaneous revenues	-	-
	-	-
Total receipts	456,046.63	-
Disbursements:		
Capital outlay	1,350,586.36	-
	1,350,586.36	-
Total disbursements	1,350,586.36	-
Deficiency of receipts under disbursements	(894,539.73)	-
Other financing sources (uses):		
General Obligation debt proceeds	-	-
Transfers In (Out):		
To General Fund & others	(52,500.00)	-
From General Fund & others	1,056,000.00	2,002,500.00
	1,003,500.00	2,002,500.00
Excess (deficiency) of receipts and other financing sources (uses) over disbursements	108,960.27	2,002,500.00
Balance beginning of year	451,933.51	-
Balance end of year	$ 560,893.78	$ 2,002,500.00

Schedule 5

Corridor of Commerce	Airport	Parks & Recreation	Total
$ 13,240.39	$ -	$ 478.74	$ 13,765.76
-	-	-	456,000.00
-	-	124,997.90	124,997.90
-	-	124,997.90	580,997.90
-	-	166,775.00	166,775.00
-	-	2,531.30	2,531.30
-	-	169,306.30	169,306.30
13,240.39	-	294,782.94	764,069.96
280,572.68	44,879.90	1,590,926.76	3,266,965.70
280,572.68	44,879.90	1,590,926.76	3,266,965.70
280,572.68	44,879.90	1,590,926.76	3,266,965.70
(267,332.29)	(44,879.90)	(1,296,143.82)	(2,502,895.74)
-	-	648,155.80	648,155.80
-	-	-	(52,500.00)
487,000.00	44,879.90	515,664.75	4,106,044.65
487,000.00	44,879.90	1,163,820.55	4,701,700.45
219,667.71	-	(132,323.27)	2,198,804.71
1,963,284.00	-	396,370.27	2,811,587.78
$ 2,182,951.71	$ -	$ 264,047.00	$ 5,010,392.49

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,			
	2017	**2016**	**2015**	**2014**
Receipts:				
Property tax	$ 6,315,574.14	$ 6,356,527.42	$ 6,592,626.16	$ 6,067,014.23
Other Taxes	1,913,639.18	1,728,626.59	1,799,782.76	1,601,246.98
Non-property tax	-	-	-	-
Use of money and property	108,417.25	81,388.36	67,284.88	52,740.68
Licenses and permits	80,503.84	82,998.16	83,630.71	75,342.69
Intergovernmental	2,126,946.58	1,945,518.85	1,512,758.17	1,199,469.11
Charges for Services	1,677,192.37	1,720,850.72	1,687,492.25	1,776,696.48
Special assessments	-	-	-	-
Fines and fees	64,996.72	69,564.35	70,730.45	75,342.29
Miscellaneous	357,396.35	227,960.13	179,109.35	209,639.55
Total receipts	12,644,666.43	12,213,434.58	11,993,414.73	11,057,492.01
Disbursements:				
Public Safety Program	1,998,800.30	1,938,331.21	1,906,630.63	1,776,907.84
Public Works Program	2,089,764.87	2,065,191.97	2,067,094.76	2,185,955.93
Health and Social Services Program	101,375.00	100,325.00	102,525.00	107,575.00
Culture and Recreation Program	2,665,031.90	2,521,114.49	2,603,412.07	2,516,906.96
Community and Economic Development Program	114,582.22	145,531.69	157,123.42	239,825.48
General Government	1,037,872.98	974,943.53	935,009.41	922,779.99
Debt Service	1,743,657.18	3,526,090.38	2,196,365.03	2,352,246.01
Capital Projects	3,266,965.70	2,551,695.07	2,326,714.41	973,421.15
Total disbursements	13,018,050.15	13,823,223.34	12,294,874.73	11,075,618.36
Excess (deficiency) of receipts over (under) disbursements	(373,383.72)	(1,609,788.76)	(301,460.00)	(18,126.35)
Other financing sources, net	1,019,479.55	1,952,357.00	4,008,242.75	1,040,982.25
Excess (deficiency) of receipts and other financing sources (uses) over (under) disbursements	646,095.83	342,568.24	3,706,782.75	1,022,855.90
Balance beginning of year	10,421,368.41	10,078,800.17	6,372,017.42	5,349,161.52
Balance end of year	$ 11,067,464.24	$ 10,421,368.41	$ 10,078,800.17	$ 6,372,017.42

 See accompanying independent auditor's report.

Schedule 6

2013	2012	2011	2010	2009	2008
$ 6,056,661.80	$ 5,760,635.65	$ 5,555,482.90	$ 5,293,004.55	$ 4,789,641.54	$ 4,822,212.50
1,657,031.49	1,504,595.60	1,575,604.70	1,460,964.73	1,500,539.63	1,238,329.91
-	-	-	63,071.68	61,044.26	58,918.36
54,773.45	57,126.89	61,269.11	78,553.97	187,414.01	270,447.23
65,097.37	63,764.45	81,580.33	66,677.87	80,867.06	89,455.95
1,902,694.79	2,113,613.13	3,443,056.73	1,402,405.54	1,418,284.53	1,438,565.99
1,670,721.37	1,706,685.62	1,653,576.74	1,640,511.31	1,555,741.65	1,471,970.72
-	-	-	1,278.00	5,129.00	5,132.00
66,969.17	54,534.19	51,736.28	40,988.72	37,124.00	46,081.65
354,328.62	266,697.99	276,884.47	219,133.42	477,564.98	759,857.53
11,828,278.06	11,527,653.52	12,699,191.26	10,203,518.11	10,052,306.40	10,142,053.48
1,813,369.47	1,820,199.02	1,782,233.01	1,713,451.86	1,627,380.03	1,655,781.72
2,167,353.30	1,930,014.05	1,875,419.28	2,051,546.16	1,925,174.12	1,788,510.61
103,900.00	103,196.00	102,765.00	97,795.00	97,620.00	90,525.00
2,238,842.89	2,417,219.85	2,542,526.01	2,208,268.55	2,130,037.88	2,311,280.21
383,043.37	423,006.75	158,550.41	66,023.04	67,313.35	67,649.18
851,595.01	885,071.90	1,161,529.37	1,026,174.09	822,634.94	852,122.85
3,035,244.62	2,511,493.00	2,527,978.00	2,875,253.88	3,957,572.22	2,979,153.95
3,191,507.88	1,780,110.35	4,102,417.94	2,622,199.26	4,622,153.21	1,904,653.13
13,784,856.54	11,870,310.92	14,253,419.02	12,660,711.84	15,249,885.75	11,649,676.65
(1,956,578.48)	(342,657.40)	(1,554,227.76)	(2,457,193.73)	(5,197,579.35)	(1,507,623.17)
2,140,803.28	1,366,648.55	1,646,622.00	1,657,858.00	1,119,777.50	4,972,683.50
184,224.80	1,023,991.15	92,394.24	(799,335.73)	(4,077,801.85)	3,465,060.33
5,164,936.72	4,140,945.57	4,048,551.33	4,847,887.06	8,925,688.91	5,460,653.95
$ 5,349,161.52	$ 5,164,936.72	$ 4,140,945.57	$ 4,048,551.33	$ 4,847,887.06	$ 8,925,714.28

City of Carroll

Feldmann & Company CPAs P.C.
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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

To the Honorable Mayor and
Members of the City Council:

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Carroll, Iowa, as of and for the year ended June 30, 2017, and the related notes to financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 1, 2017. 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 significant deficiencies, or material weaknesses, 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.

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, 2017, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

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.
September 1, 2017

City of Carroll
Schedule of Findings and Questioned Costs
Year ended June 30, 2017

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) Reportable conditions in internal control over financial reporting were not disclosed by the audit of the financial statements.

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

II. Findings Related to the Financial Statements:

Instances of Non-Compliance:

No matters were noted.

Internal Control Deficiencies:

No matters were noted.

City of Carroll
Schedule of Findings and Questioned Costs
Year ended June 30, 2017

III. Other Findings Related to Statutory Reporting:

III-A-17 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, 2017.

III-B-17 Certified Budget - Disbursements during the year ended June 30, 2017, 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-17 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-17 Travel Expense - No expenditures of City money for travel expenses of spouses of City officials or employees were noted.

III-E-17 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	$ 523.95

In accordance with Chapter 362.5(10) of the Code of Iowa the transactions with Haley Implement Co. do not appear to represent a conflict of interest.

III-F-17 Excess Balance – The balances in the Special Revenue Funds: Road Use Tax, Police Forfeiture, Crime Prevention, Library Trust and Rec Center Trust at June 30, 2017, were in excess of the disbursements for those funds for the year, as was Capital Project-Corridor of Commerce, Capital Project – Streets Maintenance Building, Water Utility Depreciation, and Water Meter Deposit fund, Sewer Utility Depreciation, Sewer Capital Improvement, Storm Water Utility and the Storm Water Capital Improvement funds.

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-17 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-17 Minutes - No transactions were found that we believe should have been approved in the Council minutes but were not.

III-I-17 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-17 Revenue Bonds and Notes – We noted no instances of non-compliance with the terms of the City's revenue bond/note provisions.

III-K-17 Financial Condition – We observed one deficit ending balance for Special Revenue – Urban Renewal Downtown in the amount of $21,917.03 at the June 30, 2017.

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 tax increment finance revenues not collected as anticipated. The deficit will be eliminated next year.

Conclusion – Response accepted.

III-L-17 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. 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-17 Urban Renewal Annual Report - The urban renewal annual report was approved and certified to the Department of Management on or before December 1.